

Subodh Kumar

Registered Valuer (Securities or Financial assets)

Reg No: IBBI/RV/05/2019/11705

To,

The Board of Directors,

Marble City India Ltd

A - 30, S - 11, Second Floor Kailash Colony,

South Delhi, New Delhi, Delhi, India, 110048

Subject: Determination of fair value of equity shares of Marble City India Ltd in compliance with Regulation 166A of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 and subsequent amendments thereto.

Dear Sir/ Madam,

We have been appointed by Marble City India Ltd (MCIL) to determine the fair value of the equity shares in compliance with the provisions of Regulation 166A of SEBI (Issue of Capital and Disclosures Requirement) Regulations, 2018 as amended.

Further in compliance with Regulation 165 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, we confirm that we are Independent Registered Valuer.

We conducted our valuation exercise on the basis of information/documents and explanations given to us by the management. Based on the same, our report on valuation is being submitted herewith for your kind reference.

The Fair Value of the equity shares of Marble City India Ltd estimated as on “**Relevant Date**” i.e. **15th July 2024** is estimated at **₹ 16.76 per share.**

Yours Faithfully,

For Subodh Kumar & Co.,



Subodh Kumar

(Registered Valuer)

Registration No. **IBBI/RV/05/2019/11705**

Date: 19th July 2024

Place: New Delhi

UDIN: 2439657A13Y1H665SK

210, Wadhwa Complex, Street No. 10, Laxmi Nagar, Delhi-110092

(Near Metro Station Gate No. 1)

Mobile: +91-9560108675, 9354214767, E-mail: rvkumarsubodh@gmail.com

Valuation Report of Marble City India Ltd

Prepared by-

Mr. Subodh Kumar, Registered Valuer

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LIMITATIONS AND EXCLUSIONS

Our report is subject to the limitations detailed hereinafter. This report is to be read in totality and not in parts, in conjunction with the relevant document referred to therein.

Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. While we have provided our recommendation based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

Further, this valuation report is based on the extant regulatory environment and the business/ market conditions, which are dynamic in nature & may change in future, thereby impacting the valuation of the company.

For the present valuation exercise, we have also relied upon information available in the public domain, however the accuracy and timeline of the same has not been independently verified by us.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

The client/owner and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents. We do not make any representations or warranty, express or implied, regarding the achievability of forecasts and completeness of such other information as provided by the Management. We also do not vouch for the efficacy of the forecast as provided to us by the management.



The information contained herein is based on the analysis of information available at the time when this report was prepared.

We do not make any representations or warranty, express or implied, regarding the achievability of forecasts and completeness of such other information as provided by the Management. We also do not vouch for the efficacy of the forecast as provided to us by the management.

The information presented on the valuation report does not reflect the outcome of any due diligence procedure, which may impact the valuation report materially.

We have no present or contemplated financial interest in the Company. The fee for this engagement is not contingent upon the results of this report. We have no responsibility to update this report for events and circumstances occurring subsequent to the date of this report.

In the course of valuation, we were provided with both written and verbal information, including market, technical, financial and operating data.

The actual market price achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.



We have acted as an independent third party and, as such, shall not be considered an advocate for any concerned party for any dispute. The valuation has been carried out independently to assess the valuation services. We have no present or planned future interest in MCIL or any of its group companies and the fee for this report is not contingent upon outcome of the transaction. Our valuation should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with MCIL.

EXECUTIVE SUMMARY

Our current scope of work for this exercise includes:

To determine the fair value of equity, share of MCIL in compliance with provisions of Regulation 165 of SEBI (ICDR) Regulations, 2018 for the purpose of allotting equity shares through preferential allotment in terms of Chapter V of SEBI (ICDR) Regulations, 2018.

- **As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to in this report. While utmost care has been taken, however, our report is subject to the limitations detailed hereinafter:**
 - a) **Relevant Date for the purpose of Price Calculation** – Valuation analysis and results are specific to the **Relevant Date** i.e., **15th July, 2024 contemplated on the basis of information and estimations provided by the management.** The valuation has been conducted with reference to the latest financial statement available as on reference date.
 - b) **Independent Valuer** - I am an Independent Registered Valuer in terms of the provisions of Regulation 165 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and subsequent amendments thereto.
 - c) **Engagement Date and Management Representation Date** - We were engaged by Marble City India Ltd for the valuation of equity shares of MCIL vide Engagement Letter dated 15th July, 2024 and Management Representation Letter dated 19th March, 2024.
 - d) **Reliance on the Information provided** – We have been provided with certain written and verbal information and assumptions from the management of “MCIL”. We have relied on the information provided by the management and experts and have not conducted any detailed enquiry. **Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.**



- e) **Valuation Analysis** – Valuation of business is not a precise art and the conclusions arrived at will be subjective and dependent on the exercise of individual judgment.
- f) **Caution to users of the Report** – This report and the information contained herein are confidential. It is intended only for the sole use of the purpose mentioned in this report.

DATA RELIED UPON

For the purpose of the report, documents and information, as provided by the management of MCIL have been relied upon. We have completely relied on the information provided by the management of MCIL and have not verified the same.

We have relied upon the following information:

1. Audited Financials of MCIL for the financial year ending 2023-24.
2. Brief note on the business of the company.
3. Other information considered useful during the course of assignment.

Wherever required, all the information including accounts, schedules, etc have been certified by the management of MCIL.

We have also relied upon verbal explanation and information given to us by the management of the company during the course of our exercise.



COMPANY OVERVIEW

Marble City India Ltd

Marble City India Ltd was incorporated on 13th December 1993, with its Registered Office at A - 30, S - 11, Second Floor Kailash Colony, South Delhi, New Delhi, Delhi, India, 110048.

Company is an importer cum processor of marbles from quarries across the world. It cuts, resizes, and polishes raw marble blocks for customers in the commercial and residential real estate space.

(Source: Management Information)



VALUATION METHODOLOGY

Estimation of fair value of shares for the purpose of allotment of shares under preferential allotment is governed by **Chapter V of SEBI's Issue of Capital and Disclosure Regulations, 2018**. The guidelines prescribe the rules for determining if the shares are frequently traded or otherwise, and pricing of equity shares in either of the scenario.

We estimated the frequency of trading during 240 Trading Days preceding the Relevant Date, i.e., 15th July, 2024 and have determined the shares to be frequently traded in terms of Regulation 164(5) of SEBI (ICDR) Regulations, 2018.

The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. The basis of valuation would depend on the purpose of valuation, nature of business, future prospects of the company & industry and other attendant circumstances.

There are three generally accepted approaches to valuation:

- **COST APPROACH**
- **INCOME APPROACH**
- **MARKET APPROACH**

ASSET APPROACH:

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

Book value is considered in case where there is no significant movement either side, in the actual value of assets. Since it represents only the historic cost, it is generally not prudent to value a company based on its book value.

Realizable value is considered in case where the valuation exercise is being carried out on an ordinary sale/distress sale basis. In other words, when the company is likely to be sold or liquidated.



‘Replacement value’ and Present values are considered for estimating the Fair Value of assets of a company on a going concern basis.

In the Net Asset Value (NAV) method, the net asset value is computed based on the latest available audited/unaudited Balance Sheet of the Company. The starting point of this method is the valuation of the total assets that the Company owns. The loan funds are deducted. Contingent liabilities, to the extent that in the opinion of management can be fairly expected to impair the net asset value of the business, are also deducted. The resultant figure represents the net worth of the business on the given day. We have applied this method in this case as the projections are not available.

For valuation of MCIL we have considered this method, as entity also derives its value from their assets. We have assigned appropriate weight to this method.

INCOME APPROACH:

The Income Approach derives an estimation of value based on the sum of the present value of expected economic benefits associated with the asset or business (Economic benefits have two components: cash flow (or dividends) and capital appreciation). Under the Income Approach, the appraiser may select a single period capitalization method (Profit earning capacity value method) or a multi-period discounted future income method.

Profit Earning Capitalization Method (PECV)

In its simplest form, the capitalization method basically divides the expected stable earnings of a business by the capitalization rate. The first step under this method is the determination of the capitalization rate - a rate of return required to take on the risk of operating the business (the riskier the business, the higher the required return). Earnings are then divided by that capitalization rate. The earnings figure to be capitalized should be one that reflects the true nature of the business, such as the last three years average current year or projected year excluding the impact of any extraordinary items not expected to accrue in future. While determining a capitalization rate, it is necessary to compare rates available to similarly risky investments.

MARKET APPROACH:

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities, or a group of assets and liabilities, such as a business.



Market Price Method

Under this approach, the market price of an Equity Shares quoted on a recognized stock exchange is normally considered as the fair value of the Equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

We have considered the higher of 10/90 trading days' volume weighted average price of the equity shares quoted on the recognised stock exchange preceding the relevant date.

METHODOLOGY ADOPTED FOR VALUATION OF MCIL

Fair Value:

A combination of any one or more of the above methods is used depending on the purpose of valuation, nature of business, future prospects of the company and the industry or any other attendant circumstances that have a bearing on the value of the company. More importantly it is governed by the nature of business of the entity, which is being valued and the purpose of valuation.

For the valuation purpose, we have considered provisional financials as of 31st December 2023.

For arriving at the Fair value of MCIL, we have derived value based on the Net Asset Value Method under Asset Approach, Market Price Method under Market Approach, and Profit Earning Capitalization Method (PECV) under Income Approach . The summary of Equity Value and Value per share is provided hereunder for reference.



VALUATION OF MCIL

Summary

Valuation Methodology	Value INR per share	Weight	Weight Value INR per share
NAV	24.54	10%	₹ 2.45
Market Approach	16.65	85%	₹ 14.15
PECV	3.19	5%	₹ 0.16
Weighted Average Value			₹ 16.76

Therefore, the fair value of equity shares of MCIL is estimated ₹16.76 per share.



Annexure – 1

Net Asset Value Method

Marble City India Ltd

As at 31.03.2024	
Particulars	(₹ in Lakhs)
ASSETS	
(1) Non-current assets	
(a) Property, Plant and Equipment	1,715.67
(b) Investments in subsidiaries, associates and joint venture	-
(c) Financial Assets	
(i) Investments	0.19
(ii) Loans and Advances	74.78
	1,790.64
(2) Current assets	
(a) Inventories	7,290.70
(b) Financial assets	
(i) Investments	58.31
(ii) Trade receivables	1,178.88
(iii) Cash and cash equivalents	563.15
(iv) Loans and Advances	2,080.74
(c) Other current assets	-
	11,171.78
TOTAL ASSETS	12,962.42
LIABILITIES	
(A) Non-current liabilities	
(a) Financial liabilities	
Borrowings	5,275.57
(b) Provisions	-
(c) Defferd Tax Liabilities (Net)	(24.27)
	5,251.30
(B) Current liabilities	
(a) Financial liabilities	
(i) Short term borrowings	3,797.12
(ii) Trade payables	



Total outstanding dues to micro and small enterprises	-
Total outstanding dues to other than micro and small enterprises	351.63
(iii) Other financial liabilities	-
(b) Short term provisions	-
(c) Other current liabilities	630.38
	4,779.13
Net Asset Value	2,931.99
No of equity Shares	11,947,308.00
Share Price	24.54



Annexure – 2
Market Price Method

<i>Calculation of fair value via market approach</i>			
90 Days Trade Volume on BSE			835,118
90 Days Trade Volume on NSE		NA	
Stock Exchange			BSE
240 Days Traded Turnover on NSE			1,511,720
10 % of shares outstanding			1,194,731
Status of Traded Shares			FREQUENT
No of Trading Days	Total Traded Quantity	Turnover	volume weighted average price
90	843,368	14,041,071	16.65
10	239,500	3,903,902	16.30
Concluded Price (Higher of above)			16.65



Annexure – 3

Fair Value as per Profit Earning Capitalization Method (PECV): -

Year	PAT (INR in lakhs)	Weight	Weighted Profit (INR in lakhs)
FY 2021-22	55.70	2	111.4
FY 2022-23	77.07	3	231.21
FY 2023-24	0.00	1	0
Average Profit after Tax			57.10
No of equity shares			11,947,308.00
Capitalisation Rate			15.00%
PECV based Equity Value			380.68
PECV based Equity Value per share			3.19

Capitalisation Rate taken as per CCI Guidelines

