

## **VALUATION ANALYSIS REPORT**

**OF**

### **ADICON CERAMICA TILES LLP**

**(Proposed to be converted into  
Adicon Ceramica Tiles Private Limited)**

**Valuation Date  
31st March, 2023**

**Report Date  
12th August, 2023**

**BY-  
GAURAV MAHESHWARI  
REGISTERED VALUER**

**IBBI Reg. No: IBBI/RV/11/2021/14432  
Mem.no: DJF/RVO/10632/2020-21/SFA**

## **Valuation Analysis Report**

### **Our Engagement**

ADICON CERAMICA TILES LLP (proposed to be converted into ADICON CERAMICA TILES PRIVATE LIMITED (here-in-after referred as “ADICON” or “LLP”) has approached us for carrying out the valuation analysis of the LLP for the purpose of acquisition of entire manufacturing business including all Assets and Liabilities of the LLP by Asian Granito India Limited (“AGL”). In accordance with the terms of the engagement, I am enclosing our Valuation Report.

GAURAV MAHESHWARI has been hereafter referred to as 'Valuer' or 'we' or 'i' or 'us' in this Report (Valuation Report' or 'Report').

In line with fair valuation requirements, the valuation of the LLP have been valued as per internationally accepted methods of valuation to determine the Valuation of LLP. We have used the Discounted Cash Flow (“DCF”) method to value the said LLP as this is the most suitable method under the specific situation.

The summary workings for arriving at the fair value of LLP are as under-

<b>Valuation Summary</b>	
<b>Particulars</b>	<b>Value (In Crore)</b>
<b>Total Valuation of LLP</b>	<b>315.75 Cr</b>

This Valuation Analysis is confidential and has been prepared exclusively for the Management of LLP. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of GAURAV MAHESHWARI Registered Valuer. Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same.

Trust the above meets our requirements.

Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully



**GAURAV MAHESHWARI**  
Registered Valuer  
IBBI/RV/11/2021/14432  
DJF/RVO/10632/2020-21/SFA  
Date:12.08.2023  
Place: Jaipur

## 1. EXECUTIVE SUMMARY

### **Overview of LLP:**

ADICON CERAMICA TILES LLP is a LLP registered under the Limited Liability Partnership Act, 2008 (LLPIN: AAW-9659) incorporated on May 07, 2021 and having its registered office at Survey No-343,345,346,347, P-1 And P-2, 348, 349, P-1 And P-2, Kandla Highway Road, 8-A National Highway Na Morbi Rajkot Gujarat 363642.

The Partners of the LLP in their meeting dated 01<sup>st</sup> August 2023 has passed a resolution to convert the LLP into Private Limited Company with the name “Adicon Ceramica Tiles Private Limited”.

LLP is engaged in the business of manufacturing of Large Format Glaze Vitrified Ceramic Tiles under the brand name ‘Adicon’ and also on job work basis for Asian Granito India Limited and trading activities.

The partners fix contribution as on 31<sup>st</sup> March, 2023 is as under:

Particulars	Amount (in Rs.)
<b>Total Partners Fix Contribution</b>	<b>67,00,000/-</b>

A) The Designated Partners of the LLP as on 31<sup>st</sup> March, 2023 are as below:

S. No.	Name of the Designated Partners	DIN	Date
1	PANKAJBHAI MANILAL PATEL	00090141	07/05/2021
2	DIPAK NARAYANBHAI PATEL	01995309	07/05/2021
3	VIPULKUMAR VINODBHAI PATEL	01995353	07/05/2021
4	SAUNAKKUMAR MUKESHKUMAR PATEL	06862335	07/05/2021
5	SARTHAK JAYANTIBHAI VANSJALIYA	09168533	07/05/2021

### **Purpose of This Valuation**

Management of LLP want to ascertain the total valuation of the LLP as on 31<sup>st</sup> March, 2023 for the purpose of acquisition of entire manufacturing business including all Assets and Liabilities of the LLP by Asian Granito India Limited (“AGL”).

## 2. SCOPE OF WORK.

The Management of the LLP has appointed GAURAV MAHESHWARI, IBBI Registered Valuer (RV) to undertake the valuation to assess the Total Valuation of the LLP as on valuation date 31<sup>st</sup> March, 2023.



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### **3. DISCLOSURE OF VALUER INTEREST**

I have no present or prospective contemplated financial interest in LLP and I have no personal interest with respect to the Designated Partners of LLP. I am not bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement.

My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

### **4. IDENTITY OF THE REGISTERED VALUER**

GAURAV MAHESHWARI is a Registered Valuer as required under The Businesses (Registered Valuers & Valuation) Rules, 2017. GAURAV MAHESHWARI is registered with Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/11/2021/14432.

Registered Valuer's primary membership is registered with Divya Jyoti Registered Valuers Organization vide registration no DJF/RVO/10632/2020-21/SFA.

### **5. VALUATION STANDARDS**

The fair value has been arrived in accordance with the international valuation standard adopted by Divya Jyoti Registered Valuers Organization and following the internationally accepted valuation methods.

### **6. LIMITATION, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMER**

a) The course of our analysis, we have relied on financial and operational data provided by management of LLP, together with information from public sources and Valuation Report of Other Valuers Without independent verification, we have relied upon these data as accurately reflecting the results of the operations and financial position of LLP and matters and items of relevance for the valuation. We assume that management of LLP and Valuers have not omitted or misstated any factors of relevance. Any such omissions or misstatements may materially affect our conclusions. We take no financial or legal responsibility for the completeness or accuracy of the information that this report is based on.

b) This engagement doesn't cover our representation / presence on behalf of the LLP for projections and assumptions made in their part, before any statutory authorities.



*Gaurav*

- c) By its very nature, valuation work cannot be regarded as an exact science and given the same set off acts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions, which have to be made. There can therefore be no standard formula to establish an indisputable value, although certain appropriate formula are useful in establishing reasonableness.
- d) In furnishing the Report, the Valuer reserves the right to amend or replace the Report at any time. Our views are necessarily based on economic, market, and other conditions currently in effect and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.
- e) Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material. Consequently, this information cannot be relied upon to the same extent as that derived from audited accounts for completed accounting periods. We express no opinion as to how closely the actual results will correspond to the results projected.
- f) This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion.
- g) Our conclusions are based on the assumptions and information given by or on behalf of LLP and reliance on public information. The Management of LLP has indicated to us that they have understood that any omissions, in accuracies or misstatements may materially affect our valuation analysis; results. Accordingly, we assume no responsibility for any errors in the information furnished by LLP and their impact on the Report. Nothing has come to our attention to indicate that the information provided was materially incorrect or would not afford reasonable grounds upon which to base the Report.
- h) We have no present or planned future interest in the LLP and the fee for this Valuation analysis is not contingent upon the values reported herein.
- i) The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein. The scope of our work has been limited both in terms of the areas of the business and operations which wherever we and the extent to which we have viewed them. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.



*Ranjan*

- j) The Valuation is required solely for non-financial reporting purposes and would not be used to determine the carrying value of the relevant assets/ (liability) in any financial statement.
- k) We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Valuation, This Report is not a substitute for the third party's own due diligence; appraisal; enquiries; independent advice that the third party should undertake for his purpose.
- l) We have obtained from the signed copy of Disclaimer (**ANNEXURE-II**) from the Management.

## 7. APPROACH AND METHODOLOGY

It should be understood that the valuation of any LLP / business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of LLP. Further, this Valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of LLP, and other factors which generally influence the valuation of Businesses and their assets.

The following are commonly used and accepted methods for determining the value of the business:

### A) Market Approach

#### a. Market Price Method

The market price of an equity share / Debenture / Business as quoted on a stock exchange is normally considered as the value of the Equity Shares / debentures / business of that LLP where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares/debentures. But there could be situations where the value of the securities as quoted on the stock market would not be regarded as a proper index of the fair value of the securities, especially where the market values are fluctuating in a volatile capital market.

LLP being Unlisted LLP does not have any security listed on any recognized stock exchange in India. Accordingly, the Market Price Method has not been adopted for the Valuation.



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**b. Comparable Business 'Quoted Multiple ('CCM') Method**

Under this method, value of the security of a LLP is arrived at by using multiples derived from valuations of comparable Businesses, as manifest through stock market valuations of listed Businesses. This valuation is based on the principle that market valuations, taking place between Informed buyers and Informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Given this background, we have not adopted the CCM approach for the purpose of Valuation as sufficient information is not available in public domain.

**c. Comparable Businesses 'Transaction Multiple ('CTM') Method**

Under this method, value of the securities of a LLP / business is arrived at by using multiples derived from valuations incomparable Businesses, as manifest through transaction on valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The CTM approach has not been adopted for the purpose of our analysis as sufficient information is not available in the public domain.

**B) Income Approach –**

**a. Discounted Cash Flows ('DCF') Method**

Under the DCF method, the projected free cash flows to the business are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

- Estimating future free cash flows.
- Free cash flows are the cash flows expected to be generated by the LLP that are available to the providers of the LLP's capital and debt.
- Appropriate discount rate to be applied to cash flows i.e., the weighted average cost of capital; this discount rate, which is applied to the free cash flows to the firm, should reflect the opportunity cost to the debt providers and equity capital providers (namely shareholders). The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk. Cost of debt is typically based on market rates.
- Weighted Average Cost of Capital of LLP determined at **18.79%**, after the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity values also considered to arrive at the business value. For arriving at the perpetuity value, we have considered a growth rate of **5%**, such growth rate is reasonable considering the growth projected by the LLP and the



*Gaurav*

industry in which the LLP operates.

**C) Asset Approach – Net Asset Value ('NAV') Method**

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. This valuation approach is mainly used in case where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base exceeds earnings capability or where the future projections cannot be ascertained reasonably. Accordingly, NAV Method has not been applied in this valuation.

**8. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON**

For the purpose of this valuation, we have relied upon the undermentioned information and other data supplied by the management of the LLP and other sources believed to be reliable:

- Management Certified Provisional Financial Statements of as on March 31, 2023.
- Projected Profit and Loss Statement and Balance Sheet for the period from FY 2023-24 to FY 2027-28.
- Management Representation Letter dated 05<sup>th</sup> August 2023.
- Such other information and explanation as may be required by us and provided by the management. We have also placed reliance on the verbal explanations and information given to us by the promoters of the LLP.

**9. CONCLUSION**

Based on the information provided by the LLP and on valuation technique use as opted as above we conclude that-

The Total Valuation of the LLP has been derived at **Rs. 315.75 Crore** /-. The detailed calculation sheet is enclosed here with as **Annexure-I**.

**10. CONFIDENTIALITY**

This report and the information contained herein are absolutely confidential and are intended for the sole use and information of the Stakeholders and the Designated Partners of LLP and for providing selection formation, only in connection with the purpose set out in the report. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued.



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DJF/RVO/10632/2020-21/SFA  
Date: 12.08.2023  
Place: Jaipur

**Annexure-I**

**Valuation of the LLP**

**as per Discounted Cash Flow (DCF) Method**

**a. Calculation of DCF:**

*Amount In Cr*

Particulars	F.Y 23-24	F.Y 24-25	F.Y 25-26	F.Y 26-27	F.Y 27-28
Profit After Tax (PAT)	31.56	38.29	46.74	57.23	69.06
Add: Book Depreciation	9.82	8.90	9.73	8.82	7.99
(Inc)/Dec in Working Capital other than Cash	(11.12)	(2.63)	(7.95)	(8.53)	(9.40)
<b>Operating Cash Flows</b>	<b>30.26</b>	<b>44.56</b>	<b>48.53</b>	<b>57.51</b>	<b>67.65</b>
Inc/(Dec) in Long Term Debts	0.67	(9.43)	(9.41)	(9.36)	(9.36)
(Inc)/Dec in Fixed Assets	(0.29)	-	-	-	-
<b>Free Cash Flows</b>	<b>30.64</b>	<b>35.14</b>	<b>39.11</b>	<b>48.15</b>	<b>58.30</b>
Discounting Period	1.00	2.00	3.00	4.00	5.00
Discounting Factor	0.8418	0.7087	0.5966	0.5022	0.4228
<b>Present Value of FCF</b>	<b>25.80</b>	<b>24.90</b>	<b>23.33</b>	<b>24.18</b>	<b>24.65</b>

**b. Calculation of Valuation of LLP :**

Summary	Amt.in Cr
PV of Total Discrete Period Cash Flows	122.86
PV of Terminal Cash Flows	187.69
<b>Operating Value of LLP</b>	<b>310.55</b>
Add: Cash Balance	5.20
<b>Total Value of LLP</b>	<b>315.75</b>



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**ANNEXURE - II**

**1. Validity of the publication or report:** The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). I/ We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, I/ we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of issuance of this valuation report, or such earlier date if you become aware of any factors that have any effect on the valuation.

All opinions and estimates in this publication or report are, regardless of source, given in good faith, and may only be valid as of the stated date of this publication or report and are subject to change without notice.

**2. Market Conditions:** The party to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the date of valuation.

**3. Privacy Laws:** By reason of the operation of privacy laws, the valuer's enquiries in respect of recent transactions have been constrained. Accordingly, the valuer may not have had access to information on recent transactions which has not yet been published in information sources available to the valuer. If other transactions have taken place, knowledge of those transactions may affect the opinions expressed by the valuer. To the best of my knowledge and belief the statements and opinions in this report are correct and the information provided by others is accurate. However, no responsibility is assumed for its accuracy, which should be checked by appropriate report, search or formal enquiry if required. No responsibility is assumed for matters of a legal nature and the right to expert testimony as part of providing this valuation is expressly excluded.

**4. Improvements:** It should be noted that I am not an engineer, a plant and equipment, building construction or structural expert and I am therefore unable to certify as to the (structural) soundness of the improvements. I am not qualified to comment on the structural integrity, defect, rot or infestation of the improvements.

**5. non-binding advice:** The recommendation(s) rendered in the Report only represent our recommendation(s) based upon information furnished by the LLP (or its executives / representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice. We have no obligation to update this Report.

**6. Responsibility:** We have provided our recommendation of the Valuation based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for value at which the Proposed Transaction shall take place will be with the Designated Partners of the LLP, who should take into account other factors such as their own assessment of the proposed Transaction and input of other advisors.



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7. **Variation:** Valuation is based on estimates of future financial performance or opinions that represent reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates, and the variations may be material.

8. **No responsibility (Business plan/forecasts received from client without applying test of reasonability and diligence):** We have relied on the written representations from the management that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation. In accordance with our work order and the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the LLP. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements... Accordingly, we assume no responsibility for any errors in the information furnished by the LLP and their impact on the Report.

9. **No consideration to legal matters (Forecasts received from client without applying test of reasonability and diligence):** The Report assumes that the LLP complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated and will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited carved out balance sheet.

10. **Scope of work:** Our scope of work did not include checking the adequacy of the carved out financial statements of the LLP and the specified projects and this is the responsibility of the Management and we have assumed these to be correct.

11. **Limitations:** We are not advisors with respect to accounting, legal, tax and regulatory matters for the proposed transaction. This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

12. **Responsibility:** We owe responsibility to only the Designated Partners of the LLP that has appointed us under the terms of our work order and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the LLP. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on the part of the LLP, its Designated Partners, employees or agents. Unless specifically agreed, in no circumstances shall the liability of the Valuer, its partners, its designated Partners or employees, relating to the services provided in connection with the engagement set out in this Report exceed the amount paid to the Valuer in respect of the fees charged by it for these services.

13. **Contingent liabilities:** We have relied on the judgment of the management as regards contingent and other liabilities. Accordingly, our valuation does not consider the assumption of



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contingent liabilities other than those given to us as likely to crystallize. If there were any omissions, inaccuracies or misrepresentations of the information provided to us, it may have the effect on our valuation computations.

14. **Error:** The information and material presented in the report are provided for informational purposes only and are not to be used or considered as an offer or a solicitation to sell or buy or subscribe for securities or other financial instruments or any advice or recommendation with respect to such securities or other financial instruments. Neither the valuer nor any of its affiliates makes any representation or warranty or guarantee as to the completeness, accuracy, timeliness or suitability of any information contained within any part of the Report nor that it is free from error. The valuer does not accept any liability (whether in contract, tort or otherwise howsoever and whether or not they have been negligent) for any loss or damage (including, without limitation, loss of profit), which may arise directly or indirectly from use of or reliance on such information.

15. **No individual investment or tax advice:** This publication or report has been prepared as general information for private use of investors to whom the publication or report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor bears the risk of losses in connection with an investment. Before acting on any information in this publication or report, it is recommendable to consult one's financial advisor. The information contained in this publication or report does not constitute advice on the tax consequences of making any particular investment decision.

16. **Sources:** This publication or report may be based on or contain information, such as opinions, recommendations, estimates, price targets and valuations which emanate from the valuer's analysts or representatives, publicly available information, information from other units or other named sources. To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than the valuer ("External Information"), the valuer has deemed the other Sources to be reliable but neither the valuer in the Group, others associated or affiliated with said Businesses nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

17. **Limitation of liability:** The valuer assumes no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this publication or report. In no event will entities of the Group or other associated and affiliated Businesses be liable for direct, indirect or incidental, special or consequential damages resulting from the information in this publication or report.

18. **Risk information:** The risk of investing in certain financial instruments is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant LLP, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized.



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**19. Conflicts of interest:** The valuer may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any LLP mentioned in the publication or report. To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of the valuer are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of the Group Businesses and personal account dealing.

**20. Variation:** Security pricing may vary from actual liquidation value, and custodial statements. Prices shown should only be used as a general guide to portfolio value. Cash shown in the Report may not necessarily be available for investment due to unsettled transactions against your account.

**21. Taxation:** The levels and bases of taxation may change, and the Report should not be relied upon for tax purposes. Positions are reflected as of trade date and may differ from account statements, which reflect positions as of settlement date. Gains and losses may be higher or lower if cost bases for securities in your account are not available, as the valuer may assume this to be zero or if sourced from different tax information at multiple custodians.

**22. Responsibility for information provided by third parties:** The valuer does not accept any responsibility or liability for information provided by third parties. Official confirmation of portfolio holdings with these parties and issues arising from information they have provided must be addressed directly with them.



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# BABU LAL SHARMA

Registered Valuer

Flat No S-4, H-25 Sapphire Jagan Apartment ,  
TulsiMarg, Banipark ,Jaipur , Rajasthan - 302016

Private and Confidential

Date: August 12, 2023

To,  
The Designated Partners,  
Adicon Ceramica Tiles LLP  
Survey no.- 343, 345, 346,347, P-1,  
Kandla Highway Road,  
Gungan Village, Morbi, Gujarat-363642

To,  
The Board of Directors  
Asian Granito India Limited  
202, Dev Arc, Opp. Iskon Temple,  
Ahmedabad Gujarat-380059

**Sub:** Fair Equity Share Exchange Ratio Report In relation to the Proposed Composite Scheme of Arrangement

Dear Sir,

We, Mr. Babulal Sharma (IBBI Reg No. : IBBI /RV/06/2019/11766 ) ('We' or 'Us'), have been appointed vide letter dated August 10, 2023 to recommend the fair equity share exchange ratio for the proposed Composite Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 amongst Asian Granito India Limited ("AGL") and Adicon Ceramica Tiles LLP ("proposed to be converted into Adicon Ceramica Tiles Private Limited") (here-in-after referred as "Scheme").

We are pleased to present herewith our report on the same.

## 1. Brief Background of the Scheme of Scheme of Arrangement & Scheme of Arrangement

- Under the proposed Scheme of Arrangement (the "Scheme") inter alia, Adicon Ceramica Tiles LLP ("proposed to be converted into ADICON CERAMICA TILES PRIVATE LIMITED under Section 366 of Companies Act, 2013, where the approval of name is already granted by the ROC") shall be merged with the wholly owned subsidiaries of Asian Granito India Limited namely, Adicon Ceramics Limited shall receive the equity shares of AGL based on the Share Exchange Ratio wherein:
  - Acquisition of the entire manufacturing business including all Assets and Liabilities thereon of Adicon Ceramica Tiles LLP ("Transferor") by the Wholly Owned Subsidiary of AGL namely Adicon Ceramics Limited and issue of equity shares of the AGL to the shareholders of the Transferor.
- The Scheme will comply with the provisions of section 230 to 232 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013, along with the applicable provisions of Securities and Exchange Board of India ('SEBI'), if any.

## 2. Terms of Engagement

**2.1. In this regard, we have been appointed to determine and recommend the fair equity share exchange ratio for the proposed scheme.**

## 3. Brief Background of the Scheme of Scheme of Arrangement & Scheme of Arrangement

Asian Granito India Limited ('AGL'):



# BABU LAL SHARMA

Registered Valuer

Flat No S-4, H-25 Sapphire Jagan Apartment ,  
TulsiMarg, Banipark ,Jaipur , Rajasthan - 302016

Private and Confidential

Asian Granito India Limited ("AGL") is a public listed company incorporated under the provisions of the Companies Act, 1956 and now governed by the provisions of the Companies Act, 2013 under the Corporate Identification Number L17110GJ1995PLC027025. AGL was originally incorporated on August 08, 1995 as a private Limited Company under the name and style of "Karnavati Fincap Private Limited" as per Certificate of Incorporation issued by the Registrar of Companies, Gujarat Darda & Nagar Haveli. Subsequently, it was converted into a Public Limited Company and consequently the name of Karnavati Fincap Private Limited was again changed to "Karnavati Fincap Limited" with effect from August 29, 1995. The name was changed to "Panchariya Textile Industries Limited" with effect from March 18, 1999 which was further changed to "Vasudev

Textile Industries Limited" with effect from July 28, 2000. Again subsequently, the name of Vasudev Textile Industries Limited was changed to "Asian Granito India Limited" with effect from November 25, 2002.

## Addicon Ceramica LLP

Adicon Ceramica Tiles LLP, the "Transferor" is a Limited Liability Partnership registered under The Limited Liability Partnership Act, 2008 with LLP Identity Number AAW-9659 and was incorporated on May 7, 2021 as "Adicon Ceramica LLP" and the name was changed to Adicon Ceramica Tiles LLP with effect from August 03, 2023. Adicon Ceramica Tiles LLP will be converted into Adicon Ceramica Tiles Private Limited (the "Transferor Company") complying with the provisions of Section 366 of the Companies Act, 2013.

**The Partner's Capital of Adicon Ceramica Tiles LLP as on date of report is Rs. 67.00 Lakhs.**

## 4. Exclusions and Limitations:

1. 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 documents referred to therein.
2. This report, its contents, and the analysis herein are specific to (1) the purpose of valuation agreed as per the terms of our engagement, (ii) the report date and (iii) are based on the unaudited financial statements of the Companies as at December 31, 2019. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course between December 31, 2019 and the Report date and that no material changes have occurred in their respective operations and financial position between December 31, 2019 and the Report date.
3. This report and the information contained herein are intended for providing select information and only in connection with the purpose mentioned above or for sharing with shareholders, Regional Directors, Registrar of Companies, National Company Law Tribunal, and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event, the companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in the report, with or without our consent, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
4. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was provided and used by us during the course of our work. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies or any of its subsidiaries



# BABU LAL SHARMA

Registered Valuer

Flat No S-4, H-25 Sapphire Jagan Apartment ,  
TulsiMarg, Banipark ,Jaipur , Rajasthan - 302016

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- or associated companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.
5. In rendering this report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
  6. Any matters related to legal title and ownership are outside the purview and scope of this valuation exercise. Further, no legal advice regarding the title and ownership of the subject property has been obtained while conducting this valuation exercise. Valuation may be significantly influenced by adverse legal, title or ownership, encumbrance issues.
  7. This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our report.
  8. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our report.
  9. During the course of our work, we have relied upon the certain opinion documents made available by the management and representatives of the Companies. Though we have reviewed it, we have not independently verified the same. As these opinions/assumptions require the exercise of judgment and are subject to uncertainties, there can be no assurance that these assumptions are accurate.
  10. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
  11. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our report or by virtue of fact that the details provided to us are incorrect or inaccurate.
  12. Further, this report is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us or used by us up to, the date hereof. Subsequent developments in the aforementioned conditions may affect this report and the assumptions made in preparing this report and we shall not be obliged to update, revise or reaffirm this report if the information provided to us changes.
  13. We have considered relevant valuation approaches based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.
  14. Our scope is limited to the purposes stated hereinabove. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Scheme of Arrangement with the provisions of any law including the Companies Act 2013, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from the Proposed Scheme of Arrangement.
  15. Valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different value on this business.
  16. This Report does not look into the business/commercial reasons behind the Proposed Scheme of Arrangement nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Scheme of Arrangement as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available.





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17. Further this Report does not in any manner address the prices at which the equity shares of the Companies will trade following the announcement of the Scheme and we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting to be held in connection with the Proposed Scheme of Arrangement.
18. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or Indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any party in relation to the issue of this report.
19. Mr. Babulal Sharma (IBBI Reg No. : IBBI /RV/06/2019/11766 ) owes responsibility to only the Boards of Directors of AGL and the Transferor with reference to terms of engagement letter and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to AGL and the Transferor. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the companies involved, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this report shall not exceed the fees paid to such Valuer in respect of the fees charged by it for these services.
20. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by AGL and the Transferor (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.
21. A draft of this report was shared with the Companies, prior to finalization of report, (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omission are avoided in the report.

## 5. Sources of Information:

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management representatives of the company:

1. Detailed business profile and information of current business operations of AGL and the Transferor companies/LLPs and its subsidiaries and associates
2. Latest shareholding pattern as on March 31, 2023 of AGL and the Transferor companies
3. Valuation Report pertaining the Fair Market Value of Manufacturing Business of the Transferor companies provided by Mr. Gaurav Maheshwari the IBBI Registered Valuer ("Valuer") and the CA certificate which is issued by Das Pattnaik & Co. – Chartered Accountants dtd. 11<sup>th</sup> August, 2023 contains the calculation of the Fair Market Price of each Equity Shares of AGL.
4. Draft Scheme of Scheme of Arrangement;

## 6. Procedures Adopted:

In connection with this exercise, we have adopted the following procedures to carry out the valuation:



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1. Referred to the Valuation Report of provided by the Valuer for the valuation of the Entire Manufacturing business the Transferor and the CA certificate for the fair market value of each equity share of AGL

For the purpose of arriving at the valuation of the Companies/businesses we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.

## 7. Valuation Approaches

The valuation of any LLP/Company/ business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of LLP/Company. Further, this Valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions, and prospects, financial and otherwise, of LLP/Company, and other factors which generally influence the valuation of Businesses and their assets.

The following are commonly used and accepted methods for determining the value of the business:

### A) Market Approach

#### a. Market Price Method

The market price of an equity share / Debenture / Business as quoted on a stock exchange is normally considered as the value of the Equity Shares / debentures / business of that LLP where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares/debentures. But there could be situations where the value of the securities as quoted on the stock market would not be regarded as a proper index of the fair value of the securities, especially where the market values are fluctuating in a volatile capital market.

LLP/Company being Unlisted LLP/Company does not have any security listed on any recognized stock exchange in India. Accordingly, the Market Price Method has not been adopted for the Valuation.

#### b. Comparable Business 'Quoted Multiple ('CCM') Method

Under this method, value of the security of a LLP/Company is arrived at by using multiples derived from valuations of comparable Businesses, as manifest through stock market valuations of listed Businesses. This valuation is based on the principle that market valuations, taking place between Informed buyers and Informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.



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Given this background, we have not adopted the CCM approach for the purpose of Valuation as sufficient information is not available in public domain.

c. Comparable Businesses 'Transaction Multiple ('CTM') Method

Under this method, value of the securities of a LLP/Company / business is arrived at by using multiples derived from valuations incomparable Businesses, as manifest through transaction on valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

The CTM approach has not been adopted for the purpose of our analysis as sufficient information is not available in the public domain.

B) Income Approach –

a. Discounted Cash Flows ('DCF') Method

Under the DCF method, the projected free cash flows to the business are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Using the DCF analysis involves determining the following:

- Estimating future free cash flows.
- Free cash flows are the cash flows expected to be generated by the LLP/Company that are available to the providers of the LLP/Company's capital and debt.
- Appropriate discount rate to be applied to cash flows i.e., the weighted average cost of capital; this discount rate, which is applied to the free cash flows to the firm, should reflect the opportunity cost to the debt providers and equity capital providers (namely shareholders). The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk. Cost of debt is typically based on market rates.
- Weighted Average Cost of Capital of LLP/Company determined at **18.79%**, after the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity values also considered to arrive at the business value. For arriving at the perpetuity value, we have considered a growth rate of **5%**, such growth rate is reasonable considering the growth projected by the LLP/Company and the industry in which the LLP/Company operates.

C) Asset Approach – Net Asset Value ('NAV') Method

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. This valuation approach is mainly used in case where the firm is to be liquidated i.e., it does not meet the "going concern" criteria or in case where the assets base exceeds earnings capability or where the future projections cannot be ascertained reasonably. Accordingly, NAV Method has not been applied in this valuation.



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## 8. Basis of Fair Equity Share Swap Ratio

The basis of the fair equity share swap ratio for the Proposed Scheme of Arrangement would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair equity share swap ratio.

We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the fair equity share swap ratio for the Proposed Scheme of Arrangement, rounding off have been done in the values.

## 9. Major factors that were considered during the valuation

1. The equity shares of the Companies are listed ;
2. Share price of the Companies;
3. Key operating/ financial parameters of the Companies;
4. Valuation Report pertaining the Fair Market Value of Manufacturing Business of the Transferor companies provided by Mr. Gaurav Maheshwari the IBBI Registered Valuer ("Valuer") and the CA certificate which is issued by Das Pattnaik & Co. – Chartered Accountants dtd. 11th August, 2023 contains the calculation of the Fair Market Price of each Equity Shares of AGL.

## 10. Conclusion

We have used the Market Price Method as discussed above and arrived at the recommended fair equity share swap ratio for the proposed Scheme of Arrangement of Transferor into AGL as follows:

### a) Between Adicon Ceramica Tiles LLP and Asian Granito India Limited

Valuation Approach	Valuation Method	Adicon Ceramica Tiles LLP		Asian Granito India Limited	
		Value per share	Weights	Value per share	Weights
Income Approach	DCF Method	4712.69	100%	48.91	100%
Market Approach	MP Method	NA	NA	NA	NA
Market Approach	CTM Method	NA	NA	NA	NA
Market Approach	CCM Method	NA	NA	NA	NA
Cost Approach	NAV Method	NA	NA	NA	NA
Value Per share		4712.69		48.91	
Share Swap Ratio				1060:11	

NA: Not Applicable/Not Adopted

1. We have not used Market Approach methods for this valuation as:



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(1) there are few listed comparable companies in India, valuation multiple of which could have been considered for CCM method. However, either there have been notable impact on the market prices of these companies due to non-business reasons or they are dominated by regional content, unlike the Companies; and (b) we did not find comparable transactions in India, in recent past, for which adequate information was available in public domain; and

(2) we did not consider it appropriate to use international comparable companies/transaction multiples due to lack of identical comparable companies/ transactions having variance on account size, geography, nature of business, nature of transactions, corporate structure, industry I company specific Issues etc.

(3) trailing 12 months revenues of both the companies were not at normative level due to industry specific issues; and

(4) EBITDA of some of the companies is negative/not normative due to company/industry specific issues.

2. NAV Method under 'Cost Approach' has not been considered since the net asset value does not reflect the intrinsic value of the business in a "going concern scenario"

Therefore, Under the proposed scheme of Arrangement (the "Scheme") *inter alia*, Adicon Ceramica Tiles LLP (to be incorporated into Adicon Ceramica Tiles Private Limited) Entire Manufacturing business shall be merged with the wholly owned subsidiary of AGL namely, Adicon Ceramics Limited , pursuant to which the shareholders of Adicon Ceramica Tiles LLP (to be incorporated into Adicon Ceramica Tiles Private Limited) shall receive the equity shares of Asian Granito India Limited based on the following ratio ("Share Exchange Ratio"):

**1060 (one thousand sixty) equity shares of Asian Granito India Limited having the face value Rs. 10/- each fully paid up will be issued for every 11 (Eleven) equity shares of Adicon Ceramica LLP (to be incorporated into Adicon Ceramica Tiles Private Limited) of the face value Rs. 10/- each fully paid up**

Babu Lal Sharma

Registered Valuer

IBBI REG. NO: IBBI/RV/06/2019/11766

ICAI RVO/06/RV-P00117/2019-2020



Date : August 12, 2023

Place Jaipur



— Beautiful Life —

21<sup>st</sup> August, 2023

To,  
Manager - Listing Operations  
**BSE Limited**  
2<sup>nd</sup> Floor, P. J. Tower,  
Dalal Street,  
Mumbai – 400 001.  
Company Code : 532888

To,  
Manager - Listing Operations  
**National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1, G-Block  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400051.  
Company Code : ASIANTILES

Dear Sir/Madam,

**Subject :** Composite Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 amongst Asian Granito India Limited and Adicon Ceramica Tiles Private Limited and Adicon Ceramics Limited and their respective Shareholders and Creditors (here-in-after referred as "Scheme")

With reference to above subject, kindly note that we hereby undertake that there are no material event impacting the valuation has occurred during the intervening period of filing the Scheme Documents with Stock Exchange and period under consideration for valuation.

Thanks & Regards,

For, Asian Granito India Limited

*Dhruti*

Company Secretary  
Dr. Dhruti Trivedi



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**Asian Granito India Ltd.**