

**VALUATION REPORT ON SHARE EXCHANGERATIO FOR THE PROPOSED  
SCHEME OF AMALGAMATION OF RESTILE CERAMICS LIMITED WITH BELL GRANITO CERAMICA LIMITED**

**-: TRANSFEREE COMPANY:-**

**BELL GRANITO CERAMICA LIMITED**

At & Post Village Gavasad, Taluka Padra,  
Baroda-391430, Gujarat, India

**-: TRANSFEROR COMPANY:-  
RESTILE CERAMICS LIMITED.**

204, Sakar Complex, Opp ABS Tower,  
Vaccine Crossing, Old Padra Road,  
Vadodara-390015, Gujarat, India

**-: REGISTERED VALUER:-**

**CS SHREYANSH M JAIN**

Registered Valuer (S & FA)

R. No.: IBBI/RV/03/2019/12124

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# VALUATION REPORT

February 21, 2023

REF: - RV/SMJ/RCL-BGCL/2022-23

February 21, 2023

To,  
The Board of Directors  
**Bell Granito Ceramica Limited (Transferee Company)**  
At & Post Village Gavasad, Taluka Padra,  
Baroda-391430, Gujarat, India

To,  
The Board of Directors  
**Restile Ceramics Limited (Transferor Company)**  
204, Sakar Complex, Opp ABS Tower,  
Vaccine Crossing, Old Padra Road,  
Vadodara-390015, Gujarat, India

Dear Sir,

**Subject – Valuation on Share Exchange Ratio for the proposed Scheme of Amalgamation of Restile Ceramics Limited with Bell Granito Ceramica Limited**

**Restile Ceramics Limited** (hereinafter referred to as “RCL” or “Transferor Company”) and **Bell Granito Ceramica Limited** (hereinafter referred to as “BGCL” or “Transferee Company”) has appointed Shreyansh M Jain, Registered Valuer (SFA) registered with IBBI having Registration Number-IBBI/RV/03/2019/12124 (hereinafter referred to as “Valuer”, “We”, “Us” or “Our”) vide engagement letter dated February 12, 2022 to determine the Share Exchange Ratio for the proposed Scheme of Amalgamation of Restile Ceramics Limited with Bell Granito Ceramica Limited.

The Share Exchange Ratio for the proposed Scheme of Amalgamation is 2:1 i.e., for every Two (2) Shares of RCL, the Shareholders will receive One (1) share of BGCL.

This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in the later part of this report. A detailed working of the valuation can be found in later part of this report. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

Place: Surat  
Date: February 21, 2023



*Shreyansh M Jain*  
Shreyansh M Jain  
CP No.: ICSIRVO/SFA/38  
IBBI R. No.: IBBI/RV/03/2019/12124

# VALUATION REPORT

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# VALUATION REPORT

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## 1. BACKGROUND OF COMPANIES

### TRANSFeree COMPANY:

BGCL is a private limited company bearing CIN: U18907GJ1993PLC018901 was incorporated on January 29, 1993. The registered office of the company is situated At & Post Village Gavasad, Taluka Padra, Baroda-391430, Gujarat, India.

BGCL is engaged in the business of manufacturing of flooring tiles and vitrified flooring tiles.

### SHARE CAPITAL STRUCTURE:

Authorized Capital	Amount in Rs.
38,60,00,000 Equity Shares of Rs. 10/- each	3,86,00,00,000/-
Issued, Subscribed and Paid-Up Capital	Amount in Rs.
38,53,45,366 Equity Shares of Rs. 10/- each	3,85,34,53,660/-

### TRANSFEROR COMPANY:

RCL is a public company listed with Bombay Stock Exchange Limited (BSE) bearing CIN: L26931GJ1986PLC102350 was incorporated on May 26, 1986. The registered office of the company is situated at 204, Sakar Complex, Opp ABS Tower, Vaccine Crossing, Old Padra Road, Vadodara-390015, Gujarat, India.

RCL is engaged in the business of manufacturing flooring tiles and full body homogenous vitrified tiles.

### SHARE CAPITAL STRUCTURE:

Authorized Capital	Amount in Rs.
10,00,00,000 Equity Shares of Rs. 10/- each	1,00,00,00,000/-
Issued, Subscribed and Paid-Up Capital	Amount in Rs.
9,82,79,239 Equity Shares of Rs. 10/- each	98,27,92,390/-



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## 2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

We have been informed by the management that the Transferor Company is interested to amalgamate their business activity effective from 01<sup>st</sup>April, 2023 with the Transferee Company to achieve reduction in expenditure & multiplicity of legal and regulatory compliances, streamlining the cash flow, effective utilization of tax credits and maximizing overall public shareholder value.

The valuation exercise is being carried out to ascertain the Share Exchange Ratio for the proposed amalgamation of Transferor Company with Transferee Company in terms of provisions of Section 230 and 232 of the Companies Act, 2013.

We have been appointed by Board of Directors of BGCL & RCL to determine the Share Exchange Ratio for the purpose referred above.

## 3. IDENTITY OF THE REGISTERED VALUER

Name of the Valuer	RV Shreyansh M Jain
IBBI Registration Number	IBBI/RV/03/2019/12124
ICSI RVO Reg. No.	ICSIRVO/SFA/38
Address	2005-A, 5 <sup>th</sup> Floor, Rathi Palace, Ring Road, Surat-395002, Gujarat, India
Contact Email of RV	rvshreyanshmjain@gmail.com

## 4. USE OF WORK OF EXPERT

We have used the work of experts as under:

- a. Valuation Report of Land and Building of M/s. Bell Granito Ceramica Limited issued by M/s. Anand Vohara & Associates dated 02/12/2022.
- b. Valuation Report of Land and Building of M/s Restile Ceramics Ltd issued by P. Madhu dated 20.02.2023.



## 5. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT, IF ANY

We hereby confirm and explicitly declare that we are independent valuer and do not have any interest, direct or indirect, in the underlying securities being valued.

## 6. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF THE VALUATION REPORT

Date of appointment      February 12, 2023  
Relevant date              February 21, 2023  
Date of valuation report   February 21, 2023

## 7. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN

We have not carried out any inspection or independent verification of the information provided. We have relied on the publicly available information, board approved provisional financial statements, Draft Scheme of amalgamation and other financial and non-financial information made available to us as well as the representations made to us in the course of this engagement.

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

In the course of our valuation analysis, we have relied on various financial and non-financial information obtained from the company and from various public, financial and industry sources. We have relied that all information provided by the company has been duly approved by the concerned authority to which it pertains. Our conclusion of value is dependent on such information being complete and accurate in all material respects. The principal sources of Information used in the course of our valuation include, inter alia:

### 1. Company specific information

- a) Brief history, present activities and business profile etc.;
- b) Corporate & Management Information;
- c) Memorandum of Association and Article of Association;
- d) Shareholding Pattern of BGCL & RCL as at Valuation Date;
- e) List of Directors and KMP of BGCL & RCL as at Valuation Date;
- f) Draft Scheme of Amalgamation;



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- g) Audited Financial Statement of BGCL & RCL for the FY 2020-21 and FY 2021-22;
- h) Limited Reviewed Financial Statement RCLs on December 31, 2022;
- i) Audited Financial Statement BGCL as on November 30, 2022;
- j) Management Certified Projected Financial of BGCL from December, 2022 to March, 2027;
- k) Valuation Report of Land and Building of M/s. Bell Granito Ceramica Limited issued by M/s. Anand Vohara & Associates dated 02/12/2022;
- l) Valuation Report of Land and Building of M/s Restile Ceramics Ltd issued by P. Madhu dated 20.02.2023;
- m) Management Representation Letter ("MRL") dated February 21, 2023

## 2. Publicly available information

- a) Publicly available information and secondary information including information on websites like [www.bseindia.com](http://www.bseindia.com), [www.investing.com](http://www.investing.com) etc. We have not independently verified the accuracy or timelines of the same; and
- b) External databases subscribed to the valuer.

It is important to note that we have relied upon the information provided to us and referred to above. We have not endeavored to seek an independent confirmation of its reliability, accuracy or completeness beyond what is reasonably necessary and prudent in the circumstances. We have not performed any form of audit or verification of the information that we have relied upon. Accordingly, the Valuer accepts no responsibility for any errors in the information on which the valuation conclusions are based.



## 9. PROCEDURES ADOPTED IN CARRYING OUT VALUATION AND VALUATION STANDARDS FOLLOWED

Our analysis of value of the companies are based on the International Valuation Standards and the prescriptions laid down in Companies (Registered Valuer's and Valuation) Rules, 2017.

Some of the key procedures in carrying out the valuation engagement are:

- a. Understanding the nature and purpose of the transaction.
- b. Listing and liquidity of the equity, in case of a listed Company.
- c. Specific nature of the business
- d. Economic life cycle in which the industry or the company is operating and
- e. Extent to which comparable company information is available
- f. Selection of the most appropriate valuation base.
- g. Identifying the premise of value which refers to the conditions and circumstances how asset is deployed.
- h. Selection of the valuation approach and the corresponding valuation methodology. The standard valuation approaches and methodologies are as below:
  - i. **Cost Approach**
    - a. Net Asset Method
  - ii. **Market Approach**
    - a. Market Price Method
    - b. Comparable Companies Multiple Method/ Comparable Company Transaction Method
  - iii. **Income Approach**
    - a. Discounted Cash Flow (DCF) Method
- i. Performing the valuation engagement and arriving at the valuation conclusion

In this regard, I have evaluated suitability of three commonly used approaches on valuation to determine the fair value of companies.





# VALUATION REPORT

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i. **Net Asset Value Method:**

The asset-based value analysis 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 methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be 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 dominates earning capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

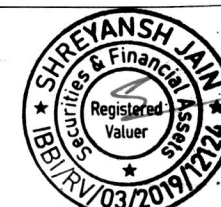
*BGCL has been incurring losses over the last few years, however the company have a significant asset base including immovable properties. Since the company derive significant value from the assets held by them, we have therefore used the net asset value method to value the shares of the company. RCL has substantial losses over the last many years and has negative net worth, we have therefore not used the net asset value method to value the shares of the company.*

For the purpose of this approach, the value of the immovable properties in case of BGCL have been considered at value as per report given by registered valuer for land and building and all other assets have been considered at its book value.

**FOR BELL GRANITO CERAMICA LIMITED (TRANSFEREE COMPANY):**

The value of the equity shares based on the Provisional Financial Statement of BGCL as on 30.11.2022 is **INR 5.35/- per share** and given as under:

Net asset value	30.11.2022
INR lakhs	
<b>Assets</b>	
<b>Non-current assets</b>	
Property, Plant & Equipment	
Tangible Assets	17,889.24
Intangible Assets	7.86
Capital work in progress	310.05



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Long term loans & advances	412.88
Other Non-current assets	4.57
<b>Current assets</b>	
Inventory	4,329.20
Trade Receivable	555.86
Cash and cash equivalent	80.71
Short term loans and advances	190.42
<b>Total assets</b>	<b>23,780.79</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Long term borrowings	271.91
Other non-current liabilities	31.94
Long term provisions	81.70
<b>Current liabilities</b>	
Short-term borrowings	1,054.50
Trade payables	2,014.90
Other current liabilities	754.54
Short term provisions	55.27
<b>Total liabilities</b>	<b>4,264.76</b>
<b>Net assets value before adjustments</b>	<b>19,516.03</b>
<b>Net asset value</b>	<b>19,516.03</b>
<b>Add: Adjustment for Fair Value of Land &amp; Building</b>	<b>1,089.80</b>
<b>Adjusted Net Asset Value</b>	<b>20,605.83</b>
No. of equity shares outstanding	385,345,366
<b>Value Per Share</b>	<b>5.35</b>



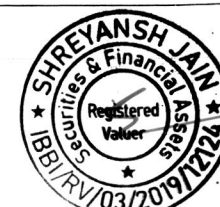
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## **FOR RESTILE CERAMICS LIMITED (TRANSFEROR COMPANY):**

The value of the equity shares based on the Provisional Financial Statement of RCL as on 31.12.2022 is **INR (1.88) per share** and given as under:

<b>Net asset value</b>	<b>31.12.2022</b>
<b>INR lakhs</b>	
<b>NAssets</b>	
<b>Non-current assets</b>	
Property, Plant & Equipment	
Tangible Assets	716.55
Intangible Assets	0.00
Capital work in progress	13.84
Long term loans & advances	0.00
Other Non-current assets	3.67
<b>Current assets</b>	
Inventory	110.44
Trade Receivable	21.37
Cash and cash equivalent	6.61
Other financial Assets	122.87
Short term loans and advances	19.49
<b>Total assets</b>	<b>1,014.84</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
Long term borrowings	0.00
Other non-current liabilities	0.00
Long term provisions	3.56
<b>Current liabilities</b>	



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Short-term borrowings	3,916.39
Trade payables	20.17
Other Financial Liabilities	17.07
Other current liabilities	1.20
Short term provisions	0.30
<b>Total liabilities</b>	<b>3,958.69</b>
<b>Net asset value</b>	<b>(2,943.85)</b>
Adjustment for Fair Value of Land & Building	1,100.05
<b>Adjusted Net Asset Value</b>	<b>(1,843.80)</b>
No.of equity shares outstanding	98,279,239
<b>Value per share</b>	<b>(1.88)</b>

## ii. Market Price Method

Under the Market Price method, a Valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. For this purpose, one considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. The valuation standards also prescribe that the Valuer should use average price of the asset over a reasonable period and use a weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

We have considered higher of the following:

- the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.



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The equity shares of RCL are listed on Bombay Stock Exchange (BSE) with Scrip Code: 515085, ISIN: INE298E01022. The shares are under Graded Surveillance Measure (GSM) Stage 2. Based on the trading volume of shares of 240 days prior to the relevant date, the shares of the company are infrequently traded.

The relevant date for the purpose of computing the price of the equity shares of RCL is considered as February 21, 2023. Hence, we have considered the prices up-to a day prior to the relevant date i.e., price up-to February 20, 2023 to ensure that the price of RCL shares being considered are not less than the minimum price arrived under the formula mentioned above.

	Particular	Total No. of Traded Shares	Total Traded Value	Volume Weighted Average Price
A	90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e. 21-02-2023	651340	2,410,920	3.70
B	10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date i.e. 21-02-2023	11446	32,789	2.86
<b>Minimum Price of Equity Shares (Higher of A and B above)</b>				<b>3.70</b>

The equity shares of RCL are listed on Bombay Stock Exchange (BSE); Hence, we have considered the recognized stock exchange as BSE. (See Annexure - A for the detailed working)

iii. **Comparable Companies' Multiple Method ('CCM')/ Comparable Companies' Transaction Method ('CTM')**

Under CCM the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two companies are entirely alike, the companies selected as



comparable companies should be engaged in the same or a similar line of business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

Under CTM the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

*RCL and BGCL both have incurred significant losses in past year including FY 2022 and therefore we have not considered the comparable companies approach to value RCL and BGCL.*

**iv. Discounted Cash Flow Method:**

The Discounted Free Cash Flows method is one of the most rigorous approaches for valuation of a business/asset/equity. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business. In case of valuation of share, projected free cash flows to equity are discounted at the cost of equity to arrive at the value of share.

Using the Discounted Free Cash Flows method involves determining the following:

- Estimating future free cash flows,
- The time frame of the cash flows i.e. the explicit forecast Period,
- Appropriate Discount rate to be applied to cash flows
- The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period which is also known as Terminal Value
- Value of cash and cash equivalents and Surplus Assets

*Going forward BGCL is expected to earn profits and generate positive cash flows, we have therefore used DCF method to value the business of BGCL and have adjusted it for cash and cash equivalents, investments, debt and other matters as considered appropriate to arrive at the equity value.*



*RCL does not carry on any significant business operations and has been incurring losses for the past few years. Going forward as well the Company does not have any immediate plans to undertake significant business operations and therefore the Management has not provided us with any financial projections, we have therefore not considered the DCF method to value the equity shares of RCL.*

- **Free Cash Flows to the Equity (FCFE)**

FCFE are the cash flows expected to be generated by the Company that are available to providers of the Capital to the Equity. FCFE is determined by Profit after Taxes, to which any non-cash expenses like Depreciation and amortization are added back. The above is adjusted for (i) change in working capital requirements (ii) investments in capital expenditure and other assets as well as (iii) change in non-current assets and liabilities and (iv) Change in Borrowings. Free cash flows thus calculated will be equal to the sum of the cash flows available to Equity holders.

- **Time Frame of Cash Flows**

A problem faced in valuing a business is its indefinite life, especially where the valuation, as in the present case, is on a going concern basis. This problem could be tackled by separating the value of the business into two-time periods viz. explicit forecast period and post explicit forecast period. In such a case, the value of business will be value of free cash flows generated during the explicit forecast period and value of free cash flows generated during the post explicit forecast period. While projected free cash flows of the explicit forecast period could be estimated on the basis of business plan, the free cash flows of the post explicit forecast period could be estimated using an appropriate method. In the present case, we have been furnished with the financial projections from December, 2022 to March, 2027, we have considered the same for the purpose of valuation.

- **Appropriate Discounting Rate i.e. Cost of Equity (ke)**

The cost of equity has been determined using the Capital Assets Pricing Model. For this purpose, the formula used is as under:

$$\text{CAPM (Ke)} = R_f + \beta (R_m - R_f) + \alpha$$

Where:

CAPM (Ke) = Discount rate derived from Capital Assets Pricing Model

R<sub>f</sub> = Risk free rate of return



$\beta$  = Beta factor as a measure of the systematic risk

$R_m$  = Representative Market Return

$(R_m - R_f)$  = Equity Market premium (ERP)

$\alpha$  = Company Specific Risk Premium

Capital-Asset Pricing Model (CAPM) describes the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used throughout finance for pricing risky securities and generating expected returns for assets given the risk of those assets and cost of capital.

- **Risk Free Rate**

The risk-free rate is generally based on the returns available from long-term Government Bonds and securities. These returns are used since they represent a very low default risk, are liquid (freely tradable) and include the expected long-term inflation premium. Based on current yield of various top traded long-term government securities, risk free rate has been considered as 7.28% as Yield of 10 Year Indian Government Bond. (Source: <https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data>)

- **Equity Risk Premium**

The Equity Risk Premium (ERP) is the additional amount of return over the risk-free rate that is required to compensate the investor for the additional risk of investing in the equity. It is typically measured by the amount by which historical returns in the equity security markets, over a long period of time, have exceeded the returns from risk free investments. Such historical return from investment in the equity markets – which is the sum of return by way of capital appreciation and return by way of dividend yield – is the market return. We have considered equity risk premium of 8.96% based on the return of BSE Sensex since inception. (Market Return = 15.90%)

- **Beta ( $\beta$ )**

Systematic risk is measured in the CAPM by a factor known as beta. Beta is a measure of volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. The beta of the asset has to be estimated relative to the market portfolio. We have considered Average Beta of last 5 years (2019-2023) i.e., 1.04 for the purpose of calculation of cost of equity.

(Source: Database of Sir Aswath Damodaran for 'Construction' Industry)





- **Company Specific Risk Premium ( $\alpha$ )**

Company Specific Risk Premium (CSRP) is the risk unique to the company. At present BGCL is operating at a smaller scale whereas the proposed business plan on the basis of which valuation has been arrived at considering the financial projections which are at bigger scale. It also includes Business Risk & Illiquidity Risk. Hence to compensate the investor for this aspect, we have considered 2.00% premium towards CSRP.

- **Terminal Value**

Terminal value is the present value at a future point in time of all future cash flows when we expect stable growth rate forever. To arrive at the terminal value, the Perpetuity Growth Model is used which accounts for the value of free cash flows that continue into perpetuity in the future, growing at an assumed constant rate. Here, the projected free cash flow in the first year beyond the projection horizon (N+1) is used. This value is divided by the discount rate minus the assumed perpetuity growth rate which is taken as 5.00%.

$$T_0 = \frac{FCF_{n+1}}{(Ke - g)}$$

Where,

$T_0$  = the value of future cash flows at a future point in time which is immediately prior to n+1, or at the end of period N, which is the final year in the projection period,

$Ke$  = Cost of Equity; and

$g$  = perpetual growth rate.

This equation is a perpetuity, which uses a geometric series to determine the value of a series of growing future cash flows. The value so arrived ( $T_0$ ) has been discounted to the present using discount rate.

- **Equity Value:**

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the Company is adjusted for the value of preference shares excess cash, inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc). The total value for equity shareholders is then divided by the total number of equity shares to arrive at the value per equity share.

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## STATEMENT SHOWING FREE CASH FLOW TO EQUITY

INR in lacs

<i>Particular</i>	<i>FY 23</i>	<i>FY 24</i>	<i>FY 25</i>	<i>FY 26</i>	<i>FY 27</i>	<i>Perpetuity</i>
<i>No. of months</i>	<i>4</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>12</i>	<i>5%</i>
<b>PAT</b>	<b>-596.06</b>	<b>4380.49</b>	<b>4893.61</b>	<b>6540.46</b>	<b>9670.58</b>	<b>10154.11</b>
<b>Add:</b>						
Depreciation	539.54	1618.81	1618.81	1735.18	2084.31	2500.00
Equity Inflow	0.00	0.00	0.00	0.00	0.00	0.00
<b>Inflows</b>	<b>-56.52</b>	<b>5999.30</b>	<b>6512.42</b>	<b>8275.64</b>	<b>11754.89</b>	<b>12654.11</b>
<b>Less:</b>						
Working Capital Changes	253.38	4167.63	1483.50	922.21	3679.19	637.83
Fixed Assets Investments	0.99	135.93	0.00	7000.00	12500.00	2500.00
Debt Repayment	-390.15	466.30	250.26	0.00	0.00	0.00
Changes in Non Current Liabilities/Current Assets	73.17	19.78	16.04	16.46	19.36	22.43
<b>Outflows</b>	<b>-62.61</b>	<b>4789.65</b>	<b>1749.79</b>	<b>7938.67</b>	<b>16198.55</b>	<b>3160.26</b>
<b>Net Inflows</b>	<b>6.09</b>	<b>1209.65</b>	<b>4762.63</b>	<b>336.97</b>	<b>-4443.66</b>	<b>9493.84</b>
Discount Rate (%)	18.24%	18.24%	18.24%	18.24%	18.24%	18.24%
Discounting factor	0.95	0.80	0.68	0.57	0.48	0.48
<b>Discounted Cash Flows</b>	<b>5.76</b>	<b>967.44</b>	<b>3221.30</b>	<b>192.75</b>	<b>-2149.65</b>	



# VALUATION REPORT

February 21, 2023

## STATEMENT SHOWING COST OF EQUITY

<b>Particulars</b>	
Risk Free Rate of Return	7.28%
Beta Coefficient	1.04
Market Equity Risk Premium	8.96%
Company Specific Risk Premium	2.00%
<b>Cost of Equity Financing</b>	<b>18.24%</b>

## STATEMENT SHOWING TERMINAL VALUE

<b>Particulars</b>	<b>Value in Rs (Lakhs)</b>
UFCF of last explicit year	9,493.84
WACC	18.24%
Growth Rate	5.00%
Terminal Value	71,685.12
Discount Factor	0.48
<b>PV of Terminal Value</b>	<b>34,678.15</b>

## STATEMENT SHOWING VALUE PER SHARE

<b>Particulars</b>	<b>Value in Rs (Lakhs)</b>
Net Present Value of Explicit Period	2,237.60
Present Value of Terminal Value	34,678.15
Add: Cash & Cash Equivalents as on November 30, 2022	80.71
Less: Terminal Debt 31.03.2027	483.76
<b>Equity Value</b>	<b>36,512.70</b>
No. of Shares	385,345,366
<b>Value Per Share (in INR)</b>	<b>9.48</b>



## 10. VALUATION CONCLUSION

The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, key underlying assumptions and limitations were given due consideration.

In order to assess the reasonableness of the value determined under each method, we have considered appropriate factors such as applicable nature of asset to be valued, availability of adequate inputs or information underlying the value and its reliability, premise of value, purpose and intended use of the valuation, amount of dependency on observable inputs and other relevant factors.

In light of the aforesaid and after taking into consideration the principles of valuation that one would have to consider to value the equity shares of the Company, we have derived value of **Bell Granito Ceramica Limited** as per Net Asset Value Method ('NAV) under Cost Approach and Discounted Cash Flow Method under Income Approach and for **Restile Ceramics Limited** as per Market Price method under Market approach and assigned equal weights to each method arrive at fair value of shares of the Company.

VALUATION APPROACH	BGCL		RCL	
	Weights	Price per share (INR)	Weights	Price per share (INR)
Cost approach	50.00%	5.35	0%*	(1.88)
Market approach	NA**	--	100%	3.70
Income approach	50.00%	9.48	NA***	0
<b>Value Per Share(In INR)</b>	-	<b>7.41</b>	-	<b>3.70</b>

\* RCL has negative net worth; Hence we have not considered the Cost Approach.

\*\*Equity shares of BGCL are not listed on any stock exchange and we have therefore not considered the market price method to value their shares. BGCL is currently incurring losses, we have therefore not considered the comparable market approach to value BGCL

\*\*\*RCL does not carry on any significant business operations and has been incurring losses historically. Going forward the Company does not have any immediate plans to undertake business operations and therefore the Management has not provided us with any financial projections, we have therefore not considered DCF method to value the equity shares of RCL.

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## 11. RESTRICTIONS ON USE OF THE VALUATION REPORT, IF ANY

This valuation report is meant for use for the limited purpose of share exchange as on the valuation date or on a date close to the valuation date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the company and publicly available sources, which we believe to be accurate. We accept no responsibility for any errors in the information on which the valuation conclusions are based.

## 12. MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

For the purpose of Share Exchange Ratio for the proposed scheme of amalgamation for which this valuation report is issued, we are informed by the companies that the relevant date is February 21, 2023.

## 13. CONCLUSION

In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in my opinion, the Share Exchange Ratio worked out is as under:

For every Two (2) Shares of RCL, the Shareholders will receive One (1) share of BGCL. The above information is tabulated below:

SHARE EXCHANGE RATIO		
	Restile Ceramics Limited	Bell Granito Ceramica Limited
Value per equity share	3.70	7.41
Swap ratio/exchange ratio	2	1

## 14. CAVEATS, LIMITATION AND DISCLAIMERS TO THE EXTENT THEY EXPLAIN OR ELUCIDATE THE LIMITATIONS FACED BY VALUER

My report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

1. This report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The Company is



the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

2. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
3. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
4. While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.
5. I do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
6. The client 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 except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.
7. I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
8. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the



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potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.

9. I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letter. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.
10. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to me.
11. 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.
12. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

Place: Surat  
Date: February 21, 2023



Shreyansh M Jain  
CP No.: ICSIRVO/SFA/38  
IBBI R. No.: IBBI/RV/03/2019/12124

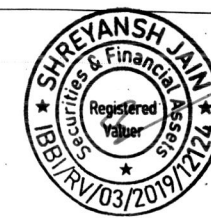


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## ANNEXURE-A

Day	End Date	WAP	No. of Share Traded	Traded Value
1	20-Feb-23	2.78	4024	11,196
2	17-Feb-23	2.85	1500	4,273
3	16-Feb-23	2.97	206	612
4	15-Feb-23	2.92	1298	3,788
5	14-Feb-23	2.95	19	56
6	13-Feb-23	2.81	815	2,290
7	10-Feb-23	2.84	219	621
8	9-Feb-23	2.94	2992	8,796
9	8-Feb-23	3.10	372	1,154
10	7-Feb-23	3.00	1	3
11	6-Feb-23	3.25	507	1,647
12	3-Feb-23	3.25	543	1,764
13	2-Feb-23	3.40	500	1,700
14	1-Feb-23	3.53	300	1,059
15	31-Jan-23	3.70	74	274
16	30-Jan-23	3.90	1180	4,602
17	25-Jan-23	4.07	10000	40,700
18	24-Jan-23	4.48	1056	4,735
19	23-Jan-23	4.50	50	225
20	19-Jan-23	4.29	9090	39,027
21	18-Jan-23	4.39	28136	123,577
22	17-Jan-23	4.35	13343	58,027
23	16-Jan-23	4.29	56886	243,929
24	13-Jan-23	4.17	4751	19,799
25	12-Jan-23	4.01	11176	44,846
26	11-Jan-23	3.87	13553	52,414
27	10-Jan-23	3.69	7050	26,027
28	9-Jan-23	3.98	5646	22,452





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29	6-Jan-23	4.02	11031	44,294
30	5-Jan-23	3.92	14446	56,691
31	4-Jan-23	3.90	6586	25,655
32	3-Jan-23	3.98	15290	60,816
33	2-Jan-23	3.97	24329	96,503
34	30-Dec-22	3.96	11028	43,636
35	29-Dec-22	3.96	25013	99,130
36	28-Dec-22	3.87	9629	37,242
37	27-Dec-22	3.69	11475	42,400
38	26-Dec-22	3.51	2484	8,725
39	23-Dec-22	3.61	17515	63,250
40	22-Dec-22	3.67	17862	65,638
41	21-Dec-22	3.65	32576	118,923
42	20-Dec-22	3.80	39995	151,899
43	19-Dec-22	3.65	15231	55,612
44	16-Dec-22	3.51	32049	112,538
45	15-Dec-22	3.36	29504	99,130
46	14-Dec-22	3.19	15039	48,032
47	13-Dec-22	3.16	5846	18,473
48	12-Dec-22	3.34	788	2,630
49	9-Dec-22	3.65	3358	12,253
50	8-Dec-22	3.49	15876	55,332
51	7-Dec-22	3.39	11060	37,493
52	6-Dec-22	3.23	465	1,501
53	5-Dec-22	3.05	18250	55,748
54	2-Dec-22	2.88	7032	20,226
55	1-Dec-22	2.80	1144	3,203
56	30-Nov-22	2.67	7591	20,237
57	29-Nov-22	2.76	18799	51,915
58	28-Nov-22	2.99	6899	20,656



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59	25-Nov-22	3.04	27047	82,222
60	24-Nov-22	3.24	400	1,294
61	23-Nov-22	3.35	100	335
62	22-Nov-22	3.49	11000	38,397
63	21-Nov-22	3.55	101	359
64	15-Nov-22	3.73	105	392
65	14-Nov-22	3.93	3000	11,790
66	31-Oct-22	4.10	10	41
67	24-Oct-22	4.34	5000	21,700
68	17-Oct-22	4.56	1100	5,016

