REPORT ON

RECOMMENDATION OF SHARE ENTITLEMENT RATIO

FOR THE

PROPOSED MERGER

OF

NATIONAL STANDARD (INDIA) LIMITED,

SANATHNAGAR ENTERPRISES LIMITED

AND

ROSELABS FINANCE LIMITED

INTO

MACROTECH DEVELOPERS LIMITED

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1. Glossary of Abbreviation

Abbreviation	Definition
BSE	BSE Limited
CCM	Comparable Companies Multiple Method
Comparable Companies	Comparable Companies in similar line of business
DCF Method	Discounted Cash Flow Method
Draft Scheme	Scheme of Merger by Absorption Under Section 230 To 232 of the Companies Act, 2013
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ESM	Enhanced Surveillance Mechanism
EV	Enterprise Value
FCF	Free Cash Flows
FY	Financial Year
ICAI	Institute of Chartered Accountants of India
IVS	ICAI Valuation Standards
Management	Management of Macrotech Developers Limited
MDL	Macrotech Developers Limited
NCDs	Non-Convertible Debentures issued by Macrotech Developers Limited
NSE	National Stock Exchange of India Limited
NSIL	National Standard (India) Limited
RFL	Roselabs Finance Limited
SEL	Sanathnagar Enterprises Limited
the Companies	Transferee Company and Transferor Companics arc collectively referred to as the Companies
the Company	Macrotech Developers Limited
Transferee Company	Macrotech Developers Limited
Transferor Companies	• National Standard (India) Limited • Sanathnagar Enterprises Limited • Roselabs Finance Limited (collectively)
Transferor Company	NSIL, SEL and RFL are individually referred to as the Transferor Company
Valuation Date	July 29, 2024
WAP	Weighted Average Price

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2. Introduction and Brief History

2.1. There is a proposal before the Board of Directors of the Companies to amalgamate the following companies (collectively referred to as "the Transferor Companies") into MDL.

- National Standard (India) Limited
- Sanathnagar Enterprises Limited
- Roselabs Finance Limited

Equity shares of MDL shall be issued to shareholders of the aforementioned companies on the proposed merger. The proposed transaction is contemplated under a scheme under section 230 to 232 of the Companies Act, 2013 ("Scheme"). This transaction is referred to as the Proposed Merger.

2.2. Based on the aforesaid scheme of merger, it is understood from the Management that the proposed scheme would result in the following benefits:

- Streamlining, rationalisation and simplification of the group holding structure by way of reduction in the number of entities, resulting in ease of management for the Transferee Company.
- Reduction in overheads including administrative, managerial and other expenditure, and optimal utilization of resources by elimination of duplication of activities and related costs.
- Reduction in the multiplicity of legal and regulatory compliances required. These are at present being carried out by the Transferor Companies as well as the Transferee Company. This, in view of the Management, would promote organizational efficiencies with the achievement of greater economies of scale.
- Free up management bandwidth, especially of senior management, towards more productive and value generating activities

2.3. In this regard, we have been called upon by the management of MDL vide Engagement Letter dated May 24, 2024, to recommend Share entitlement ratio on the Proposed Merger as well as to comment on impact of the Scheme on the listed NCD holders of MDL.

2.4. Accordingly, this report ("the Report" or "our Report ") sets out the findings of our exercise. For the purpose of this Report, we have considered the Valuation Date as July 29 , 2024 (**"Valuation Date"**).

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- **Brief Profile of the Companies**

  - **MDL Developers Limited**

Macrotech Developers Limited ("MDL" or "the Company") listed company having its shares listed on BSE Limited and National Stock Exchange of India Limited. MDL was incorporated on September 25, 1995. The registered office of the Company is located at 412, Floor - 4, 17 G Vardhaman Chamber, Cawasji Patel Road, Horniman Circle, Fort, Mumbai – 400001 [CIN: L45200MH1995PLC093041]. The Company along with its subsidiaries is engaged into real estate development. Its portfolio of properties developed and under development include Residential projects – both luxury and affordable including townships and Commercial projects.

The Authorised, issued and subscribed equity share capital of MDL as at June 30, 2024 is as follows:

Share Capital	Amount (INR in Lakhs)
Authorised Share Capital	
1,29,50,75,750 Equity shares of INR 10 each	1,29,508
1,26,96,250 Preference Shares of INR 10 each	1,270
Issued, Subscribed and Fully Paid Up	
99,49,44,438 Equity Shares of INR 10 each	99,494

Source: Management

We have considered the number of equity shares on diluted basis after taking into account, appropriate adjustments for outstanding ESOPs. Accordingly, the diluted number of equity shares considered by us is 1,00,07,44,126 equity shares of INR 10 each.

The foregoing share capital as on June 30, 2024 is held as follows:

Particulars	Number of Shares held	Percentage of shareholding
Promoter	71,76,42,888	72.13%
Public	27,73,01,550	27.87%
Total	**99,49,44,438**	**100.00%**

Source: BSE

Equity shares of MDL are listed on BSE and NSE.

Non-Convertible Debentures (NCDs) of MDL

Non-Convertible Debentures (NCDs) of MDL are listed on BSE Limited. Details of the said NCDs are given in Appendix C.

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- **National Standard (India) Limited ("NSIL")**

  NSIL is a listed company having its shares listed on BSE Limited and Calcutta Stock Exchange Limited and 73.94% of its share capital is held by the Transferee Company. NSIL was incorporated on August 20, 1962, having its registered office at 412, Floor - 4, 17G Vardhaman Chamber Cawasji Patel Road, Horniman Circle, Fort Mumbai – 400 001 [CIN:L27109MH1962PLC265959]. It is understood from the Management and on perusal of the Annual Report of NSIL for FY 2022-23, that it does not have any ongoing projects nor is any project envisaged in the near future. The revenue recognized in FY 2022-23 and FY 2023-24 is on account of sale of inventory from a past real estate project that was completed in 2018. It is further noted from the AR for FY 2022-23 that NSIL does not have any employees or workers. Further, the Key Managerial Personnel are deployed from the holding company, MDL.

  The authorised, issued and subscribed equity share capital of NSIL as on June 30, 2024 is as follows:

Share Capital	Amount (INR in Lakhs)
Authorised:	
2,00,00,000 Equity Shares of INR 10 each	2,000.00
Issued, Subscribed & Paid Up Capital: 2,00,00,000 equity shares of face value of Rs.10 each fully paid.	2,000.00

  The foregoing share capital as on June 30, 2024 is held as follows:

Particulars	No of Shares	Percentage of shareholding
Promoter	1,47,88,099	73.94%
Public Shareholders	52,11,901	26.06%
Total	**2,00,00,000**	**100.00%**

  Source: BSE

  The equity shares of NSIL are listed on BSE and Calcutta Stock Exchange Limited. However, it may be noted that the shares are not frequently traded.

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- **Sanathnagar Enterprises Limited ("SEL")**

  SEL is a is a listed company having its shares listed on BSE Limited and 72.70% of its share capital is held by the MDL. It was incorporated on June 18, 1947, having its registered office at 412, Floor - 4, 17G Vardhaman Chamber Cawasji Patel Road, Horniman Circle, Fort Mumbai – 400 001 [CIN: L99999MH1947PLC252768].It is understood from the Management that SEL does not have any real estate project on hand, nor does SEL nor is any project envisaged in the near future. It may further be noted from the Annual Report of SEL for FY 2022-2023 that it's residential real estate project in Hyderabad was completed in 2018. Subsequently, there has been no revenue from operations during the financial years 2022-2023 and 2021-2022. SEL does not have any ongoing project. The revenue recognized in FY 2023-14 is on account of sale of construction material and inventory from past real estate project that was held by SEL.

  The authorised, issued and subscribed equity share capital of SEL as on June 30, 2024 is as follows:

Share Capital	Amount (INR in Lakhs)
Authorised:	
1,47,00,000 equity shares of INR 10 each	1,470.00
7,520, 9.5% Redeemable cumulative preference shares of INR 50 each	3.76
Unclassified Shares	26.24
Issued, Subscribed & Paid Up Capital:	
31,50,000 equity shares of face value of Rs.10 each fully paid.	315.00

The foregoing share capital as on June 30, 2024 is held as follows:

Particulars	No of Shares	Percentage of shareholding
Promoter and Promoter Group	23,62,071	74.99%
Public Shareholders	7,87,929	25.01%
Total	**31,50,000**	**100.00%**

The equity shares of SEL are listed on BSE. However, shares of SEL are classified under ESM Stage 2 by BSE Limited.

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- **Roselabs Finance Limited ("RFL")**

  RFL is a is a listed company having its shares listed on BSE Limited and 74.25% of its share capital is held by the MDL. RFL was incorporated on January 4, 1995, having its registered office at 412, Floor - 4, 17G Vardhaman Chamber Cawasji Patel Road, Horniman Circle, Fort Mumbai – 400 001 [CIN: L70100MH1995PLC318333]. It is understood from the Management that RFL does not have any real estate project on hand, nor is any project envisaged in the near future . Based on the Annual Report of RFL for FY 2022-23 we observe that RFL has no operational revenue during FY 2022-23. Revenue recognized in FY 2023-24 is on account of sale of material. Pursuant to the cancellation of the certificate of registration in the FY 2018-19, RFL is not permitted to pursue any NBFC activity.

  The authorised, issued and subscribed equity share capital of RFL as on June 30, 2024 is as follows:

Share Capital	Amount (INR in Lakhs)
Authorised:	
1,10,00,000 Equity Shares of INR 10 each	1,100.00
Issued, Subscribed & Paid Up Capital:	
1,00,00,000 equity shares of face value of Rs.10 each fully paid.	1,000.00

The foregoing share capital as on June 30, 2024 is held as follows:

Particulars	No of Shares	Percentage of shareholding
Promoter and Promoter Group	74,24,670	74.25%
Public Shareholders	25,75,330	25.75%
Total	**1,00,00,000**	**100.00%**

The equity shares of RFL are listed on BSE. However, it may be noted that the equity shares of RFL are not frequently traded.

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3. Data obtained

3.1 We have called for and obtained such data, information, etc. as were necessary for the purpose of this assignment, which have been, as far as possible, made available to us by the Management. **Appendix A** hereto broadly summarizes the data obtained.

3.2 For the purpose of this assignment, we have relied on such data summarized in the said Appendix and other related information and explanations provided to us in this regard.

4. Approach to Valuation

4.1 It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or an approach that is suitable for the purpose.

4.2 It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes / requirements. We have given due cognizance to the same in carrying out the valuation exercise.

4.3 For the purpose of arriving at valuation of MDL we have considered the valuation base as 'Fair Value' and for NSIL, SEL and RFL we have considered valuation base as 'Liquidation Value'. Our valuation, and this report, is based on two premises, one that of 'Going Concern' for valuation of MDL, and the other being that of 'Orderly Liquidation' for NSIL, SEL and RFL. Any change in the valuation base, or the premises could have a significant impact on our valuation exercise, and therefore, this Report.

4.4 IVS 301 on Business Valuations deals with valuation of a business and business ownership interest (i.e., it includes valuation of shares).

4.5 IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:

4.5.1 **<u>Market Approach</u>**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities. The common methodologies under the Market Approach are as under.

- <u>Market Price Method:</u>

  This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. This method is used to determine the value of listed companies which are frequently traded.

- <u>Comparable Companies Multiple Method ("CCM") :</u>
  This method involves valuing an asset based on market multiple of comparable companies as related to earnings, assets etc.

  It may be noted that in the real estate sector, certain projects may have a higher gestation period as compared to the others. Thus, the margins and consequently the multiples, of a company would be dependent on the lifecycle of its underlying projects i.e., the margins and consequently the multiples, of a company whose majority of projects are under development would differ from those of those companies' whose inventory is ready to be sold. On account of this disparity between the comparable companies, we have not considered it appropriate to use CCM Method to derive value of MDL.

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Further, for the Transferee Companies, it may be noted that they have finished their underlying projects and have sold out the majority of the units. Further, it is understood from the Management that there are no current plans for development of new real estate projects in the Transferor Companies nor do they currently house any development rights/land bank. Currently NSIL holds a small piece of inventory. In view of the limited business operations of these Transferor Companies and considering the multiples of Comparable Companies would reflect their growth prospects, we have also not considered this approach for determining the value of the Transferee Companies.

4.5.2 **Income Approach**

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount.

4.5.3 **Cost Approach**

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an assets (often referred to as current replacement cost).

4.5.4 **Liquidation Approach**

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

4.6 Each of the above approaches, in the context of valuation of equity shares of MDL and Transferor Companies are discussed in the following paragraphs.

4.7 Valuation of Equity Shares of MDL

4.7.1 **Market Approach**

4.7.1.1 Market Price Method:

We have determined the market price of MDL based on the pricing formula mentioned under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations").

4.7.1.2 **Income Approach**

We have used the DCF Method to derive the value of MDL under Income Approach. The broad steps followed to derive a value under this approach are discussed hereunder:

4.7.1.2.1 We have relied on the projections and business plan provided by the Management. It may herein be noted that the projections are responsibility of the Management. We have, therefore, not performed any audit, review or examination of any prospective information used and therefore, do not express any opinion with regards to the same. However, we have reviewed the projections for their acceptability.

4.7.1.2.2 Under the DCF Method, the future cash flows are appropriately discounted to arrive at the value of the enterprise on a going concern basis. This value would, primarily, be based on the present value of such future cash flows generated.

4.7.1.2.3 The Cashflows are classified in the following categories:

- Residential Projects in Palava & Upper Thane
- Residential Projects other than Palava & Upper Thane

Collectively referred as "Residential Projects".

4.7.1.2.4 We have arrived at the value of Residential Projects based on the cash flows provided to us. Broad steps for the same are as under:

- We have considered the expected collections from projects based on projections for the year to end March 31, 2024 and for future years to end on
    - For Residential Projects in Palava & Upper Thane- March 31, 2072.
    - Residential Projects other than Palava & Upper Thane- March 31, 2028.
- Such collections have then been adjusted for expected cash outflows on account of various related costs such as Construction cost, Land and liaison costs, Overheads and expected tax outflows to arrive at the free cash flow to firm in those respective years.
- Perpetuity beyond the projected period is considered so as to get the enterprise value on a going concern basis. For computation of terminal value for Residential Projects other than Palava & Upper Thane, we have used H-Model which assumes that the growth beyond the projected period starts at a higher rate then gradually declines over a period of 5 years to a normal stable growth rate for perpetuity. For Residential Projects in Palava & Upper Thane, since we have considered a longer projected period of approximately 48 years the terminal value is subsumed in these cashflows.

- The Free Cash Flows to Firm for the projected years so arrived at and the perpetuity for the two classifications of cash flows are discounted using the Weighted Average Cost of Capital ("WACC") to arrive at their Net Present Value ("NPV") as at the Valuation Date.
- We have then aggregated the Present Values of the cash flows under the two classifications to arrive at the total value of operating business of Residential Projects.
- Further, annuity value on account of rental of retail space, offices and Industrial parks are computed using the steps mentioned below
  - ➢ The current leasable area is multiplied by the current rental rate to determine the rental income for the properties.
  - ➢ Operating expenses are deducted from the calculated rental income.
  - ➢ Further to estimate the value of the properties, net operating income is capitalized using the appropriate capitalization rate for the property depending on the stage of construction.
  - ➢ Pending construction cost if any is deducted from the above arrived value for the under-construction properties.
  - ➢ Some of the properties in the Industrial Park are co-owned for which we have considered share of MDL.
- The annuity value of rental properties is added to the aggregate of such NPV to arrive at the Present Value of Macrotech as on the Valuation Date
- The present value so arrived at above has been increased by non-operating cash and bank balance, other surplus assets (investments in mutual funds, etc.) and reduced by debt as on Valuation date to arrive at the adjusted Equity Value attributable to the equity shareholders of MDL.
- Further, it is understood from the Management that there are no contingent liabilities likely to crystallize. Therefore, we have not made any adjustments on this account.
- The Business Value as arrived at above is divided by the number of fully paid, issued and subscribed equity shares of MDL on fully diluted basis considering ESOPs granted to arrive at the value per share as at the Valuation Date under the DCF Method.
- We have not considered Discount for lack of marketability (DLOM) since the company is listed on a recognized stock exchange.

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4.7.1.3 **Cost Approach**

Value of Residential projects would be the present value of the likely realisation. To assume value of such project based on the full market value without considering the time factor would not be reflective of the true value of such project. The value of Annuity business – i.e., the commercial property held for letting and retail malls can be best valued only on the basis of rental streams and expected time of exit. To assume value based on cost approach for such property would be inconsistent with the intent of the Company and would also not be in line with the basis of valuation viz. going concern. Therefore, we have not used the Cost Approach to determine the value of MDL.

4.7.2 Valuation of NSIL

4.7.2.1 **Market Price Method:**

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. The shares of NSIL are not frequently traded. Further, as mentioned earlier, NSIL had sold out majority of its properties from its only project at Thane. It currently houses only certain inventory of the Thane Project. It does not have any other operations or business plan. Thus, considering that NSIL does not have any business plan and shares of NSIL are not frequently traded, we have not considered this approach to be appropriate in determining the value of NSIL.

4.7.2.2 **Income Approach**

NSIL holds a small portion of inventory likely to be realized immediately. It is understood from the Management that NSIL does not have a business plan and is not expected to make any significant profits going forward. Therefore, we have not been able to use DCF Method to determine its value.

4.7.2.3 **Liquidation Approach**

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

As discussed earlier, NSIL holds a small portion of inventory likely to be realized immediately. Further, is understood from the Management that NSIL does not have a business plan and is not expected to make any significant profits going forward. Therefore, we have considered NSIL's value under liquidation approach.

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The working is based on the latest available statement of assets and liabilities as on March 31, 2024, as prepared by the Management. The steps followed for valuation are given in Appendix 1.

It may also be noted that 73.94% of the equity shares of NSIL are held by MDL, against which no allotment will take place. We have considered the value derived under this approach for the purpose of determining the ratio of allotment. This will amount to allotment of only 4,79,495 equity shares of MDL of INR 10 each. This is 0.048% of the total post-merger share capital of MDL.

4.7.3 **Valuation of SEL**

4.7.3.1 **Market Price Method:**

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. These shares are classified under ESM Stage 2 by the BSE. As mentioned previously, it is understood from the Management that SEL does not have any real estate project on hand, nor is any project envisaged in the near future. It may further be noted from the Annual Report of SEL for FY 2022-2023 that its residential real estate project in Hyderabad was completed in 2018. Subsequently, there has been no revenue from operations during the financial years 2022-2023 and 2021-2022. Based on the foregoing in our view the market price of these shares are not reflective of its fair value given that SEL does not have any operating business. Therefore, we have not considered this method to determine its value.

4.7.3.2 **Income Approach:**

It is understood from the Management that SEL does not have a business plan and is not expected to make any significant profits going forward. Therefore, we have not been able to use DCF Method to determine its value.

4.7.3.3 **Liquidation Approach**

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

Further, it is understood from the Management that SEL does not have a business plan and is not expected to make any significant profits going forward. Therefore, we have considered SEL's value under liquidation approach.

The working is based on the latest available statement of assets and liabilities as on March 31, 2024, as prepared by the Management. The steps followed for valuation of are given in Appendix 1.

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It may also be noted that 72.70% of the equity shares of SEL are held by MDL itself, against which no allotment will take place. Further, it may be noted that the value per share of SEL is negative. Also, as mentioned in para 2.2 above, the scheme proposes to rationalize costs by simplification of management structure leading to better administration and cost savings. Based on the understanding that Cost savings on merger would accrue to MDL and considering that the number of shares proposed to be issue to shareholders of SEL on merger are not material and the value per share of SEL is negative, we have considered the nominal value (being face value) of equity shares of SEL for the purpose of determination of fair ratio of exchange. This will amount to allotment of only 6,020 equity shares of MDL of face value of INR 10 each. This is 0.0006% of the of the total post-merger share capital of MDL.

4.7.4 **Valuation of RFL**

4.7.4.1 Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. The shares of RFL are thinly traded. Further, RFL does not have any business operations. Therefore, we have not considered this approach to be appropriate in determining the value of RFL.

4.7.4.2 **Income Approach**

It is understood from the Management that RFL has surrendered its NBFC license in FY 2019 . Also, RFL has no business plan not expected to make any significant profits going forward. Therefore, we have not been able to use DCF Method to determine its value.

4.7.4.3 **Liquidation Approach**

Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated/assumed.

As discussed earlier, RFL has surrendered its NBFC license in FY 2019 and had decided to pursue alternate business opportunities. Also, RFL has no business plan and is not expected to make any significant profits going forward. Therefore, we have considered RFL's value under a liquidation approach.

The working is based on the latest available statement of assets and liabilities as on March 31, 2024, as prepared by the Management. The steps followed for valuation are given in Appendix 1.

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It may also be noted 74.25% of the equity shares of RFL are held by MDL itself, against which no allotment will take place. Also, as mentioned in para 2.2 above, the scheme proposes to rationalize costs by simplification of management structure leading to better administration and cost savings. Based on the understanding that Cost savings on merger would accrue to MDL and considering that the number of shares proposed to be issue to shareholders of RFL on merger are not material and the value per share of RFL is negative, we have considered the nominal value (being face value) of equity shares of RFL for the purpose of determination of fair ratio of exchange. This will amount to allotment of only 18,027 equity shares of MDL of face value of INR 10 each. This is 0.002% of the total post-merger share capital of MDL.

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4 Conclusion

Based on the foregoing data, considerations and steps followed, we consider that the fair ratio of exchange would as follows:

- ***For NSIL***

  "For every 1,000 Equity shares of face and paid-up value of Rs. 10/- (Ten) held in NSIL, 92 Equity shares of face and paid-up value of Rs. 10/- (Ten) in MDL"

  The computation of fair equity share exchange ratio for Merger of NSIL into MDL is tabulated below

Amounts in INR

Particulars	NSIL (A)		MDL (B)	
	Value per Share	Weight	Value per Share	Weight
Market Approach				
Market Price Method	NA[1]	NA	1,433.7	50%
Income Approach based on DCF Method	NA[2]	NA	1,452.9	50%
Liquidation Approach	132.5	100%	NA[3]	NA
Relative Value per share	132.5		1,443.3	
Exchange Ratio (rounded off) [(A)/(B)]		0.092		

[1] *Refer para 4.7.2.1 for the rationale for not using Market Price Method*

[2] *Refer para 4.7.2.2 for the rationale for not using Income Approach*

[3] *As MDL is valued on the premise of Fair Value, its value is based on the premise of going concern. Further, Cost Approach is not considered for MDL as it would not capture the profit generating ability of MDL [Refer para 4.7.1.3].*

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- *For SEL*

"For every 1,000 Equity shares of face and paid-up value of Rs. 10/- (Ten) held in SEL, 7 Equity shares of face and paid-up value of Rs. 10/- (Ten) in MDL"

The computation of fair equity share exchange ratio for Merger of SEL into MDL is tabulated below

Amounts in INR

Particulars	SEL		MDL	
	Value per Share	Weight	Value per Share	Weight
Market Approach				
Market Price Method	NA[1]	NA	1,433.7	50%
Income Approach based on DCF Method	NA[2]	NA	1,452.9	50%
Liquidation Approach	Negative	100%	NA[3]	NA
Relative Value per share	10*		1,443.3	
Exchange Ratio (rounded off) [(A)/(B)]		0.007		

** Nominal Value of shares, being the face value – refer para 4.7.3.3*

[1] *Refer Para 4.7.3.1 for the rationale for not using Market Price Method*

[2] *Refer Para 4.7.3.2 for the rationale for not using Income Approach*

[3] *As MDL is valued on the premise of Fair Value, its value is based on the premise of going concern. Further, Cost Approach is not considered for MDL as it would not capture the profit generating ability of MDL [Refer para 4.7.1.3].*

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- ***For RFL***

"For every 1,000 Equity shares of face and paid-up value of Rs. 10/- (Ten) held in RFL, 7 Equity shares of face and paid-up value of Rs. 10/- (Ten) in MDL"

The computation of fair equity share exchange ratio for Merger of RFL into MDL is tabulated below

Amounts in INR

Particulars	RFL		MDL	
	Value per Share	**Weight**	**Value per Share**	**Weight**
Market Approach				
Market Price Method	NA[1]	NA	1,433.7	50%
Income Approach based on DCF Method	NA[2]	NA	1,452.9	50%
Liquidation Approach	Negative	100%	NA[3]	NA
Relative Value per share	10*		1,443.3	
Exchange Ratio (rounded off) [(A)/(B)]		0.007		

** Nominal Value of shares being the face value – refer para 4.7.4.3*

[1] Refer Para 4.7.4.1 for the rationale for not using Market Price Method

[2] Refer Para 4.7.4.2 for the rationale for not using Income Approach

[3] As MDL is valued on the premise of Fair Value, its value is based on the premise of going concern. Further, Cost Approach is not considered for MDL as it would not capture the profit generating ability of MDL [Refer para 4.7.1.3].

It may herein be noted that the SEBI Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, specifies the format in which the valuation report shall display the workings, relative fair value per share and fair share exchange ratio. The disclosure in the format suggested by the said Circular is given above.

Impact of the proposed Scheme on the NCD holders of MDL

The amount outstanding towards NCDs as at March 31, 2024 stood at INR 929.4 crores . Currently MDL holds the majority of shares in the Transferor Companies. Pursuant to the merger being effective 4,05,810 additional equity shares of MDL shall be issued to the public shareholders, which is 0.041% of the existing share capital of MDL. The NCD holders of MDL as on the Effective Date will continue to hold NCDs of the MDL, without any interruption, on same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, etc. Considering this the Scheme will not have any adverse impact on the holders of the NCDs and a separate exchange ratio on NCDs is not required.

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5 Limitations and Disclaimers

This Report is subject to the scope of limitations detailed hereinafter.

5.1 The Report is to be read in totality and not in parts.

5.2 The valuation is based on the information furnished to us being complete and accurate in all material respect.

5.3 The estimate of future financial performance is as projected by the Management, which represents their view of reasonable expectations at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved, or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material.

5.4 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.

5.5 The information presented in this report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.

5.6 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.

5.7 We have relied on the judgment made by the Management and, accordingly, the valuation does not consider the assumption of contingent liabilities materializing (other than those specified by the Management and the Auditors). If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, then this may have the effect on the valuation computations.

5.8 The Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. 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.

5.9 No investigation of the Company's claim to the title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to lien or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opining or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.

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5.10 The valuation is based on the market conditions and the regulatory environment that existed at the Valuation Date. However, changes to the same in the future could impact the companies and the industry they operate in, which may impact our valuation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

5.11 We have no obligation to update this Report because of events or transactions occurring subsequent to the date of this Report.

5.12 We have not carried out any physical verification of the assets and liabilities of the Company and take no responsibility for the identification of such assets and liabilities.

5.13 This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials for the year ended March 31, 2024 for the Companies and reviewed financials for quarter ended June 30, 2024 for for NSIL, SEL and RFL and (iv) other information obtained by us from time to time (v) accuracy of information in public domain with respect to comparable companies including financial information. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between the date of the last financial statements provided to us and the Report date and that no material changes have occurred in their respective operations and financial position in this period.

5.14 The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that the Companies 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 litigation and other contingent liabilities that are not disclosed in the audited/ unaudited balance sheets of the Companies, if any, provided to us.

5.15 This Report does not look into the business/ commercial reasons/economic rationale 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 other alternatives, or whether or not such alternatives could be achieved or are available.

5.16 The valuation analysis and result are governed by concept of materiality.

5.17 The fee for the engagement is not contingent upon the results reported.

5.18 We have also relied on data from external sources 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 we 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.

5.19 Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the

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Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

5.20 This Report is subject to the laws of India.

5.21 In addition, this Report does not in any manner address the price at which equity shares of the Companies shall trade following announcement of the proposed Transaction and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the proposed Arrangement. Our Report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

5.22 Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.

Disclosure of RV Interest or Conflict, If Any And Other Affirmative Statements

We do not have any financial interest in the Companies, nor do we have any conflict of interest in carrying out this valuation.

6 Gratitude

We are grateful to the Management for making information and particulars available to us, often at a short notice, to enable us to conclude our opinion in a time-bound manner.

For **Bansi S. Mehta Valuers LLP**
Registered Valuer
IBBI Registration Number: IBBI/RV–E/06/2022/172

DRUSHTI R. DESAI
IBBI Registration Number: IBBI/RV/06/2019/10666
Partner

Place: Mumbai
Date: July 30, 2024
UDIN: 24102062BKEUCK6878

Appendix A: Broad Summary of Data Obtained

From the Management:

1. Projected Financial Statements of MDL for years to end on March 31, 2024 to end of life for each project.

2. Audited Standalone and Consolidated Financial Statements of MDL as on March 31, 2024

3. Net debt of MDL as on June 30, 2024.

4. Limited reviewed profit and loss account of National Standards (India) Limited, Sanathnagar Enterprises Limited and Roselabs Finance Limited for the quarter ended June 30, 2024.

5. Limited reviewed balance sheet of National Standards (India) Limited, Sanathnagar Enterprises Limited and Roselabs Finance Limited as on June 30, 2024.

6. Fair Valuation of Inventory held by National Standards (India) Limited as on June 30, 2024.

7. Draft scheme of arrangement.

8. Answers to specific questions and issues raised to the Management after examining the foregoing data.

From publicly available sources :

1. Websites of Bombay Stock Exchange and National Stock Exchange

2. Data of Companies in Real Estate Development Sector from AceTP Database

3. Risk Free Interest rate from RBI website.

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Appendix B: Steps followed for determining value under Liquidation Approach

We have considered the following steps for determining value under Liquidation Approach for the Transferor Companies. The working is based on the latest available Balance Sheet of Transferor Company as on the Reference Date (i.e., Balance Sheet as on June 30, 2024).

1. For NSIL, we have considered the market value of the Inventory as given by the Management.

2. Other assets comprise of Cash and cash equivalents, loans, other financial assets, current tax assets and Other current assets. We have considered their book values as on June 30, 2024 as their fair value.

3. Liabilities of the company comprise of other liabilities and payables. We have considered the book value of liabilities as their settlement values.

4. It may also be noted that we understand from the Management that in their knowledge there are no other agreements, brands, trademarks, etc. owned by the Transferor Company. Therefore, we have not added the value of intangible assets to this value.

5. The aggregate of the liquidation value of the assets net of liabilities is considered as the liquidation value of the Business.

6. We have divided such Business Value by number of fully paid, issued and subscribed equity shares to arrive at value per share of the Transferor Company.

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Appendix C: Terms of NCD

ISIN	**INE670K07257**	**INE670K07232**	**INE670K07216**
Size	INR 125 Crores	INR 280 Crores	INR 49 Crores
Face Value	Rs. 1,00,000	1,00,000	1,00,000
Dividend / Coupon	Coupon	Coupon	Coupon
Terms of payment of dividend/ coupon including frequency, etc	Interest Rate of 8.75% p.a. payable quarterly, payment, beginning from June 30, 2024 with last interest payment being the Final Maturity Date.	9.0% p.a. payable quarterly payment, beginning from December 31, 2023 with last interest payment being the Final Maturity Date.	9.42% p.a. to be rounded off to 2 decimal place and payable quarterly. Payment, beginning from 30th September, 2023 with last interest payment being the Scheduled Redemption Date.
Credit Rating	A+/Positive	A+/Positive	A+/positive
Tenure/ maturity	3 (three) years	3 (three) years	2 (two) years 11 (eleven) months and 12 (twelve) days
Terms of redemption	Repayment in 10 equated quarterly instalments commencing from December 2024.	Equal quarterly amortization by way of 4 (four) equated quarterly instalment starting from March 31, 2026.	As per Private Placement Offer Letter dated July 19, 2023 and Debenture Trust Deed dated July 19, 2023
Amount of Redemption (Outstanding as on June 30, 2024)	Rs. 1,25,00,00,000	Rs. 1,46,46,00,000	Rs. 46,30,00,000
Date of Redemption	March 27, 2027	November 06, 2026	June 30, 2026
Redemption Premium / discount	Not applicable	N.A. The Debentures are being issued at par	Not applicable
Early redemption scenarios, if any Safeguards for the protection of holders of NCDs Exit offer to the dissenting holders of NCDs, if any Other embedded features (put option, call option, dates, notification times, etc.) Other terms of instruments	As per Private Placement Offer Letter dated March 21, 2024 and Debenture Trust Deed dated March 21, 2024.	As per Private Placement Offer Letter dated November 06, 2023 and Debenture Trust Deed dated November 06, 2023.	As per Private Placement Offer Letter dated July 19, 2023 and Debenture Trust Deed dated July 19, 2023

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ISIN	INE670K07224	INE670K07208	INE670K07174	INE670K07190	INE670K07182
Size	INR 245 Crores	INR 68 Crores	INR 99 Crores	INR 100 Crores	INR 101 Crores
Face Value	Rs. 1,00,000	Rs. 10,00,000	Rs. 10,00,000	Rs. 10,00,000	Rs. 10,00,000
Dividend / Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
Terms of payment of dividend/ coupon including frequency, etc	As per Private Placement Offer Letter dated September 22, 2023	1 YEAR SBI MCLR	9.95 percent per annum, payable monthly. Payment, beginning from 30th September, 2022 with last interest payment being the Scheduled Redemption Date.	9.12% per annum, payable quarterly, which shall be revised from time to time in accordance with the Transaction Documents. Payment, beginning from March 23, 2023 with last interest payment being the Scheduled Redemption Date	9.24% per annum, payable monthly, which shall be revised from time to time in accordance with the Transaction Documents. Payment, beginning from September 30, 2022 with last interest payment being the Scheduled Redemption Date.
Credit Rating	A+/Positive	A+/Positive	A	A+/positive	A
Tenure/ maturity	3 Years	3.5 (three and half) years	3 years	3 years	3 years
Terms of redemption	As per Private Placement Offer Letter dated September 22, 2023	As per Private Placement Offer Letter dated December 27, 2022 and Debenture Trust Deed dated December 29, 2022	As per Private Placement Offer Letter dated September 05, 2022 and Debenture Trust Deed dated September 05, 2022	As per Private Placement Offer Letter dated December 21, 2022	As per Private Placement Offer Letter dated September 12, 2022 and Debenture Trust Deed dated September 19, 2022
Amount of Redemption (Outstanding as on June 30, 2024)	Rs. 2,45,00,00,000	Rs. 68,00,00,000	Rs. 50,00,000	Rs. 40,00,000	Rs. 60,00,000
Date of Redemption	September 25, 2026	June 29, 2026	September 05, 2025	December 22, 2025	September 20, 2025
Redemption Premium / discount	Not applicable.	Not applicable	NA	NA	NA
Early redemption scenarios, if any	As per Private Placement Offer Letter dated September 22, 2023 and Debenture Trust Deed dated September 22, 2023	As per Private Placement Offer Letter dated December 27, 2022 and Debenture Trust Deed dated December 29, 2022	As per Private Placement Offer Letter dated September 05, 2022 and Debenture Trust Deed dated September 05, 2022	As per Private Placement Offer Letter dated December 21, 2022 and Debenture Trust Deed dated December 22, 2022	As per Private Placement Offer Letter dated September 12, 2022 and Debenture Trust Deed dated September 19, 2022
Safeguards for the protection of holders of NCDs					
Exit offer to the dissenting holders of NCDs, if any					
Other embedded features (put option, call option, dates, notification times, etc.)					
Other terms of instruments					