

**Report on - Valuation of undertaking of Marathon Realty
Private Limited as at 31st December 2017**

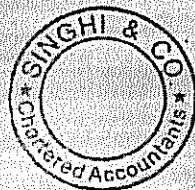
By
Singhi & Co.

Date of Report – January 2, 2018

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A. CONTEXT AND PURPOSE

As informed to us by the Management of MRPL and MNRL (hereinafter referred to as 'Management' / Company(ies)), this valuation is required by the management to determine the value of undertaking considering the requirement of income tax for transfer of undertaking on slump sale basis.

As explained and confirmed by the management, the undertaking to be transferred comprises of:

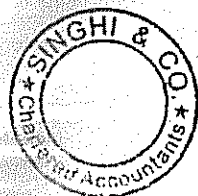
- Unsold inventory in building "Marathon Futurex" aggregating to 141066 Sq ft chargeable area and 170 car parks
- Various items of Fixed assets
- Liabilities related to borrowings wherein the unsold inventory has been provided as security
- Liabilities related to employees associated to the undertaking.

The objective of the transfer, as explained by MRPL, is to achieve operational efficiency by focusing and allocating the resources on projects under development. Acquisition of undertaking by MNRL will boost the operations of the Company in form of inventory to be sold and efficient deployment of funds

The information and explanations for this valuation are received by us from the Management of Company.

This report is issued for the limited purpose as stated above.

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B. DISCLAIMERS & ASSUMPTIONS

This report and the information contained herein are confidential. This report is to be used in its entirety only and specifically for the purpose stated in the report. Reproducing, copying or otherwise quoting of this report or any part thereof, other than for the purpose mentioned above, is not permitted.

The recommendation of value given in this report is based on information provided by the Management of the Company, including (where available) audited/ certified financial statements and other sources as listed below in the report. This information is assumed to be accurate and complete.

We did not conduct a legal or financial due diligence on the sanctity of ownership of the various assets and investments or pertaining to any liability or litigations against the Company.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided to us by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. We have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the report.

We have relied upon representations made by the Management and also public and/or other documents concerning the Company and any other assets or liabilities except as specifically stated to the contrary in this report.

No investigation of the Companies' claim to title of assets/ investments has been made for the purpose of this valuation report and the Companies' claim has been assumed to be valid. We have not verified whether or not the assets and investments of the Company are free and clear of liens and encumbrances, beyond those disclosed in the report.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed. We have not independently reviewed the projected financials relating to the undertaking of MRPL.

Singhi & Co. or its employees shall, under no circumstances whatsoever, be liable or responsible for any inaccuracies, omissions, mistakes or errors in this report and for any economic or any other loss or damage, incurred or suffered by the reader / user or any other person, arising (whether directly or indirectly) out of or in connection with such information.



A significant part of the value of the Company is derived from valuation of the immovable property comprising of unsold units at the building "Marathon Futurex" located at lower parel. It is pertinent to note that Company(ies) have appointed 2 reputed valuation agencies to determine the value of such immovable properties on which we have relied upon. We have neither carried out any independent assessment of value nor have we verified the correction of assumption made by the valuers and accordingly do not assume any liability for such assumption made.

With respect to borrowings to be transferred, MNRL is not a co-borrower for some loan facilities. As discussed and confirmed by the management, there will neither be any significant change in procedure nor will there be any cost for such transfer / assignment of borrowings to MNRL. The sanction letter from Bank / Financial Institutions does not contain any clause to this effect. Accordingly, no impact had been considered for any incidental charges, if any, transfer / assignment of borrowings from MRPL to MNRL

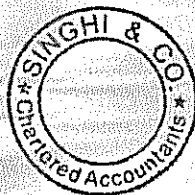
The values arrived at are of indicative nature limited by our scope and availability of information and time, leaving the final transaction value open to the influence of many extraneous factors that may or may not have been possible to be considered by us. As such, valuation results are, to a significant extent, subject to the user's judgment and continuance of current trends beyond the date of the report.

The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this report. This report is issued on the understanding that the Company has drawn our attention to all matters of which it is aware, which may have an impact on the valuation and the report up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have assumed that the business continues prudently and normally without any disruptions due to statutory or other external/internal occurrences. Further, our valuation is done on the Valuation Date specified. Users of this report are expected to exercise their judgment in case of using this report or arriving at a valuation subsequent to the Valuation Date.

Our report is not, nor should it be construed as, our opining or certifying of the Company's action or planned course of action. Our report is not, nor should it be construed as, investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

We acknowledge that we have no present or contemplated financial interest in the Company or the undertaking. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results of this report or the value of the business or in any other manner.



Except to the extent finally determined to have resulted from Singhi & Co.'s gross negligence or willful misconduct, Singhi & Co.'s maximum liability to the Company, for any reason, relating to the services under this letter shall be limited to the fees paid to Singhi & Co. for the services or work product giving rise to liability.

We have been informed by the Company(ies) that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the value, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

It may be noted that the Management has been provided opportunity to review the draft report for the current exercise as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

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C. DISTRIBUTION OF REPORT

The report is confidential and has been prepared exclusively to submit it to the Board of Directors of the Company(ies). It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of Singhi & Co. Such consent will only be given after full consideration of the circumstances at the time.

The worksheets prepared as a part of this valuation exercise are proprietary to Singhi & Co. and cannot be shared unless mandated by any law in force.

D. PREMISE OF VALUE AND STANDARD OF VALUE

The valuation of the undertaking of MRPL has been done using the "Going Concern" assumption. The standard of value applied for is the "Fair Value" with respect to immovable property (commercial units) and book value for Fixed Assets and liabilities assumed.

E. VALUATION DATE

In order to determine the Value of undertaking of MRPL, solely for the purpose as stated above, the Company(ies) has appointed Singhi & Co. to conduct a Valuation as on the close of the business hours of 31st December 2017.

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F. **BACKGROUND OF THE COMPANY(IES)**

Marathon Realty Private Limited is a real estate developer / builders. One of the projects of MRPL is the development of *Marathon Futurex*, an Information Technology Park located at Mafatal Mills Compound, NM Joshi Marg, Lower Parel East, Mumbai, 400013.

As on valuation date, the key assets / activities of MRPL were as below:

- Unsold inventory in building known as "Marathon Futurex"
- Ongoing residential projects at Badalapur & Mulund
- Office premises

Marathon Nextgen Realty Limited is listed on recognized stock exchange (BSE / NSE) and is also in the business of real estate development. MNRL has its registered office at Marathon Futurex, Lower Parel Mumbai 400 013. As on the valuation date, the key assets / activities of MNRL are as under:

- Ongoing Slum Rehabilitation Project at Bhandup
- Various project advances to joint venture companies including MRPL

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G. SOURCES OF INFORMATION

Valuation of the undertaking is arrived at after considering following information and representations received from the Management of the Company(ies) and public sources:

- Draft Slump Sale agreement to be executed between MRPL and MNRL
- Audited financial Statements of the MRPL as at 31st March 2017.
- Draft Balance Sheet of undertaking as at 31st December 2017
- Valuation report of Jones Lang LaSalle Property Consultants (India) Private Limited ("JLL") and SPK & Co Valuers.
- Statement of various loans outstanding wherein the unsold inventories of MRPL are given as security and copy of Loan Agreement.
- Valuation report (in house by HR Team of MRPL) of employee liabilities related to Gratuity, Leave or any other employee liabilities related to 44 employees transferred.
- Other Information and explanations received by us from Management of the Company
- Publicly available information on the Company, its investments and other companies in same / similar industry

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H. METHODOLOGY ADOPTED FOR VALUATION

Considering the fact the undertaking to be transferred is a real estate concern, we have used Net Asset Method (which would be realized in the event the inventories are sold and liabilities are liquated) to determine the value of the undertaking. The fair value of immovable property has been considered on the basis of valuation report of experts and we have merely incorporated their valuation estimates for the purpose of valuation of undertaking. Book value has been considered for other fixed assets, loans liabilities and employee liabilities (only retirement liabilities). In the opinion of management, such book values are not materially different than the book value.

Other valuation method such as discounted cash flow method, comparable price method etc. are not used in view nature of the business.

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DETAILS OF VALUATION OF THE UNDERTAKING OF MRPL

➤ Valuation of unsold inventory

- Company had appointed professional asset valuation firms viz JLL and SPK & Co to carry out the valuation of the unsold inventory. Tabulated below are the valuation given by the above valuer's.

Name of valuer	Methodology for valuation	Value (INR Crore)	Area (sq. ft.)*
JLL	Discounted Cash Flow method	217.17	1,41,066 (Chargeable) / 85942.74 (Carpet area)
SPK & Co	Income Approach	217.20	85942.74 (Carpet area)

* As discussed and confirmed by the management, normal mark up on the carpet area for the purpose of leasing or sale is about 60% of Carpet area. Thus the areas are comparable once the mark up is added to carpet area used by SPK& Co.

➤ Valuation of Car Park

170 car parks are proposed to be transferred for which the valuation determined by the valuers as referred above is Rs. 11.05 Cr at Rs. 6,50,000 per car park.

➤ Valuation of Fixed Assets

The fixed assets proposed to be transferred are not significant from valuation perspective and are considered at its book value which is not materially different than the fair value.

➤ Valuation of Borrowings

6 different loans availed from Bank / Financial Institutions wherein the unsold inventory has been pledged as security are proposed to be transferred and these are considered at book value on date of transfer.

➤ Employee liabilities

It is proposed to transfer 44 employees relating to the undertaking whose corresponding gratuity and leave liability estimated at Rs. 0.31 Crore by management have been considered for the valuation of undertaking.



RECOMMENDATION - VALUE OF UNDERTAKING OF MRPL

Based on the above methodology the value of undertaking of MRPL proposed to be transferred to MNRL is determined at Rs. 93 crore. For detail refer Annexure 1 attached.

[End of Report]



Annexure 1

Value of undertaking of MRPL

Business Asset	Valuation (INR Crore)
Unsold inventory (Fair Value)*	217.20
Car Park (Fair Value)	11.05
Fixed Assets (Book Value)	2.10
Total of Assets - A	230.35
Less:	
Borrowings (Book Value)	-137.30
Employee Liabilities (Estimated value calculated by management)	-0.31
Total of Liabilities - B	-137.61
Net Asset Value of the undertaking (A-B)	92.74
Net Asset Value of the undertaking rounded to	93.00

* Basis the valuation report of expert on which we have relied upon

