Valuation of Schloss Chennai Private Limited

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Ernst & Young Merchant Banking Services LLP
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Dadar West,
Mumbai - 400 028, India

Schloss Chennai Private Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

24 July 2024

Report on Valuation of Schloss Chennai Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Schloss Chennai Private Limited ("SCPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss Chennai Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in SCPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SCPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/069

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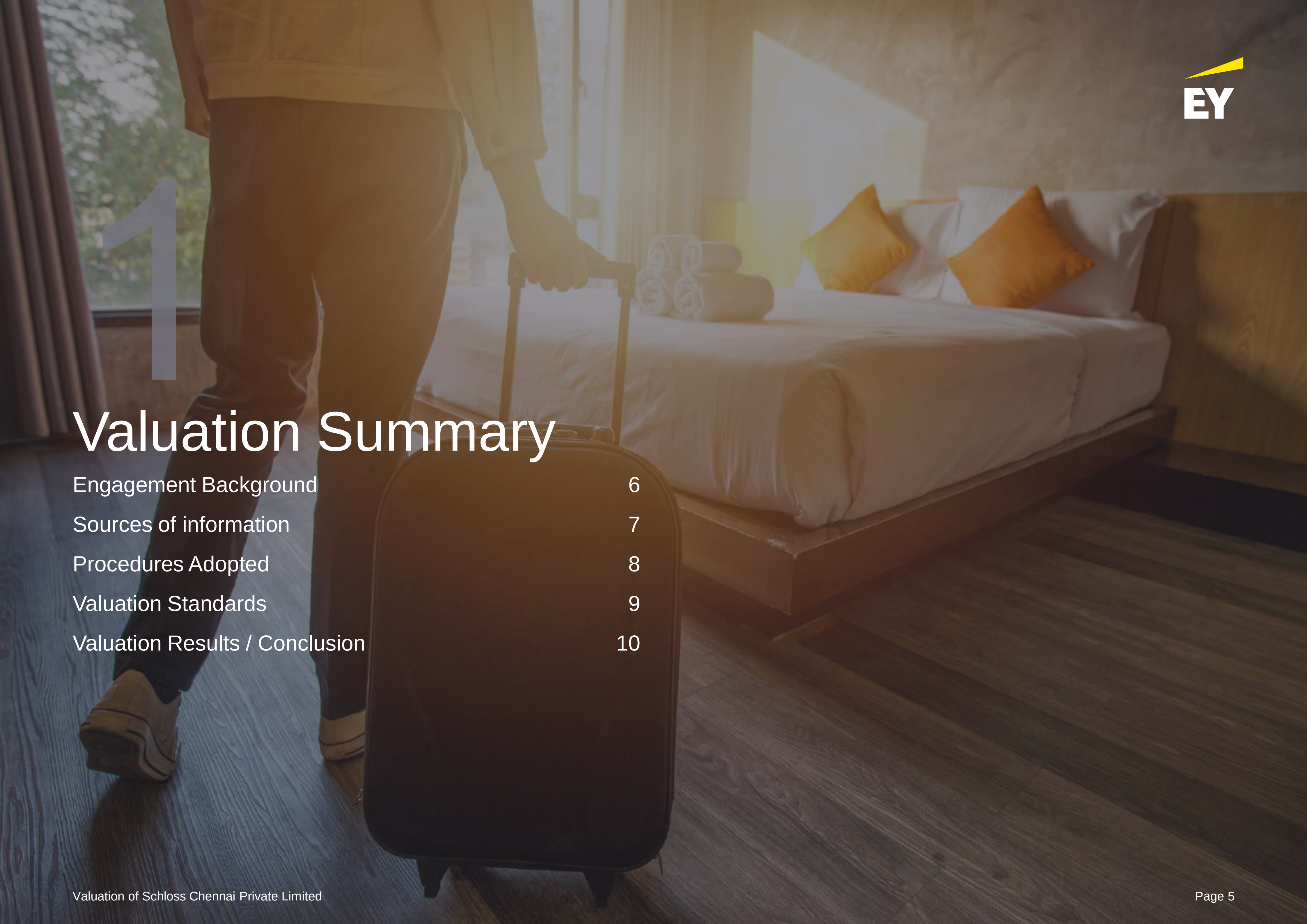

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Valuation Summary

Engagement Background

Company Background

- SCPL is a private limited company incorporated in India in March 2019 and it started its operations effective from 17 October 2019, by acquiring the "Chennai hotel undertaking" of Hotel Leelaventure Limited. SCPL owns and operates "The Leela" hotel in Chennai.
- Shareholding pattern of SCPL as at Valuation Date is as follows:

Name of the shareholder	No. of shares	%
Project Ballet Chennai Holdings (DIFC) Pvt. Ltd.	17,239,129	99.99%
BSREP III India Ballet Holdings (DIFC) Ltd.	1	0.01%
Total	**17,239,130**	**100**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in SCPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SCPL is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of SCPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of SCPL from FY20 to FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of SCPL for year ended 31 March 2024.
  - Financial projections of SCPL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc, and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Key KPIs of the Chennai hotel for the period of FY20 to FY24 and for the forecasted period
  - Management MIS of the Chennai hotel for the period CY19 to CY23 and 3 months period ending 31 March 2024
  - Key terms of Management contract of the Company
  - Key terms of CCDs issued by the Company
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding and key terms of Compulsorily Convertible Debentures ("CCDs") issued by the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the hotel operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- We have used the Discounted Cash Flows ("DCF") method and Comparable Companies' Quoted Multiples ("CCM") method for the purpose of estimating the equity value of SCPL: these two approaches are internationally accepted pricing methodologies. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SCPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*50.0*	10,677
Discounted cash flows method		*50.0*	9,545
Net asset value		-	4,669
Value attributable to equity (including CCDs)*		**100.0**	**10,111**
Number of equity shares on fully diluted basis (in million)	Refer table below		31.2
Diluted value per equity share (₹ / share)			**323.66**

Source: Computation

Table: Computation of Fully diluted shares as at 31 March 2024

Particulars	Note	Units	Value
Number of equity shares as at 31 March 2024	**A**	**mn**	**17.2**
Number of CCDs outstanding		mn	14.0
Number of equity shares of face value of INR 10 to be issued on conversion of CCDs of face value of INR 100	**B**	**mn**	**14.0***
Total number of equity shares on fully diluted basis	**A+B**	**mn**	**31.2**

Source: Management

**As per the terms of CCDs, each CCD will be convertible into 1 equity share of face value of INR 10 each. (Refer page 24 for key terms of CCDs)*

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SCPL is estimated at **INR 10,111 million** as at 31 March 2024 (i.e per share equity value of **INR 323.66** on fully diluted basis). The CCDs (excluding interest thereof) are considered as equity in the computation as detailed later in the Report.
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

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Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company's economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences.
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

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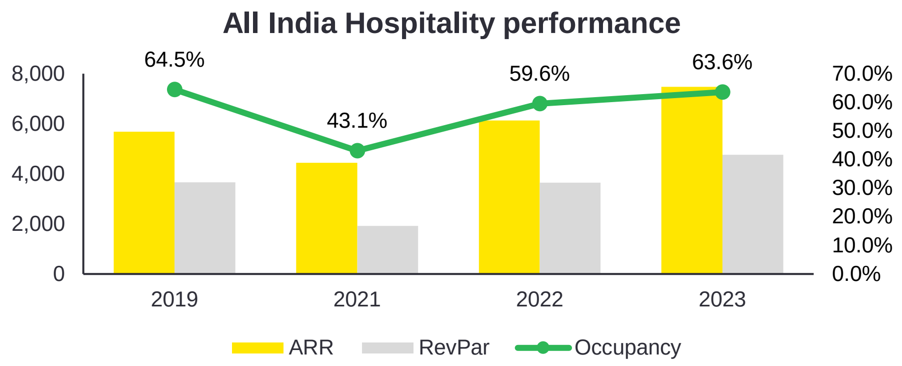
Industry analysis

Industry overview

- The Hotel industry predominantly is segmented by hotel positioning (i.e. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e. leisure, corporate travel, weddings etc).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:

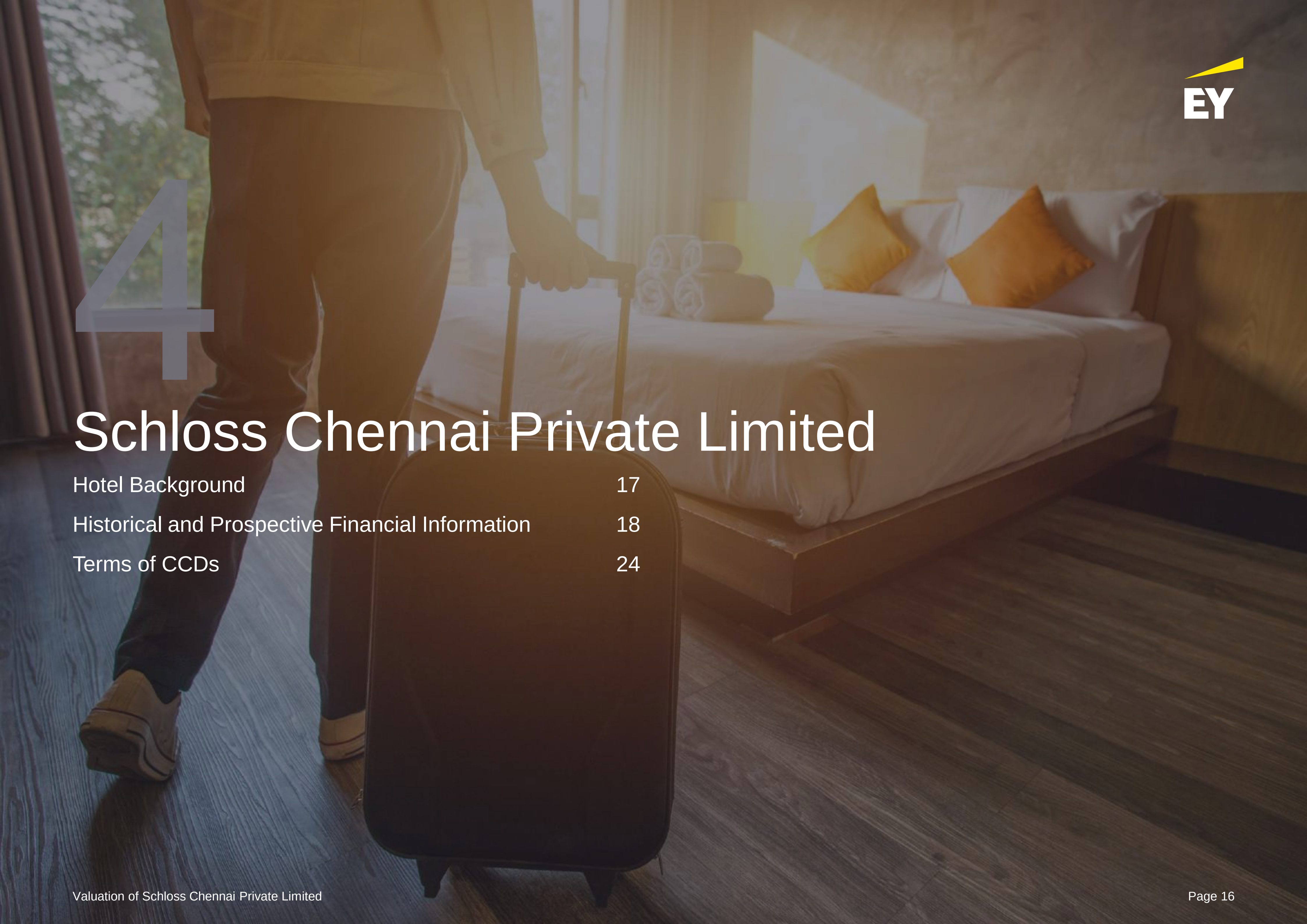


Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and Upper Upscale segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory

- Chennai micro-market witnessed best city-wide performance since 2008 with an occupancy of 69.1%.
- Chennai's luxury-upper segment recorded an ARR of c. INR 9,000; and upper-upper middle segments hotels saw an ARR of INR 5,372, a growth of 19% from 2022, However RevPAR remains below INR 4,000; Mid-scale and Economy segment saw an ARR growth of 18% along with RevPAR growth of 42%.

Source: Horwath HTL – India Hotel Market Review 2023, Juniper Hotels Limited (DRHP)



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Schloss Chennai Private Limited

Hotel Background

The Leela Palace Chennai

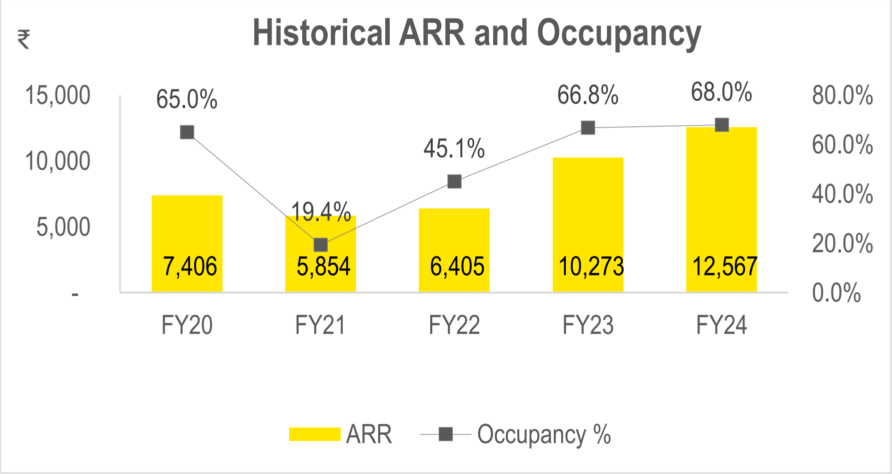
- SCPL acquired The Leela Palace Chennai in October 2019 from Hotel Leelaventure Limited.
- The Leela Palace Chennai is located on the banks of Adyar river, providing a scenic and unrestricted view of the waterfront. The hotel offers a luxurious experience, evoking the rich heritage of the palaces of Tamil Nadu in terms of grandness and space.
- Key features of the hotel include:
  - Accommodation – 325 Keys; including 232 Deluxe rooms, 54 Royal rooms, 8 Premium rooms and 31 suites
  - Dining – Jamavar, a signature Indian restaurant, China XO, offering authentic Chinese cuisine, The Leela Palace cake shop, Spectra, all day dining and the Lobby Lounge
  - Conference & Banquet Facilities – Grand ballroom, Royal ballroom and multiple board rooms and meeting rooms.
- For the year ended 31 March 2024, SCPL reported revenue from operations of INR 2,157 mn and Operating EBITDA of INR 907 mn.

Source: Company Website

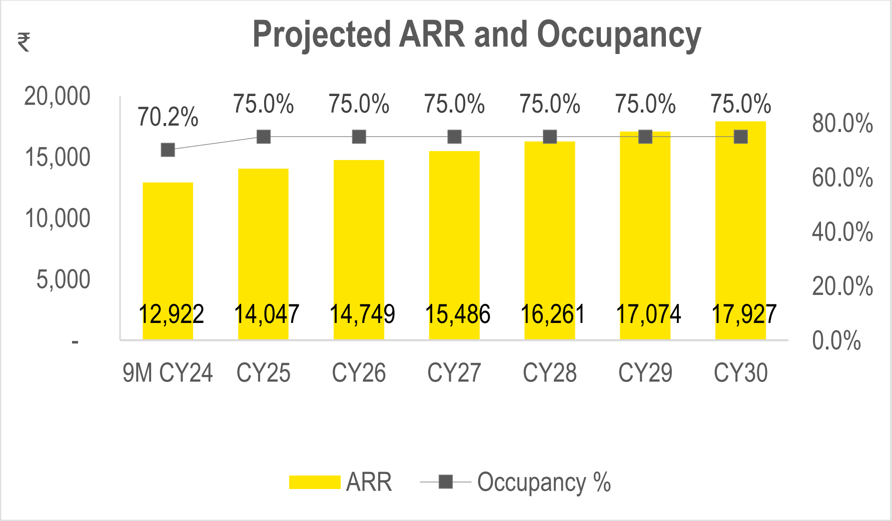
Historical and Prospective Financial Information

Key Metrics (Occupancies and ARRs):

- SCPL primarily caters to the corporate and business segments. The occupancy rates for SCPL have shown significant fluctuations over the past five years, primarily influenced by the COVID-19 pandemic. In FY20, SCPL had achieved an occupancy rate of 65.0%. However, in FY21, the occupancy rate dropped sharply to 19.4% due to widespread lockdowns and travel restrictions caused by the pandemic.
- As the situation began to stabilize, SCPL saw a gradual recovery in occupancy rates, reaching 45.1% in FY22, 66.8% in FY23, and exceeding pre-pandemic levels with 68.0% in FY24.
- ARR has experienced significant growth over the historical period of FY20 to FY24. In FY20, the ARR was around INR 7,400. The pandemic caused a decrease in demand, leading to a dip in ARR to around INR 5,850 in FY21. However, as travel restrictions eased and demand began to return, the ARR saw a notable recovery.
- By FY24, the ARR had increased to around INR 12,560. This growth was driven by several factors, including inflationary adjustments, enhanced service offerings, and strategic pricing to attract high-value corporate clients.
- SCPL's Management projects continued growth in occupancy and ARR. SCPL is expected to achieve an occupancy rate of approximately 73.1% in CY24, driven by the ongoing recovery in business travel and enhanced marketing efforts targeting corporate Clients. The occupancy rate is expected to stabilize at around 75.0% from CY25 onwards.
- The growth in the projected period is supported by the current ARRs and inflationary price adjustments. Further, the ARR is expected to grow at around 6.0% in CY25 before stabilizing at a growth rate of approximately 5.0% from CY26 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings.



Source: Management



Source: Management

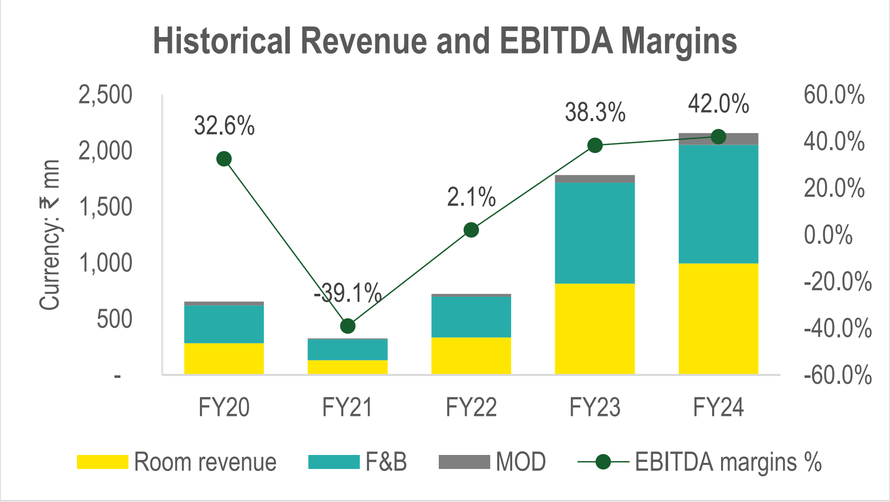
The detailed historical and prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

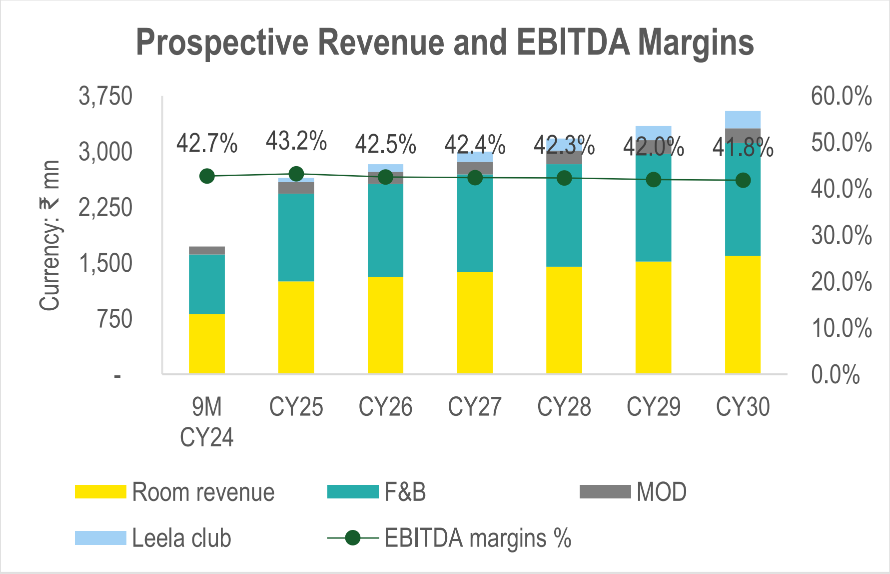
Revenue and EBITDA:

- In FY24, Food and Beverage (F&B) contributed approximately 49.0% of the total revenues, making it the largest revenue segment. This significant contribution is attributed to the success of various in-house restaurants and dining options such as Jamavar, China XO, The Leela Palace Cake Shop, Spectra, and the Lobby Lounge.
- F&B is expected to contribute around 46.7% of total revenue in 9MCY24, declining to about 42.9% by CY30.
- Room revenues were the second-largest contributor, accounting for 46.1% of the total revenues in FY24. The recovery in room revenues aligns with the increase in occupancy rates and ARR. Room revenue is anticipated to contribute around 47.1% of total revenues in 9MCY24, decreasing to approximately 45.0% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 5.0% of the total revenue in FY24, and are projected to slightly increase to approximately 5.5% by CY30.
- Historically, major cost components for SCPL include employee cost, room cost and food and beverage costs. SCPL also has windmills with 4Mwp capacity and solar with 3 Mwp capacity, which have resulted in cost savings in terms of power and fuel.
- SCPL pays Management fees to Schloss HMA Private Limited for using 'The Leela' brand and management of the hotel operations. The structure of the fees is as follows:
    1. Base fee: 2.0% of total revenue
    2. Marketing fee: 1.5% of room revenue
    3. Incentive fee: 7% of gross operating profits
- SCPL's EBITDA margins have shown a recovery trend after the initial impact of COVID-19. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. In FY24, the EBITDA margin had reached 42.0%, the highest in the past five years.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

Revenue and EBITDA (contd):

- SCPL is expected to achieve a steady EBITDA margin of c. 42.0% from CY26 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 30.0% of total expenses, followed by room expenses at around 13%.
- The Management intends to introduce 'Leela Club', a membership-based service, by CY25, aiming to increase SCPL's revenue streams. Key assumptions regarding Leela Club's introduction and growth trajectory are as follows:
    1. **Number of members:** Leela Club is expected to commence in Chennai with 30 members, which is projected to expand to 200+ members by CY30.
    2. **Membership Fees:** Initially, one-time membership fees are set at INR 1.5 million per member, with annual renewal fees of INR 0.3 million per annum. Both fees are expected to increase by 6% every two years.
    3. **Additional Revenue Streams:** The introduction of Leela Club is anticipated to generate additional revenues for SCPL, primarily driven by bookings made by Leela Club members for F&B and other services.
    4. **Expenses:** The anticipated expenses associated with Leela Club primarily include employee benefit expenses, such as program director costs and payroll costs. Additionally, expenses will encompass member joining fees, event costs (comprising three events per year for the members), and F&B and other operational costs.

The development and implementation of Leela Club is currently underway, where the Management expects to increase revenues by offering exclusive benefits and services to members. Consequently, Leela Club expected to stabilise and achieve c. 34% EBITDA margins by CY30.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

- The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net block of fixed assets (NFA)	**7,149**	**6,963**	**6,853**	**7,001**	**10,802**
Right of use assets	**-**	**-**	**-**	**-**	**5**
Investments					
Current assets					
Inventories	51	46	48	71	81
Trade receivables	53	27	29	47	119
Inter corporate deposits	-	-	400	400	373
Cash and bank balances	62	846	992	1,048	1,123
Other current assets	151	168	157	210	222
	317	1,087	1,626	1,777	1,918
Current liabilities and provisions					
Trade payables	54	41	63	172	292
Provisions	15	12	7	7	15
Other current liabilities	160	104	109	208	175
	229	156	178	387	482
Net current assets (NCA)	**88**	**930**	**1,448**	**1,390**	**1,437**
Deferred tax asset					
Lease liabilities	3	1	-	-	5
Loan funds					
Term loans	4,534	5,711	4,916	5,192	5,137
WC Term loans			1,800	1,575	1,312
	4,534	5,711	6,716	6,767	6,449
Deferred tax liability	-	-	-	-	698
Net worth	**2,700**	**2,181**	**1,584**	**1,624**	**5,092**
Represented by					
Equity	140	172	172	172	172
CCDs	1,401	1,400	1,529	1,669	1,861
Other equity	1,159	608	(117)	(218)	3,058
Total	**2,700**	**2,181**	**1,584**	**1,624**	**5,091**

Particulars	Mar-24
Reported Loan funds	**6,449**
IndAS adjustments as informed by Management:	
Add: Transaction cost asset	20
Less: Transaction cost amortised over term of the loan	(4)
Gross debt (excl CCDs interest) used for DCF valuation	**6,466**

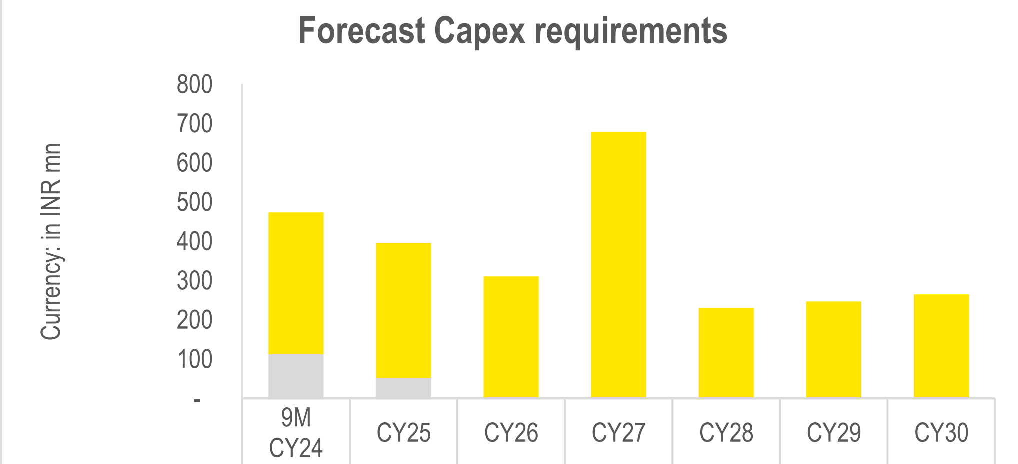
Source: Management

Note: The historical financials for SCPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, SCPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

- Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements primarily consist of Leela club expenses and other operating capex. These include expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:
  1. Renovations and upgrades;
  2. Furniture, Fixtures, and Equipment (FF&E) expenses;
  3. Laundry Electrification;
  4. Facade & Terrace Area Painting;
  5. Maintenance / Repair of Air Handling units, Chiller, cold room, smart room, pump replacement; and
  6. Improvement of technical infrastructure.



	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Operating capex	361	345	311	678	230	247	265
Leela Club	112	51	-	-	-	-	-

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited	Audited	Audited	Audited	Audited	Audited
Current assets					
Inventories	51	46	48	71	81
Trade receivables	53	27	29	47	119
Other current assets	148	160	147	190	158
	253	**233**	**224**	**308**	**358**
Current liabilities and provisions					
Trade payables	54	41	63	172	292
Provisions	15	12	7	7	15
Other current liabilities	160	104	109	208	175
	229	**156**	**178**	**387**	**482**
Operating NCA	**23**	**77**	**46**	**(79)**	**(124)**
Revenue for the year	**653**	**327**	**722**	**1,782**	**2,157**
Operating NCA days of revenue	**13**	**86**	**23**	**(16)**	**(21)**

Source: Management

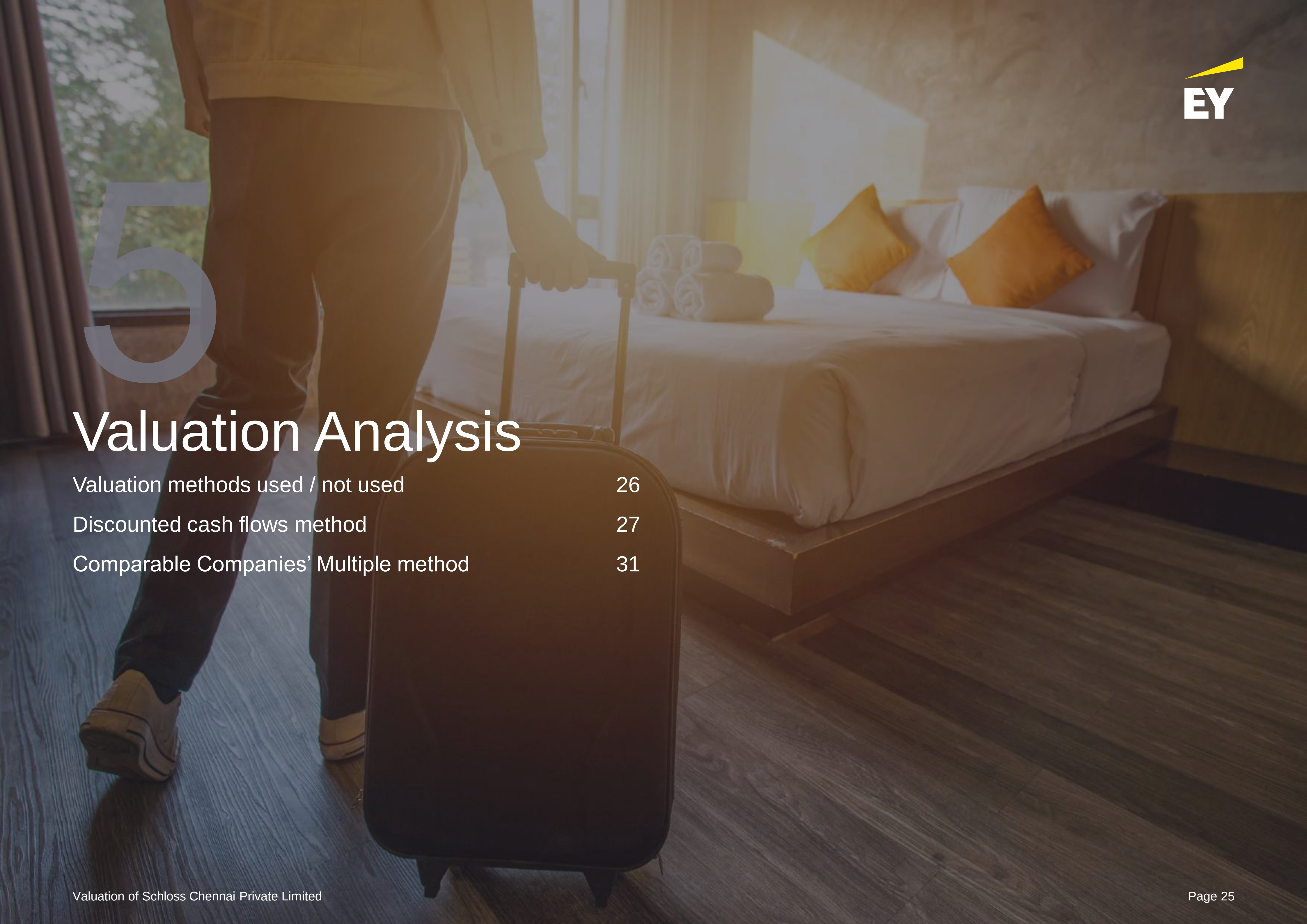
- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or “HMA”). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating working capital requirement of 7 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	2,157	2,416	2,643	2,828	2,996	3,175	3,345	3,547
Operating NCA days of revenue	(21)	7	7	7	7	7	7	7
Operating NCA	**(124)**	**48**	**53**	**57**	**60**	**64**	**67**	**71**
(Increase)/ Decrease in net operating working capital		**(172)**	**(5)**	**(4)**	**(3)**	**(4)**	**(3)**	**(4)**

Source: Management

Terms of CCDs

- The Management has informed that as at the Valuation Date, SCPL had issued 14,000,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 1,400 Mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Each CCD will be convertible into 1 equity share of face value of INR 10 each, unilaterally at the option of the CCD holder and/or the respective company.
  - CCDs shall automatically stand converted into equity shares upon (a) commencement of corporate insolvency process or (b) conversion of loan into equity of the respective company
  - The tenure of CCDs is 15 years from the date of issue unless converted earlier. The date of issue of CCDs is 16 October 2019.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date
  - TDS, if any, be deducted each year and paid to the government
  - CCDs may be transferred to a person who is related party of the company
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs (principal outstanding) would be converted into ‘equity’ on or before the Proposed Transaction and the interest accrued on CCDs thereof will be repaid to the CCD holders
  - Accordingly, the CCDs are considered as ‘equity’ for the purpose of the valuation and interest on CCDs up to the Valuation Date is considered as ‘debt’ to arrive at the equity value of the Company.



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Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	50.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of the Company for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in the Company.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of Valuation Date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E = Value of equity/value of total capital, E/E+D

K_E = Cost of equity

W_D = Value of interest-bearing debt/value of total capital, D/E+D

R_D = After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

7.0% + (1.21 × 7.0%) = 15.5%

Risk free rate | Beta | Market Risk Premium | Cost of Equity (Re)

Cost of Debt × (1 - Tax Rate) = Post tax cost of debt (Rd)

9.0% × (1 - 25.17%) = 6.7%

Target Debt to Equity

W_{E}= 66.7%

W_{D}= 33.3%

WACC (rounded)

12.5%

$$WACC = W_E * R_E + W_D * R_D$$

W_E = Value of equity/value of total capital, E/E+D

W_D = Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3:66.7 is considered for the Company basis the Group’s capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that SCPL is a part of larger chain of hotels operating under the brand name "The Leela". Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 31 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**89**	**742**	**656**	**323**	**822**	**847**	**884**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**86**	**640**	**504**	**220**	**498**	**456**	**423**	
Terminal value									**26,711**

	Present value factor for terminal year	0.45
	Present value for explicit period	2,828
	Present value of terminal period	12,062
	Enterprise value	**14,890**
	Advance tax (net of provision)	47
	Adjusted Enterprise value	**14,937**
1	Less: gross external debt	(6,466)
	Add: cash and cash equivalents	1,123
2	Add: Inter corporate deposits	373
	Value attributable to Equity and CCD holders	**9,968**
3	Less: accrued interest on CCDs	(422)
	Value attributable to equity (including CCDs)	**9,545**

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approach we have not considered lease liabilities (as lease expenses are already factored in the business plan) and considered the gross debt (pre IndAS adjustments) as at the Valuation Date, as provided by the Management (Refer Page 21).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that SCPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
					Average	**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x (rounded).
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of SCPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

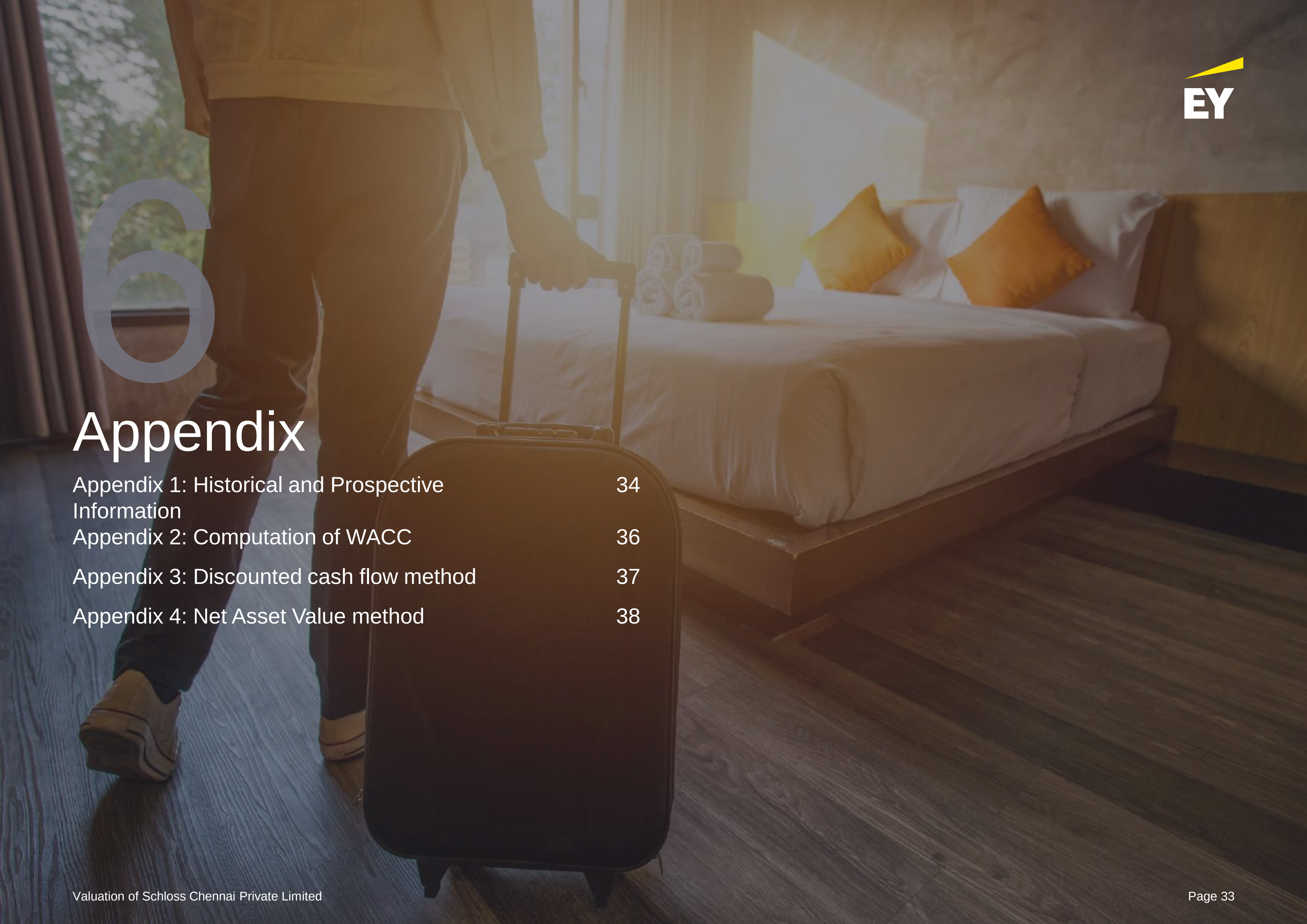
Currency: ₹ mn	Value
EV/ EBITDA multiple	24.6x
Less: Discount	25%
Multiple after discount (rounded)	18x
EBITDA of Company for the year ended 31 March 2024	907
Value	**16,320**
Net deferred tax assets/ (Liabilities) at 50%	(349)
Add: CWIP	86
Enterprise value	**16,056**
1 Less: gross external debt	(6,449)
Less: lease liabilities	(5)
Add: cash and cash equivalents	1,123
2 Add: Inter corporate deposits	373
Value attributable to Equity and CCD holders	**11,099**
3 Less: accrued interest on CCDs	(422)
Value attributable to equity (including CCDs)	**10,677**

Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported lease liabilities and gross debt as per the financials of the Company as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management



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Appendix

Appendix 1: Historical and Prospective Information

- The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net revenue					
Room revenue	282	131	335	814	994
Food and Beverage	339	187	362	899	1,056
Other services	32	9	25	69	107
Net revenue	**653**	**327**	**722**	**1,782**	**2,157**
Consumption of food and beverages	(72)	(49)	(100)	(188)	(208)
Employee benefit expenses	(135)	(181)	(206)	(286)	(344)
Power and Fuel	(51)	(50)	(111)	(117)	(100)
Management Fees	(35)	(4)	(30)	(108)	(135)
Business Promotion	(15)	(11)	(25)	(49)	(80)
Other operating expenses	(131)	(160)	(234)	(351)	(382)
Total expenses	(440)	(454)	(707)	(1,099)	(1,250)
Operating EBITDA	**213**	**(128)**	**15**	**683**	**907**
Depreciation and amortisation	(109)	(223)	(167)	(162)	(199)
EBIT	**104**	**(351)**	**(152)**	**521**	**708**
Finance costs	(210)	(404)	(636)	(722)	(733)
PBT	**(106)**	**(755)**	**(787)**	**(200)**	**(25)**
Other income	6	9	69	100	110
Non operating expenses	(1)	-	(7)	(1)	(7)
Tax	-	-	-	-	(59)
PAT	**(101)**	**(747)**	**(725)**	**(101)**	**19**
Sales growth (%)	*na*	*(50.0)*	*121.0*	*146.9*	*21.0*
EBITDA margins (%)	*32.6*	*(39.1)*	*2.1*	*38.3*	*42.0*
EBIT margins (%)	*15.9*	*(107.4)*	*(21.0)*	*29.3*	*32.8*
PBT margins (%)	*(16.3)*	*(231.2)*	*(109.1)*	*(11.2)*	*(1.2)*
PAT margins (%)	*(15.5)*	*(228.5)*	*(100.5)*	*(5.7)*	*0.9*
Occupancy (%)	*65.0%*	*19.4%*	*45.1%*	*66.8%*	*68.0%*
ARR (INR)	*7,406*	*5,854*	*6,405*	*10,273*	*12,567*
RevPar (INR)	*4,816*	*1,134*	*2,887*	*6,861*	*8,546*

Source: Management

Appendix 1: Historical and Prospective Information

- The historical and prospective MIS of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Mar-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	3	9	12	12	12	12	12	12
Net revenue													
Room revenue	577	214	296	643	947	342	811	1,250	1,312	1,378	1,451	1,519	1,595
F&B revenue	675	269	346	755	1,001	308	804	1,185	1,251	1,314	1,380	1,449	1,521
MOD revenue	71	18	20	62	135	46	106	154	162	170	178	187	197
Leela Club revenue	-	-	-	-	-	-	-	54	102	134	167	190	234
Other services	5	6	28	45	-	-	-	-	-	-	-	-	-
Net revenue	**1,328**	**507**	**689**	**1,503**	**2,083**	**695**	**1,721**	**2,643**	**2,828**	**2,996**	**3,175**	**3,345**	**3,547**
Departmental expenses													
Room expenses	(116)	(53)	(62)	(109)	(162)	(54)	(133)	(202)	(215)	(226)	(237)	(249)	(261)
F&B expenses	(335)	(152)	(206)	(325)	(395)	(114)	(315)	(464)	(498)	(523)	(550)	(577)	(606)
MOD expenses	(38)	(18)	(15)	(24)	(34)	(10)	(33)	(47)	(51)	(53)	(56)	(59)	(62)
Leela Club expenses	-	-	-	-	-	-	-	(56)	(86)	(101)	(118)	(133)	(155)
Admin and General expenses	(91)	(60)	(55)	(79)	(110)	(32)	(97)	(139)	(150)	(159)	(169)	(179)	(190)
Sales and Marketing expenses	(69)	(45)	(50)	(84)	(125)	(32)	(106)	(150)	(162)	(175)	(189)	(204)	(220)
Heat, Light, Power	(127)	(72)	(121)	(130)	(118)	(34)	(78)	(118)	(124)	(131)	(139)	(147)	(156)
Repairs and Maintainance	(94)	(52)	(61)	(84)	(97)	(26)	(78)	(109)	(114)	(121)	(128)	(136)	(144)
Gross profit	**458**	**55**	**118**	**669**	**1,042**	**393**	**880**	**1,359**	**1,428**	**1,506**	**1,590**	**1,661**	**1,753**
Management Fees	(69)	(16)	(25)	(84)	(125)	(45)	(105)	(161)	(168)	(176)	(184)	(192)	(201)
Property tax and Insurance	(38)	(32)	(35)	(36)	(31)	(8)	(29)	(39)	(41)	(42)	(44)	(45)	(47)
Other fixed expenses	-	(30)	(29)	(37)	(21)	(5)	(11)	(17)	(18)	(18)	(19)	(20)	(21)
Operating EBITDA	**350**	**(22)**	**29**	**513**	**865**	**335**	**735**	**1,143**	**1,202**	**1,270**	**1,343**	**1,403**	**1,484**
No of rooms	***316***	***316***	***316***	***325***	***325***	***325***	***325***	***325***	***325***	***325***	***325***	***325***	***325***
Revenue growth (%)	*na*	*(61.8)*	*35.9*	*118.3*	*38.5*	*na*	*na*	*9.4*	*7.0*	*5.9*	*6.0*	*5.3*	*6.1*
EBITDA margins (%)	*26.4*	*-4.4*	*4.2*	*34.1*	*41.5*	*48.2*	*42.7*	*43.2*	*42.5*	*42.4*	*42.3*	*42.0*	*41.8*
Occupancy (%)	*67.5%*	*24.8%*	*43.7%*	*59.9%*	*66.6%*	*81.9%*	*70.2%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*
ARR (INR)	*7,402*	*7,446*	*5,861*	*9,050*	*11,976*	*14,103*	*12,922*	*14,047*	*14,749*	*15,486*	*16,261*	*17,074*	*17,927*
ARR growth	*na*	*0.6%*	*-21.3%*	*54.4%*	*32.3%*	*na*	*na*	*6.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
RevPar *(INR)*	*5,000*	*1,849*	*2,563*	*5,419*	*7,980*	*11,557*	*9,072*	*10,535*	*11,062*	*11,615*	*12,195*	*12,805*	*13,445*
RevPar growth	*na*	*-63.0%*	*38.6%*	*111.4%*	*47.3%*	*na*	*na*	*8.7%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as per the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net revenue		**1,721**	**2,643**	**2,828**	**2,996**	**3,175**	**3,345**	**3,547**	**3,547**
EBITDA		**735**	**1,143**	**1,202**	**1,270**	**1,343**	**1,403**	**1,484**	**1,484**
Depreciation and amortisation		(199)	(254)	(234)	(215)	(200)	(186)	(168)	
EBIT		**536**	**888**	**968**	**1,055**	**1,143**	**1,218**	**1,316**	
Tax expense		-	-	(231)	(265)	(288)	(307)	(331)	
Debt free net income		**536**	**888**	**737**	**789**	**855**	**911**	**984**	
Add: Depreciation and amortisation		199	254	234	215	200	186	168	
(Increase)/ Decrease in net working capital		(172)	(5)	(4)	(3)	(4)	(3)	(4)	
Less: Capital expenditure		(473)	(396)	(311)	(678)	(230)	(247)	(265)	
Debt free cash flow		**89**	**742**	**656**	**323**	**822**	**847**	**884**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**86**	**640**	**504**	**220**	**498**	**456**	**423**	
Perpetuity multiple									18x
Terminal value									**26,711**

Present value factor for terminal year	0.45
Present value for explicit period	2,828
Present value of terminal period	12,062
Enterprise value	**14,890**
Advance tax (net of provision)	47
Adjusted enterprise value	**14,937**
Less: gross external debt	(6,466)
Add: cash and cash equivalents	1,123
Add: Inter corporate deposits	373
Value attributable to Equity and CCD holders	**9,968**
Less: accrued interest on CCDs	(422)
Value attributable to equity (including CCDs)	**9,545**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of SCPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	1,484	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**26,711**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**12,062**	**(C) * (D)**

Source: Calculation

► As informed by the Management, SCPL has b/f tax losses amounting to INR 1,474 mn as at the Valuation Date. The same has been factored in the aforesaid valuation workings

Appendix 4: Net asset value method

- The table below presents the Net asset value of SCPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			10,802
Right of use assets			5
Current assets			
Inventories		81	
Trade receivables		119	
Inter corporate deposits		373	
Cash and bank balances		1,123	
Other current assets		222	
		1,918	
Current liabilities and provisions			
Trade payables		292	
Provisions		15	
Other current liabilities		175	
		482	
Net current assets (NCA)			1,437
Lease liabilities			5
Loan funds			
Term loans		5,137	
WC Term loans		1,312	
			6,449
Deferred tax liability			698
Value attributable to Equity and CCD holders			**5,092**
Less: accrued interest on CCDs			(422)
Net equity value (including CCDs)			**4,669**

Source: Management

- The equity value (including CCDs) of the Company as at the Valuation Date as per NAV method is ₹ 4,669 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

EY | Assurance | Tax | Transactions | Advisory

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Valuation of Schloss Gandhinagar Private Limited

Reliance Restricted

EY
Building a better working world

Reliance Restricted

Schloss Gandhinagar Private Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

24 July 2024

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Report on Valuation of Schloss Gandhinagar Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Schloss Gandhinagar Private Limited ("SGPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss Gandhinagar Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in SGPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SGPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP
IBBI/RV-E/05/2021/155

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/071

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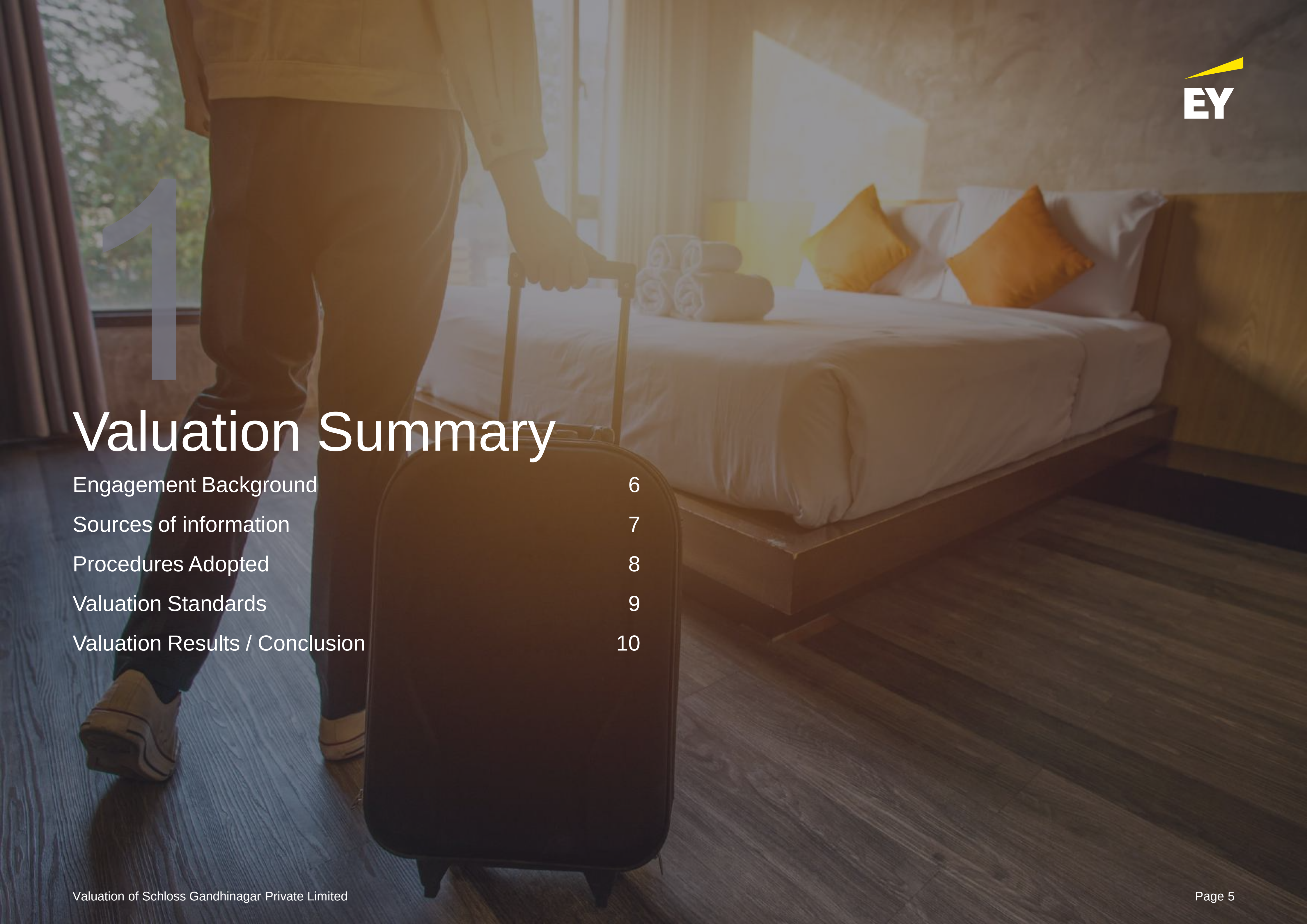

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Valuation Summary

Engagement Background

Company Background

- Schloss Gandhinagar Private Limited ("SGPL" or the "Company") is a subsidiary of Project Ballet Gandhinagar Holdings (DIFC) Private Limited. It was incorporated in March 2019 under the provisions of Companies Act, 2013.
- As on the Valuation Date, it is engaged in the business of 'manpower outsourcing', which is at very nascent stages. The manpower outsourcing services is provided to Leela Gandhinagar on a 'cost' basis.
- Shareholding pattern of SGPL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
Project Ballet Gandhinagar Holdings (DIFC) Pvt. Ltd.	9,999	99.99%
BSREP III India Ballet Holdings (DIFC) Ltd.	1	0.01%
Total	**10,000**	**100.0**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in SGPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SGPL is required of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of SGPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of SGPL of FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of SGPL for year ended 31 March 2024.
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - details of current borrowings outstanding and it’s key terms
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- We have used Comparable Companies' Quoted Multiples ("CCM") method for the purpose of estimating the equity value of SGPL: this is an internationally accepted pricing methodology. Discounted cash flow method is not used as the Management has no business plan available for the Company as at the Valuation Date. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SGPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / Revenue multiple		*100.0*	18.5
Net asset value		-	NIL
Value attributable to equity		**100.0**	**18.5**
Number of equity shares as at 31 March 2024			10,000
Value per equity share (₹ / share)			**1,851.77**

Source: Calculation

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SGPL is estimated at **INR 18.5 million** as at 31 March 2024 (i.e per share equity value of **INR 1,851.77** on fully diluted basis).
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

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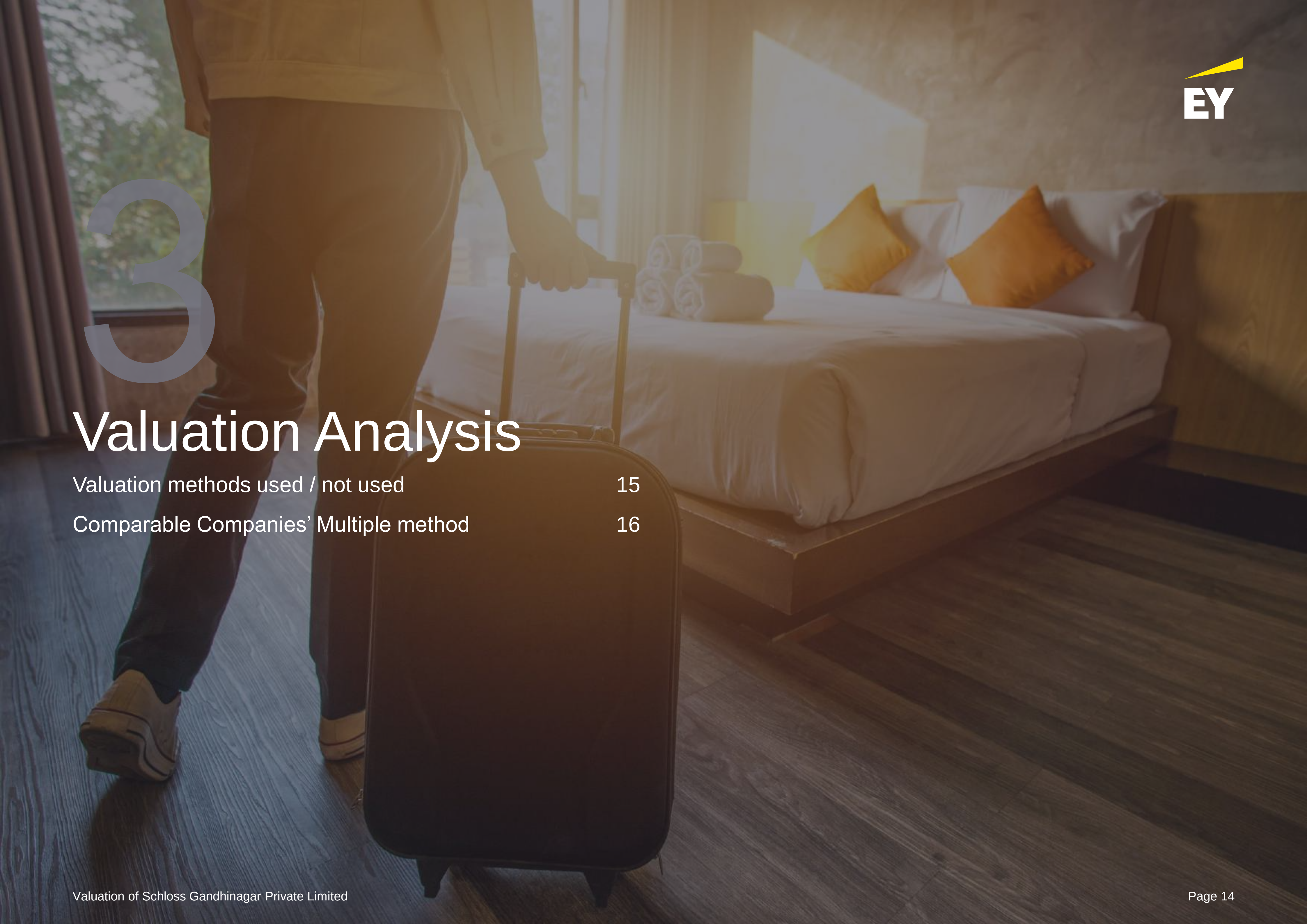
Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company’s economic environment and future performance and therefore, the fair value of the Company.
- The Report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser’s perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.



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Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Comparable Companies' multiple method			
Quoted multiples	Yes	100.0%	► Comparable companies engaged in manpower outsourcing services have been considered for the analysis. Average EV / Revenue multiple (Enterprise Value to Revenue) has been considered on FY24 Revenue of the Company for the valuation analysis
Income approach			
Discounted cash flows method	No	-	► Management has no business plan available for the Company as at the Valuation Date
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in the Company.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we selected a list of comparable companies which had manpower outsourcing services as their primary business from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations
    3. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ Revenue multiple of comparable companies based on annualised Revenue as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	EV / Revenue
Aarvi Encon Limited	1,812	(139)	1,673.5	4,061.5	0.41
Integrated Personnel Services Limited	1,277	270	1,546.8	2,455.9	0.63
Quess Corp Limited	76,701	1,247	77,948	191,001	0.41
TeamLease Services Limited	46,996	(3,227)	43,769	93,215.3	0.47
				Average	**0.50**

Source: S&P Capital IQ

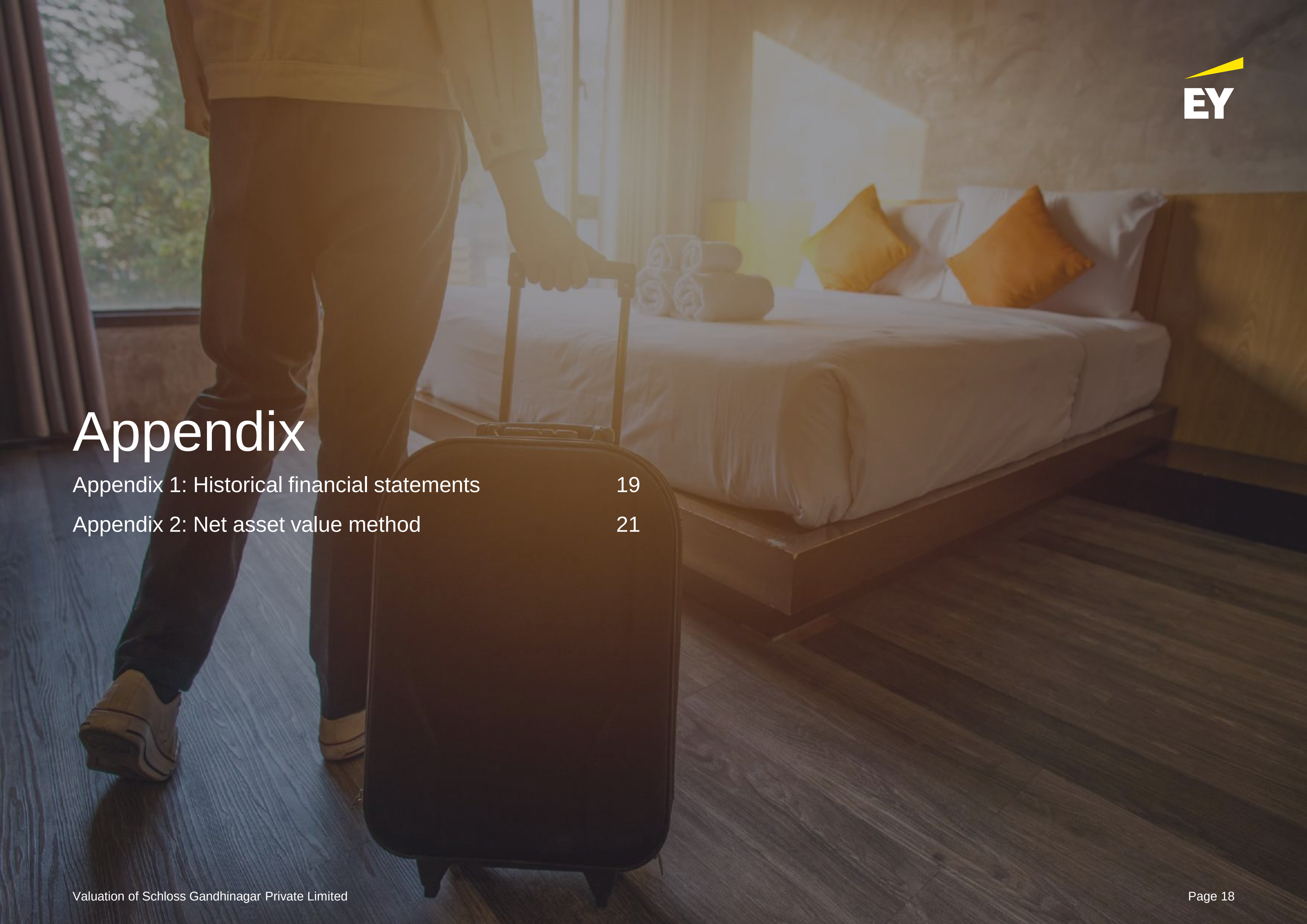
Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 90% to the trading multiples of comparable companies on account of the following factors:
  1. SGPL operates to provide manpower to The Leela Gandhinagar and has no outside customers.
  2. The operations are loss making. The Management does not expect the business to break-even. Hence, the Company will require constant support from its shareholders.
  3. The Company is of very small size
  4. The Net Asset Value of the business is negative.
- Accordingly, we have applied an EV/Revenue multiple of 0.05x on the Revenue of SGPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

Currency: ₹ mn	**Value**
EV/ Revenue	0.50
Less: Discount	90%
Multiple after discount (rounded)	0.05x
Revenue of Company for the year ended 31 March 2024	163
Value	**8.2**
Net deferred tax assets/ (Liabilities) at 50%	-
Add: CWIP	-
Enterprise value	**8.2**
Less: lease liabilities	(0.6)
Add: cash and cash equivalents	9.8
Value attributable to equity	**18.5**

Source: Calculation



Appendix

Appendix 1: Historical financial statements

► The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited
Number of months	12	12
Net sales		
Manpower service	124	163
Net revenue	**124**	**163**
Employee benefit expenses	(124)	(164)
Rental charges	-	(1.1)
Legal and Professional fees	(0.7)	(1.2)
Other operating expenses	(0.7)	(0.4)
Total expenses	(125)	(167)
Operating EBITDA	**(1.5)**	**(3.8)**
Depreciation and amortisation	-	(0.1)
EBIT	**(1.5)**	**(3.9)**
Finance costs	-	(0.01)
PBT	**(1.5)**	**(3.9)**
Other income	0.1	0.1
Tax	-	-
PAT	**(1.4)**	**(3.7)**

Source: Management

Appendix 1: Historical financial statements

- The historical balance sheet of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited
Number of months	12	12
Net block of fixed assets (NFA)	**-**	**-**
Right of use assets		**0.6**
Investments		
Current assets		
Trade receivables	2.3	3.9
Loans	1.4	-
Cash and bank balances	6.5	9.8
Other financial assets	1.0	0.6
Other current assets	9.6	6.0
	20.8	20.3
Current liabilities and provisions		
Trade payables	7.5	9.1
Provisions	5.3	6.9
Other current liabilities	14.7	13.0
	27.5	29.0
Net current assets (NCA)	**(6.7)**	**(8.7)**
Deferred tax asset		-
Lease Liability		0.6
Loan funds	-	-
	-	-
Deferred tax liability		
Net worth	**(6.7)**	**(8.7)**
Represented by		
Equity	0.1	0.1
Other equity	(6.8)	(8.8)
Total	**(6.7)**	**(8.7)**

Source: Management

Appendix 2: Net asset value method

- The table below presents the Net asset value of SGPL as at 31 March 2024:

Currency: ₹ mn	Notes	**Mar24**	**Mar24**
Net block of fixed assets			-
Right of use assets			0.6
Current assets			
Trade receivables		3.9	
Cash and bank balances		9.8	
Other financial assets		0.6	
Other current assets		6.0	
		20.3	
Current liabilities and provisions			
Trade payables		9.1	
Provisions		6.9	
Other current liabilities		13.0	
		29.0	
Net current assets (NCA)			(8.7)
Lease liability			0.6
Loan funds			-
Net equity value – unadjusted			**(8.7)**
Less: Contingent liabilities			-
Net equity value – adjusted			**(8.7)**
Net equity value – adjusted (restricted to NIL)			**Nil**

Source: Management

- The equity value of the Company as at the Valuation Date as per NAV method is negative. Hence, the same is restricted to **NIL**
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

EY | Assurance | Tax | Transactions | Advisory

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Building a better working world

Valuation of Schloss HMA Private Limited

Reliance Restricted

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Building a better working world

Reliance Restricted

Schloss HMA Private Limited
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Kurla, Mumbai - 400070

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14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

24 July 2024

Report on Valuation of Schloss HMA Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Schloss HMA Private Limited ("SHPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss HMA Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in SHPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SHPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP
IBBI/RV-E/
05/2021/155

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/070

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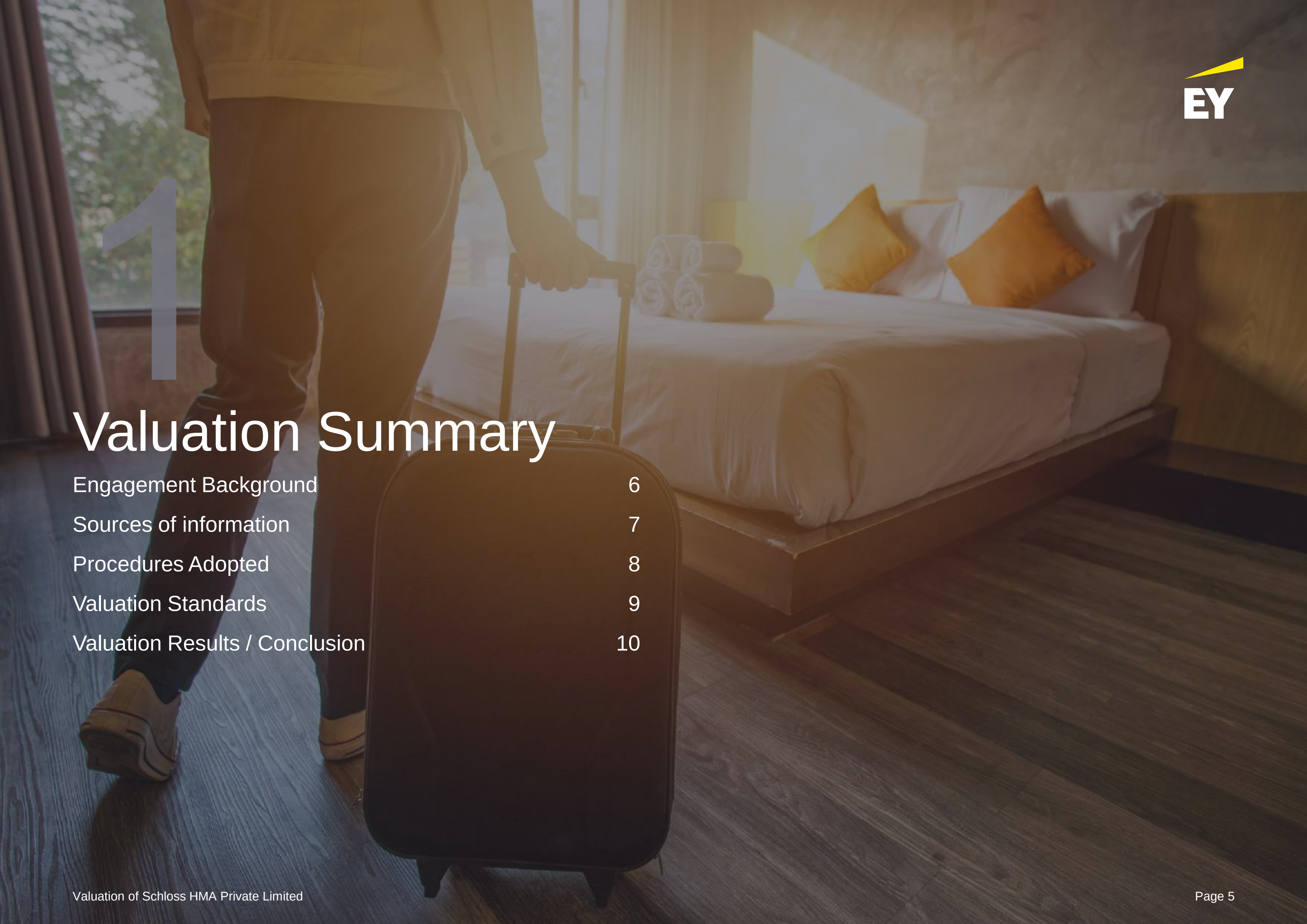


1 Valuation Summary

Engagement Background

Company Background

- Schloss HMA Private Limited ("Company" or "SHPL") is a private limited company incorporated in India in March 2019 and it started their operations from October 2019 by acquiring the "hotel management business" of Hotel Leelaventure Limited along with its trademark "The Leela" and other intellectual property held by Leela Palace Holdings Private Limited.
- Shareholding pattern of SHPL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
Project Ballet SHPL Holdings (DIFC) Pvt. Ltd.	10,944,596	99.99%
BSREP III India Ballet Holdings (DIFC) Ltd.	1	0.01%
Total	**10,944,597**	**100.0**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in SHPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of SHPL is required for the purpose of internal management analysis, compliance with FEMA regulations and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of SHPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of SHPL from FY20 to FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of SHPL for year ended 31 March 2024.
  - Financial projections of SHPL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc, and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Key terms of Management contracts of the Company
  - Key terms of CCDs issued by the Company
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding and key terms of Compulsorily Convertible Debentures (“CCDs”) issued by the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the business operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- We have used the Discounted Cash Flows (“DCF”) method and Comparable Companies’ Quoted Multiples (“CCM”) method for the purpose of estimating the equity value of SHPL: these two approaches are internationally accepted pricing methodologies. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SHPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*50.0*	10,797
Discounted cash flows method		*50.0*	13,150
Net asset value		-	1,501
Value attributable to equity (including CCDs)*		**100.0**	**12,153**
Number of equity shares on fully diluted basis (in million)	Refer table below		36.8
Diluted value per equity share (₹ / share)			**330.32**

Source: Computation

Table: Computation of Fully diluted shares as at 31 March 2024

Particulars	Note	Units	Value
Number of equity shares as at 31 March 2024	**A**	**mn**	**10.9**
Number of CCDs outstanding		mn	25.8
Number of equity shares of face value of INR 10 to be issued on conversion of CCDs of face value of INR 100	**B**	**mn**	**25.8**
Total number of equity shares on fully diluted basis	**A+B**	**mn**	**36.8**

Source: Management

**As per the terms of CCDs, each CCD will be convertible into 1 equity share of face value of INR 10 each. (Refer page 23 for key terms of CCDs)*

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm’s length basis, the 100% equity value of SHPL is estimated at **INR 12,153 million** as at 31 March 2024 (i.e per share equity value of **INR 330.32** on fully diluted basis). The CCDs (excluding interest thereof) are considered as equity in the above computation as detailed later in the Report.
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.
- This Report should be read in its entirety but especially in conjunction with the ‘Statement of limiting conditions’.

2

Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company’s economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

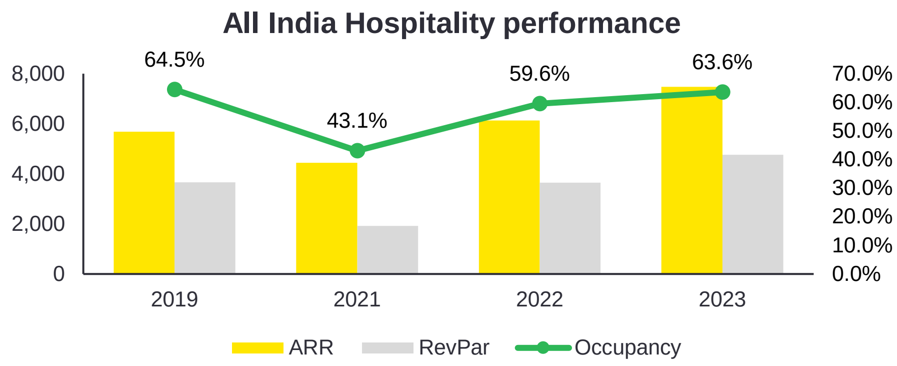
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser’s perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

3

Industry Analysis

Industry overview

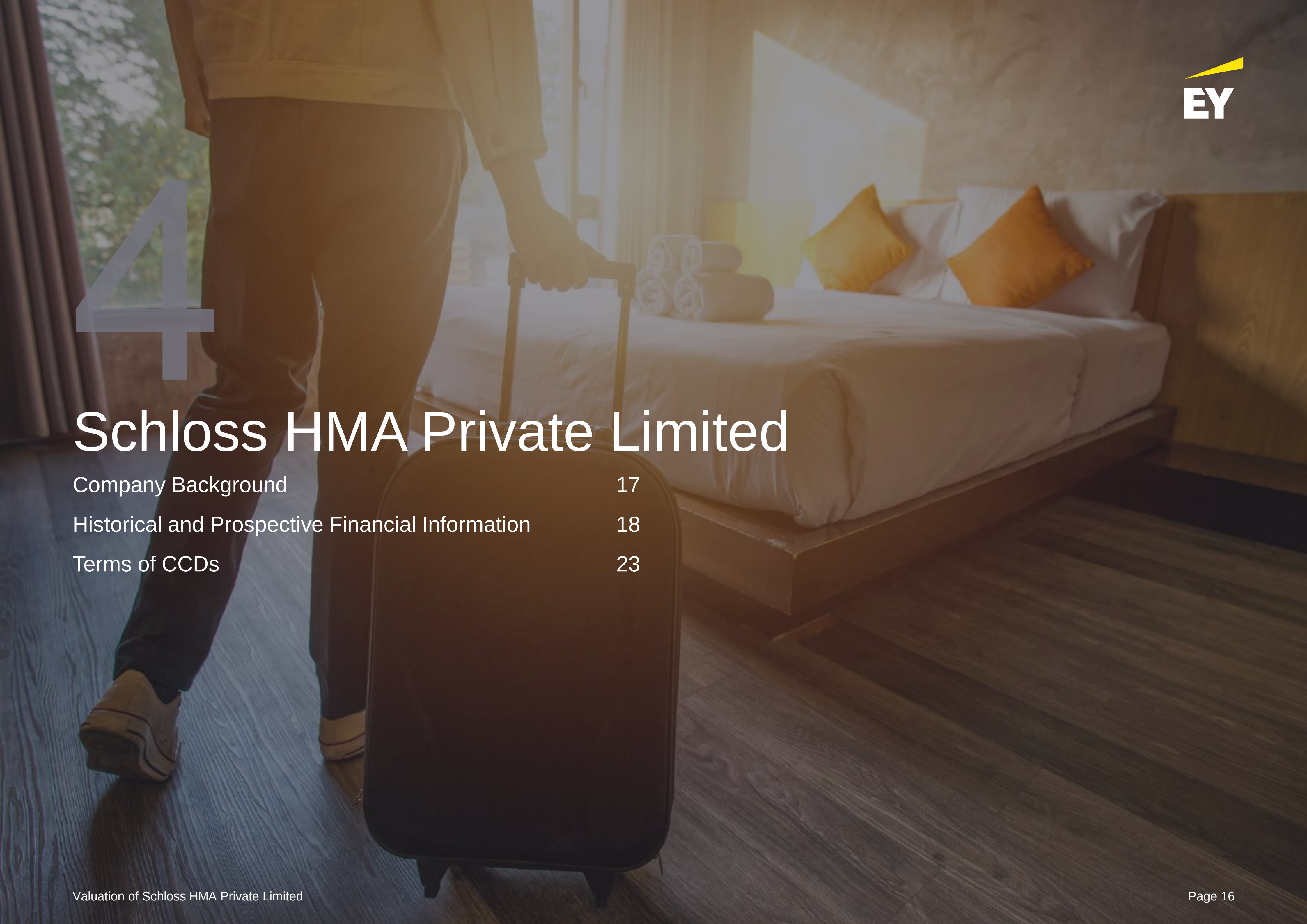
- The Hotel industry predominantly is segmented by hotel positioning (i.e. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e. leisure, corporate travel, weddings etc).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:



Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and Upper Upscale segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory

Source: Horwath HTL – India Hotel Market Review 2023, Juniper Hotels Limited (DRHP)



4

Schloss HMA Private Limited

Company Background

- Schloss HMA Private Limited, is a private limited company incorporated in India in March 2019 and started its operations from October 2019 by acquiring Hotel Leelaventure Limited's ("HLV") Hotel management business along with its Trademark/ brand 'The Leela' and hotel management contracts held by Leela Palaces Holdings Private Limited. For the year ended 31 March 2024, SHPL reported revenue from operations of INR 1,536 mn and Operating EBITDA of INR 684 mn.
- We understand from the Management that SHPL business currently has executed management contracts in relation to properties across India. The list of properties and their key management terms as on the Valuation Date are presented below:

Sr No	Properties under HMA management	Keys	Base fees	Marketing fees	Incentive fees
1	The Leela Palace Bangalore	357	2.0% of total revenue	1.5% of room revenues	7% of AGOP
2	The Leela Palace New Delhi	254			
3	The Leela Palace Chennai	325			
4	The Leela Palace Udaipur	80			
5	The Leela Palace Jaipur	200			
6	The Leela Ambience Convention Hotel	480	1.0% of total revenue	2.0% of room revenues	AGOP<35% :6.0% 35%<AGOP<40% :6.5% 40%<AGOP<45% :7.0% 45%<AGOP<55% :7.5% AGOP>55% :8.0%
7	The Leela Ambience Gurugram Hotel & Residences	412			
8	The Leela Bhartiya City	281	2.5% of total revenue	2.0% of room revenue	AGOP<35% :7% 35%<AGOP<40% :7.5% 40%<AGOP<50% :8% AGOP>50% :8.5%
9	The Leela Gandhinagar	318	2.0% of total revenue	-	4.5% of AGOP in CY24; 5.5%of AGOP thereafter
10	The Leela Kovalam	188	2.5% of total revenue	1.0% of room revenue	GOP<30% :NIL 30%<GOP<35% :5.5% 35%<AGOP<45% :6.0% GOP>45% :7.0%
11	The Leela Ashatmudi	93			

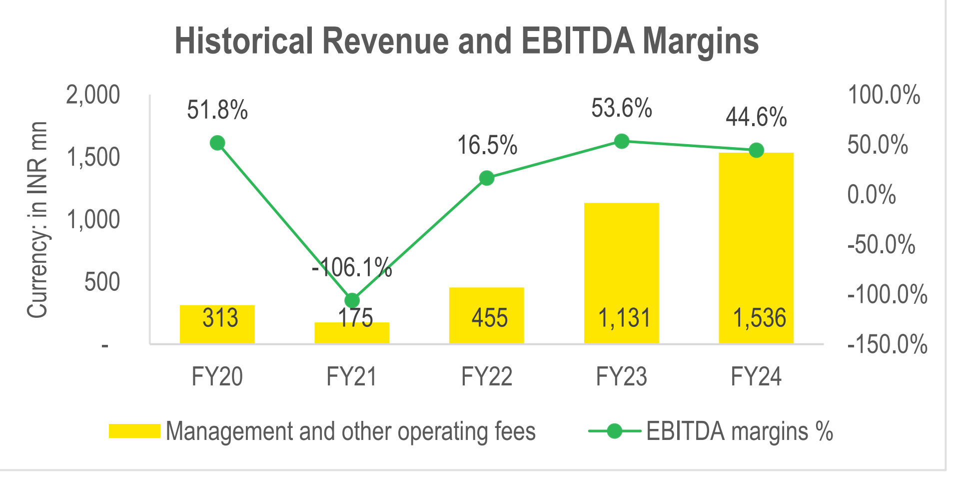
Source: Management; AGOP – Adjusted Gross operating profit

- Further to the above Management contracts, SHPL has also entered into
  1. Management and Operations agreement with SD Corporation Private Limited for The Imperial Club & Residences
  2. Technical service agreements ("TSA") with Waterstone Mumbai for technical assistance in building design / architecture review.
  3. Centralised services and licenses agreement with HLV, which includes sales and marketing program, loyalty program, central reservation systems, centralised call centre, email services, website management and maintenance, service audits. SHPL also grants HLV a non-exclusive, non-transferable, non-sub licensable, royalty free license to use the Trademarks.

Historical and Prospective Financial Information

Historical Revenue and EBITDA:

- SHPL's revenue from operations have shown varied performance in the historical period. Revenues were lower in FY20 primarily because the number of properties managed by SHPL was fewer compared to the subsequent years.
- FY21 experienced a significant downturn in revenue due to the impact of the COVID-19 pandemic. With hotels being shut down during extensive lockdown periods, the revenue generated from base fees, marketing fees, and especially incentive fees was significantly affected. Occupancy rates and average room rates (ARRs) remained low, leading to a further drop in revenue and a negative EBITDA margin of -106.1%.
- FY22 marked the beginning of a recovery for SHPL. With the gradual reopening of hotels and a resurgence in travel demand, there was a notable improvement in hotel operations. Higher occupancies and ARRs positively influenced the company's revenue streams.



Source: Management

- The variable incentive fee structure allowed SHPL to benefit from the improved performance of managed properties, contributing to a positive EBITDA margin of 16.5% in FY22.
- In FY23 and FY24, SHPL continued its growth trajectory. In FY24, the company achieved its highest revenue. The consistent high performance of managed properties ensured a steady stream of revenue from base and marketing fees. As managed properties achieved better margins due to increases in ARR, the incentive fees for SHPL also increased. During the historical period, the primary expenses consisted of employee benefit expenses and business promotion expenses. Employee benefit expenses increased in FY24 on account of expansion in workforce. Consequently, SHPL achieved an EBITDA margin of 53.6% and 44.6% in FY23 and FY24 respectively.

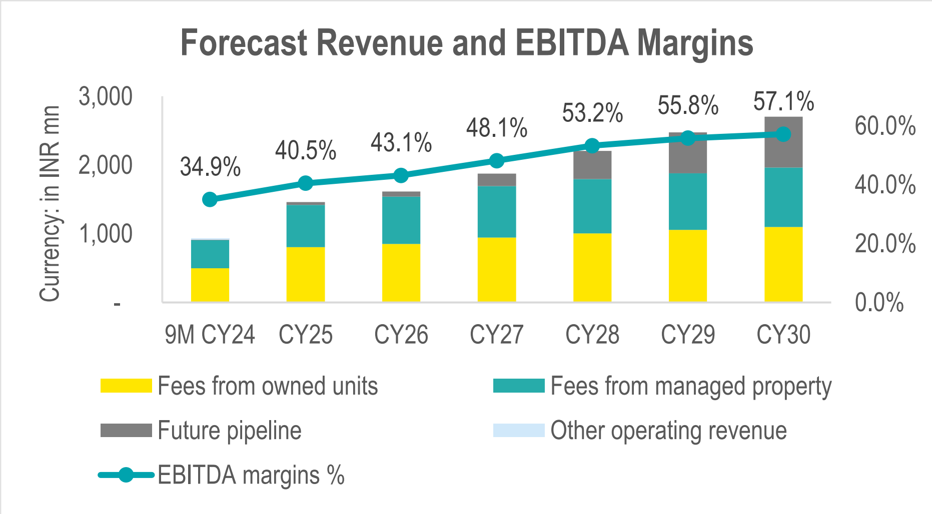
The detailed historical and prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

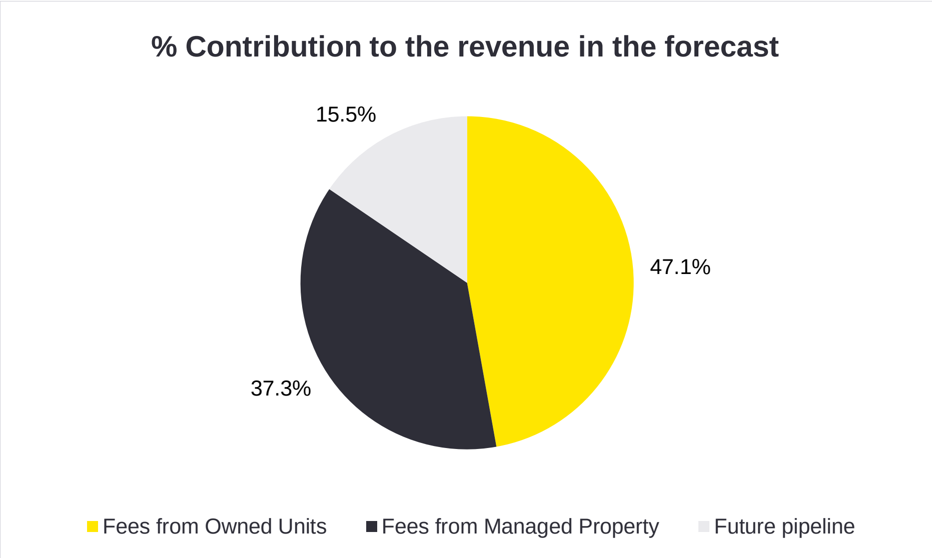
Forecast Revenue and EBITDA:

- During the forecast period, SHPL is expected to continue generating revenues from its existing long-term management contracts. In addition to these, the Management has also identified new hotels, referred to as the future pipeline in the current business plan.
- This pipeline includes properties such as The Leela Hyderabad, The Leela Agra, The Leela Tadoba, a hotel in the Maldives, and several identified hotels in major Indian cities including Mumbai, Pune, Sikkim and Noida.
- These new contracts are expected to follow a similar structure to the current management contracts, comprising a base fee, marketing fee, and incentive fee.
- Revenues during the projected period are expected to come from three main sources:
  1. Fees from owned properties, specifically those owned by Schloss, are projected to contribute approximately 47% of total revenues.
  2. Fees from managed properties are expected to account for about 37%.
  3. The future pipeline is anticipated to contribute around 15%, thereby enhancing and diversifying SHPL's revenue streams.
- Employee benefit expenses, including payroll and staff costs, are projected to be the largest expense category, contributing approximately 74% to total expenses in the projected period. This will be followed by rental costs, which shall be c. to 9.4% and sales and marketing expenses, at ~7.2%.
- As business operations stabilize and more contracts are signed, SHPL's EBITDA margins are expected to improve year over year in the projected period. By CY30, the Company is projected to achieve approximately 57% EBITDA margins, reflecting increased operational efficiency and profitability.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

- The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net block of fixed assets (NFA)	**1,687**	**1,593**	**1,231**	**843**	**506**
Right of use assets					**255**
Goodwill	852	665	478	290	478
Current assets					
Trade receivables	273	293	343	560	1,055
Cash and bank balances	105	144	236	147	183
Advance for hotel management contract renewal	-	-	-	850	834
Other current assets	289	284	225	207	196
	666	720	804	1,765	2,267
Current liabilities and provisions					
Trade payables	25	30	30	72	51
Provisions	23	26	14	11	32
Other current liabilities	19	178	236	147	194
	66	233	280	231	278
Net current assets (NCA)	**600**	**487**	**524**	**1,534**	**1,989**
Deferred tax asset	-	-	-	-	-
Lease liabilities	-	-	-	-	279
Loan funds					
ICD from related party	-	-	-	600	668
Interest accrued on advance management fees	-	-	46		
	-	**-**	**46**	**600**	**668**
Deferred tax liability	-	-	-	-	-
Net worth	**3,140**	**2,746**	**2,187**	**2,067**	**2,281**
Represented by					
Equity	65	109	109	109	109
CCDs	2,585	2,585	2,822	3,082	3,322
Other equity	490	51	(745)	(1,124)	(1,151)
Total	**3,140**	**2,746**	**2,187**	**2,067**	**2,281**

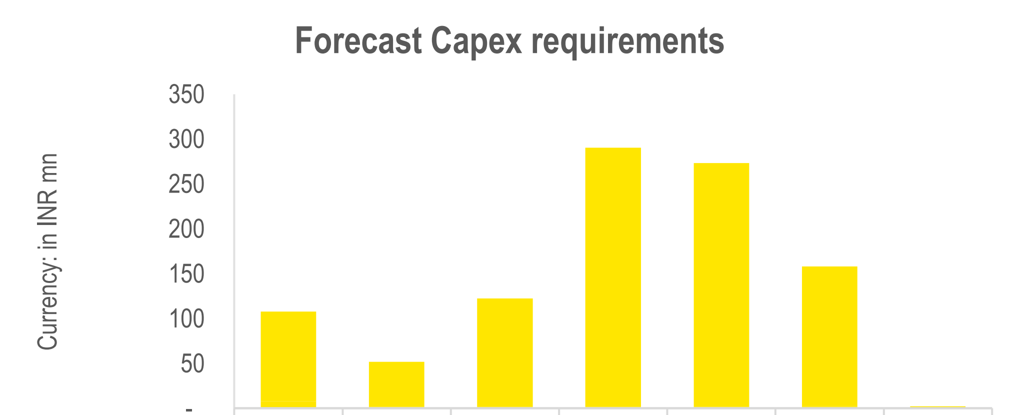
Source: Management

Note: The historical financials for SHPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, SHPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements primarily consist of Key Money capex and other operating expenditures like office infrastructure, computers and software, utilities and other capex required for the corporate office.



	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Key money	100	50	120	288	271	156	-
Corporate office	8	2	2	2	2	2	2

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Current assets					
Trade receivables	273	293	343	560	1,055
Other current assets	259	240	171	82	74
	532	**533**	**513**	**642**	**1,129**
Current liabilities and provisions					
Trade payables	25	30	30	72	51
Provisions	23	26	14	11	32
Other current liabilities	19	178	236	147	194
	66	**233**	**280**	**231**	**278**
Operating NCA	**466**	**300**	**233**	**412**	**851**
Revenue for the year	**313**	**175**	**455**	**1,131**	**1,536**
Operating NCA days of revenue	**543**	**624**	**187**	**133**	**202**

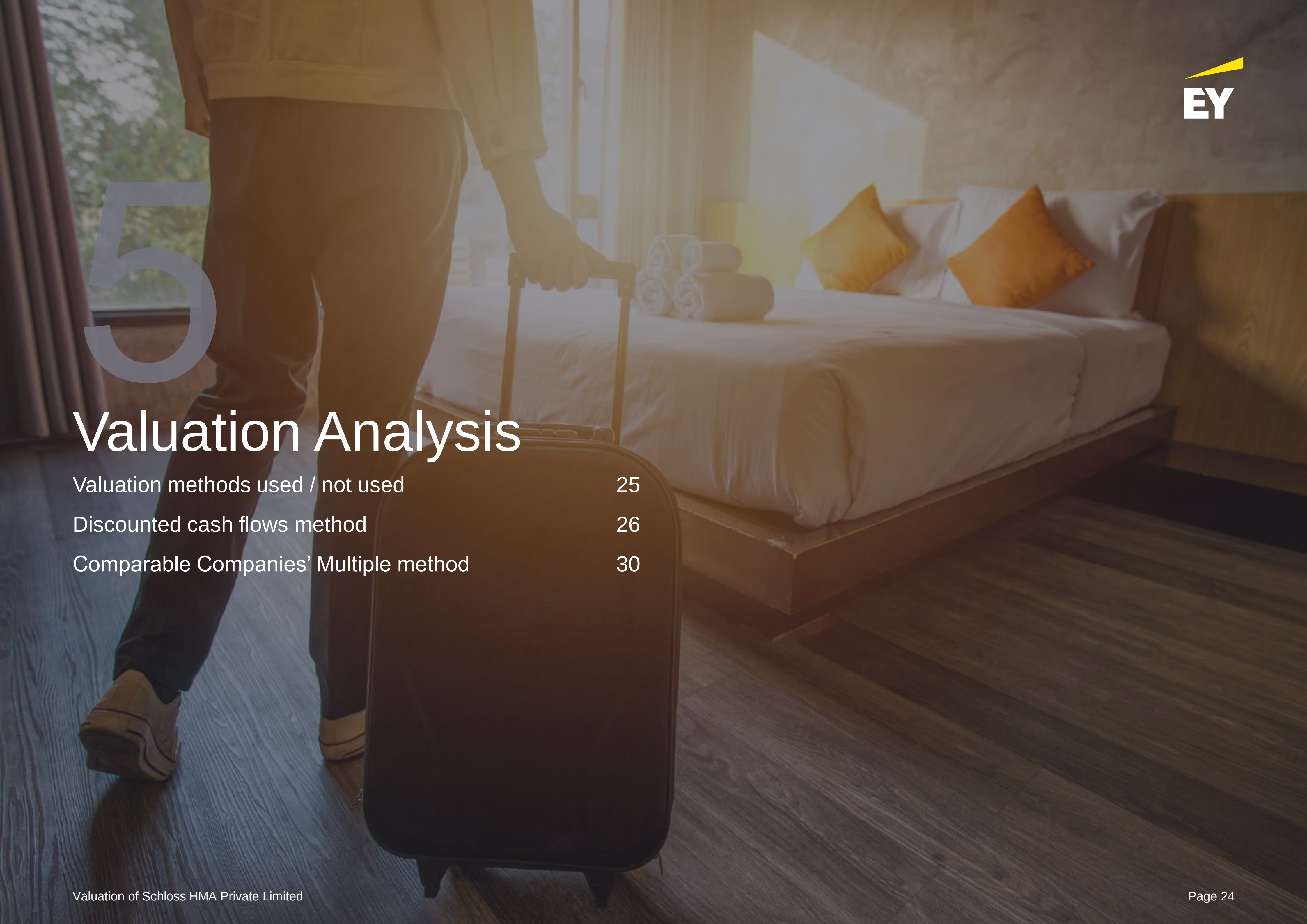
Source: Management

- The Management has assumed an operating working capital requirement reduce as follows: 60 days of Trade receivable days and 30 days of trade payable days in the forecast period. Accordingly, the projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Operating NCA	**851**	**153**	**168**	**190**	**228**	**278**	**317**	**349**
(Increase)/ Decrease in net operating working capital		**698**	**(15)**	**(21)**	**(39)**	**(49)**	**(39)**	**(33)**

Terms of CCDs

- The Management has informed that as at the Valuation Date, SHPL had issued 25,848,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 2,585 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Each CCD will be convertible into 1 equity share of face value of INR 10 each, unilaterally at the option of the CCD holder and/or the respective company.
  - CCDs shall automatically stand converted into equity shares upon (a) commencement of corporate insolvency process or (b) conversion of loan into equity of the respective company
  - The tenure of CCDs is 15 years from the date of issue unless converted earlier. The date of issue of CCDs is 16 October 2019.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date.
  - TDS, if any, be deducted each year and paid to the government
  - CCDs may be transferred to a person who is related party of the company
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs (principal outstanding) would be converted into ‘equity’ on or before the Proposed Transaction and the interest accrued on CCDs thereof will be repaid to the CCD holders.
  - Accordingly, the CCDs are considered as equity for the purpose of the valuation and interest on CCDs up to the Valuation Date is considered as ‘debt’ to arrive at the equity value of the Company.



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Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	50.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis (as there are no hotel management companies listed in India). Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of the Company for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in the Company.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of valuation date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 14.0%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E = Value of equity/value of total capital, E/E+D

K_E = Cost of equity

W_D = Value of interest-bearing debt/value of total capital, D/E+D

R_D = After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

Risk free rate		Beta		Market Risk Premium		Additional risk premium		Cost of Equity (Re)
7.0%	+	1.21	×	7.0%	+	2.0	=	17.5%

Cost of Debt		1 - Tax Rate		Post tax cost of debt(Rd)
9.0%	×	1 - 25.17%	=	6.7%

Target Debt to Equity

W_{E}= 66.7%

W_{D}= 33.3%

WACC (rounded): 14.0%

$WACC = W_E * R_E + W_D * R_D$

W_E	=	Value of equity/value of total capital, E/E+D
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. An additional risk premium of 2.0% considering riskniess of significant growth in the forecasted period in the business plan
5. Based on the current marginal borrowing cost as per the Management
6. Based on the prevailing corporate tax rate in India
7. The debt equity ratio of 33.3:66.7 is considered for the Company basis the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- There is no listed hotel management companies in India. Although SHPL does not directly operate hotels, it derives majority of its revenues from management contracts with hotels. As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that SHPL is a part of the Leela Group with both owned and operating hotels and intellectual property ownership and hotel management contracts and will continue to have management contracts with a larger chain of hotels operating under the brand name “The Leela”. In the long term, the operational scale, market dynamics and revenue structures of companies owning and operating high-end hotels provide a relevant benchmark. Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 30 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**916**	**523**	**452**	**376**	**580**	**857**	**1,141**	
Discount rate (%)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	
Present value factor- Mid year discounting		0.95	0.85	0.74	0.65	0.57	0.50	0.44	
Present value factor- Year end discounting		0.91	0.80	0.70	0.61	0.54	0.47	0.41	
Present value debt free cash flow		**872**	**444**	**337**	**246**	**333**	**431**	**503**	
Terminal value									**27,819**

	Present value factor for terminal year	0.41
	Present value for explicit period	3,165
	Present value of terminal period	11,488
	Enterprise value	**14,653**
	Advance tax (net of provision)	100
	Adjusted enterprise value	**14,754**
1	Less: ICDs from related party	(668)
	Add: cash and cash equivalents	183
2	Add: Advance to related party	21
	Value attributable to Equity and CCD holders	**14,289**
4	Less: accrued interest on CCDs	(780)
	Value attributable to Equity (including CCDs)	**13,510**

Terminal value * 0.41

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approach we have not considered lease liabilities (as lease expenses are already factored in the business plan) and considered the gross debt as at the Valuation Date, as provided by the Management (Refer Page 20).

Note 2: Advance to related party include loans given to related parties

Note 3: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market. There is no listed hotel management companies in India
- In the application of CCM, we have considered that SHPL is a part of the Leela Group with both owned and operating hotels and intellectual property ownership and hotel management contracts and will continue to have management contracts with a larger chain of hotels operating under the brand name "The Leela". In the long term, the operational scale, market dynamics and revenue structures of companies owning and operating high-end hotels provide a relevant benchmark. We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
					Average	**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of SHPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

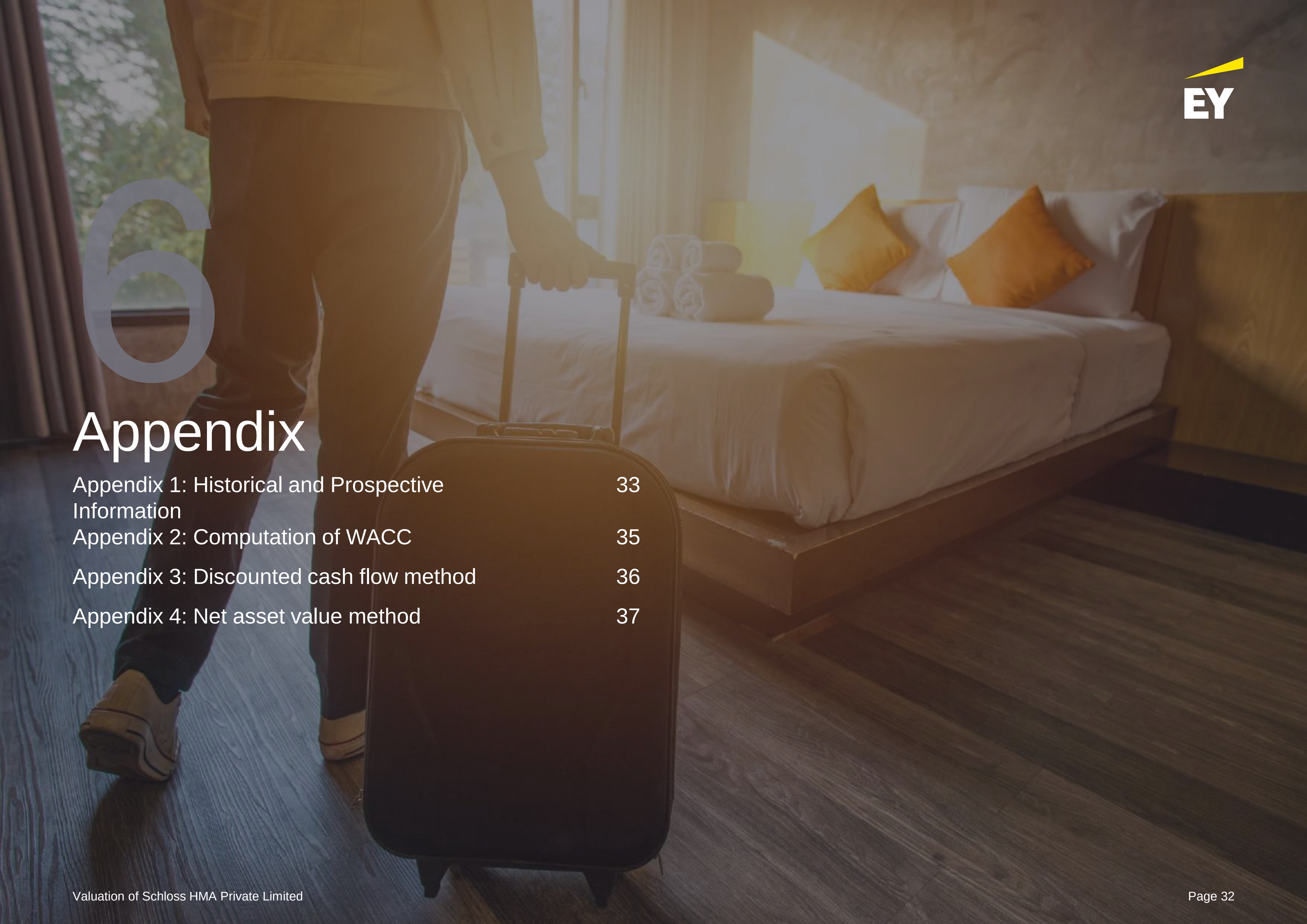
	Currency: ₹ mn	Value
	EV/ EBITDA multiple	24.6x
	Less: Discount	25%
	Multiple after discount (rounded)	18x
	EBITDA of Company for year ended 31 Mar 2024	684
	Value	**12,321**
	Net deferred tax assets/ (Liabilities) at 50%	-
	Add: CWIP	-
	Enterprise value	**12,321**
1	Less: ICD from related party (debt)	(668)
	Less: Lease Liability	(279)
	Add: cash and cash equivalents	183
2	Add: Advance to related party	21
	Value attributable to Equity and CCD holders	**11,577**
3	Less: accrued interest on CCDs	(780)
	Value attributable to Equity	**10,797**

Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported lease liabilities and gross debt as per the financials of the Company as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Note 2: Advance to related party include loans given to related parties

Note 3: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management



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Appendix

Appendix 1: Historical and Prospective Information

► The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Number of months	**12**	**12**	**12**	**12**	**12**
Revenue from operations					
Management and other operating fees	313	175	455	1,131	1,536
Net Revenue	**313**	**175**	**455**	**1,131**	**1,536**
Employee benefit expenses	(115)	(249)	(287)	(369)	(499)
Business Promotion	(10)	(20)	(30)	(47)	(203)
Other expenses	(26)	(92)	(62)	(109)	(150)
Total expenses	(151)	(361)	(380)	(525)	(852)
Operating EBITDA	**162**	**(186)**	**75**	**606**	**684**
Depreciation and amortisation	(256)	(562)	(576)	(580)	(479)
EBIT	**(94)**	**(748)**	**(501)**	**26**	**206**
Finance costs			(318)	(309)	(334)
PBT	**(94)**	**(748)**	**(818)**	**(282)**	**(129)**
Other income	4	6	38	15	18
Non-operating expenses	(1)	(1)	(16)	(111)	(42)
Extra-ordinary/non-recurring expenses	(0.04)				
Tax					-
PAT	**(91)**	**(744)**	**(797)**	**(379)**	**(152)**
Revenue growth (%)	*na*	*(44.0)*	*159.7*	*148.5*	*35.8*
EBITDA margins (%)	*51.8*	*(106.1)*	*16.5*	*53.6*	*44.6*
EBIT margins (%)	*(29.9)*	*(427.1)*	*(110.0)*	*2.3*	*13.4*
PBT margins (%)	*(29.9)*	*(427.1)*	*(179.9)*	*(25.0)*	*(8.4)*
PAT margins (%)	*(28.9)*	*(424.6)*	*(175.0)*	*(33.5)*	*(9.9)*

Source: Management

Appendix 1: Historical and Prospective Information

► The historical and prospective MIS of the Company as provided by the Management are as follows:

Currency: ₹ mn	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	3	9	12	12	12	12	12	12
Net Revenue												
Fees from Owned Units	71	202	495	697	250	496	806	852	942	1,006	1,053	1,097
Fees from Managed Property	150	189	431	514	155	412	612	688	750	791	827	865
Future pipeline	-	-	-	-		8	41	74	185	408	594	743
Other income	-	-	-	-		19	-	-	-	-	-	-
Net Revenue	**221**	**390**	**926**	**1,212**	**405**	**934**	**1,459**	**1,614**	**1,877**	**2,205**	**2,474**	**2,705**
Employee benefit expenses	(304)	(260)	(351)	(458)	(147)	(442)	(640)	(678)	(719)	(762)	(808)	(856)
Sales & marketing expenses	(21)	(25)	(55)	(49)	(15)	(45)	(62)	(65)	(69)	(74)	(78)	(83)
Office rental	(37)	(38)	(33)	(49)	(20)	(59)	(82)	(86)	(91)	(97)	(103)	(109)
Legal & professional expenses	(7)	(10)	(36)	(71)	(10)	(29)	(40)	(42)	(45)	(47)	(50)	(53)
Travelling and conveyance	(3)	(5)	(10)	(14)	(5)	(16)	(19)	(20)	(22)	(23)	(24)	(26)
IT expenses	(1)	-	(3)	(3)	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Insurance	(1)	(1)	(1)	(1)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other expenses	(7)	(9)	(115)	(77)	(6)	(17)	(23)	(24)	(26)	(27)	(29)	(31)
Operating EBITDA	**(160)**	**42**	**322**	**490**	**202**	**326**	**590**	**696**	**903**	**1,173**	**1,380**	**1,545**
Revenue growth (%)	*na*	*76.6*	*137.3*	*30.8*	*na*	*na*	*9.0*	*10.6*	*16.3*	*17.5*	*12.2*	*9.3*
EBITDA margins (%)	*(72.5)*	*10.9*	*34.8*	*40.4*	*49.9*	*34.9*	*40.5*	*43.1*	*48.1*	*53.2*	*55.8*	*57.1*

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Additional risk premium	d	2.0
Cost of equity capital (%)		***17.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	e	9.0
Expected income tax rate (%)	f	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*11.7*
WACC (rounded)		***14.0***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
b. Refer Beta table alongside
c. Based on EYMB understanding of prevailing market risk premium in India
d. An additional risk premium of 2.0% considering riskniess of significant growth in the forecasted period in the business plan
e. Based on the current marginal borrowing cost as per the Management
f. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**934**	**1,459**	**1,614**	**1,877**	**2,205**	**2,474**	**2,705**	**2,705**
EBITDA		**326**	**590**	**696**	**903**	**1,173**	**1,380**	**1,545**	**1,545**
Depreciation and amortisation		(143)	(165)	(140)	(117)	(100)	(86)	(77)	
EBIT		**183**	**425**	**556**	**786**	**1,074**	**1,294**	**1,469**	
Tax expense		-	-	(99)	(198)	(270)	(326)	(370)	
Debt free net income		**183**	**425**	**457**	**588**	**804**	**968**	**1,099**	
Add: Depreciation and amortisation		143	165	140	117	100	86	77	
(Increase)/ Decrease in net working capital		698	(15)	(21)	(39)	(49)	(39)	(33)	
Less: Capital expenditure		(108)	(52)	(122)	(290)	(273)	(158)	(2)	
Debt free cash flow		**916**	**523**	**452**	**376**	**580**	**857**	**1,141**	
Discount rate (%)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	
Present value factor- Mid year discounting		0.95	0.85	0.74	0.65	0.57	0.50	0.44	
Present value factor- Year end discounting		0.91	0.80	0.70	0.61	0.54	0.47	0.41	
Present value debt free cash flow		**872**	**444**	**337**	**246**	**333**	**431**	**503**	
Perpetuity multiple									18x
Terminal value									**27,819**

Present value factor for terminal year	0.41
Present value for explicit period	3,165
Present value of terminal period	11,488
Enterprise value	**14,653**
Advance tax (net of provision)	100
Adjusted Enterprise value	**14,754**
Less: ICDs from related party	(668)
Add: cash and cash equivalents	183
Add: Advance to related party	21
Value attributable to Equity and CCD holders	**14,289**
Less: accrued interest on CCDs	(780)
Value attributable to Equity (including CCDs)	**13,510**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of SHPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	1,545	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**27,819**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.41	Refer DCF computation
	Present value of Terminal value	**11,488**	**(C) * (D)**

Source: Calculation

► As informed by the Management, SHPL has b/f tax losses amounting to INR 769 mn as at the Valuation Date. The same has been factored in the aforesaid valuation workings

Appendix 4: Net asset value method

- The table below presents the Net asset value of SHPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			506
Goodwill			478
Right of use assets			255
Investments			-
Current assets			
Trade receivables		1,055	
Cash and bank balances		183	
Advance for hotel management contract renewal		834	
Other current assets		196	
		2,267	
Current liabilities and provisions			
Trade payables		51	
Provisions		32	
Other current liabilities		194	
		278	
Net current assets (NCA)			1,989
Deferred tax assets			-
Lease liabilities			279
Loan funds			
ICD from related parties		668	
			668
Deferred tax liability			-
Value attributable to Equity and CCD holders			**2,281**
Less: accrued interest on CCDs			(780)
Net equity value (including CCDs)			**1,501**

Source: Management

- The equity value (including CCDs) of the Company as at the Valuation Date as per NAV method is ₹ 1,501 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

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Valuation of Schloss Tadoba Private Limited

Reliance Restricted

Reliance Restricted

Schloss Tadoba Private Limited
Attention: Mr. Ravi Shankar
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Kurla, Mumbai - 400070

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

24 July 2024

Report on Valuation of Schloss Tadoba Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Schloss Tadoba Private Limited ("STPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss Tadoba Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in STPL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of STPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP
IBBI/RV-E/
05/2021/155

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/072

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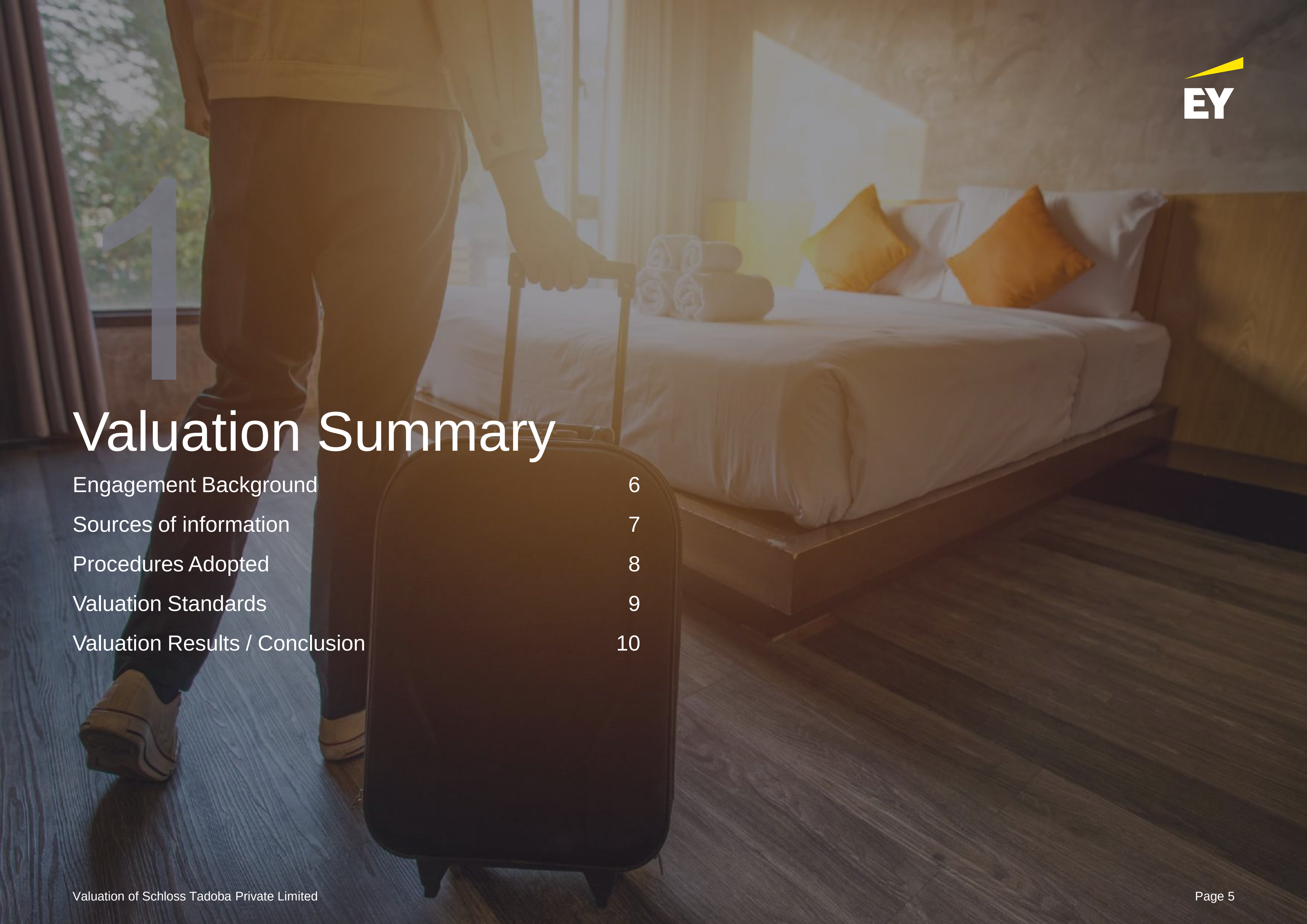

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Valuation Summary

Engagement Background

Company Background

- Schloss Tadoba Private Limited (“STPL” or the “Company”) is a subsidiary of BSREP III Tadoba Holdings (DIFC) Limited. It was incorporated in June 2022 under the provisions of Companies Act, 2013. As on the Valuation date, STPL is non-operating; i.e. has no business operations.
- Shareholding pattern of STPL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
BSREP III Tadoba Holdings (DIFC) Limited	999	99.99%
BSREP III India Ballet Holdings (DIFC) Limited	1	0.01%
Total	**1,000**	**100.0**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in STPL to Schloss Bangalore Limited (“Proposed Transaction”). In this regard, valuation of STPL is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction (“Purpose”).
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of STPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India (“SEBI”) vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of STPL for FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of STPL for year ended 31 March 2024.
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
    - the nature and operations of the Company including historical financial performance
    - details of current borrowings outstanding and key terms
- Gained understanding of the business strategy and growth drivers.
- Analyzed the historical financials and performance of the Company up to 31 March 2024.
- Analyzed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- STPL is a non-operating company. Accordingly, we have used the Net Asset Value ("NAV") method for the purpose of estimating the equity value of STPL, which is an internationally accepted pricing methodology.
- The equity value of STPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	**Mar24**	**Mar24**
Net block of fixed assets			-
Current assets			
Cash and bank balances		0.01	
		0.01	
Current liabilities and provisions			
Trade payables		0.58	
Other current liabilities		0.02	
		0.59	
Net current assets (NCA)			(0.59)
Net equity value – unadjusted			**(0.59)**
Less: Contingent liabilities			-
Net equity value – adjusted			**(0.59)**
Net equity value – adjusted (restricted to NIL)			**Nil**
Number of equity shares			1,000
Value per equity share (₹ / share)			**NIL**

- As seen above, the equity value is negative as on the Valuation Date. Hence, the same is restricted to NIL. Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of STPL is estimated to be **NIL** as at 31 March 2024.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

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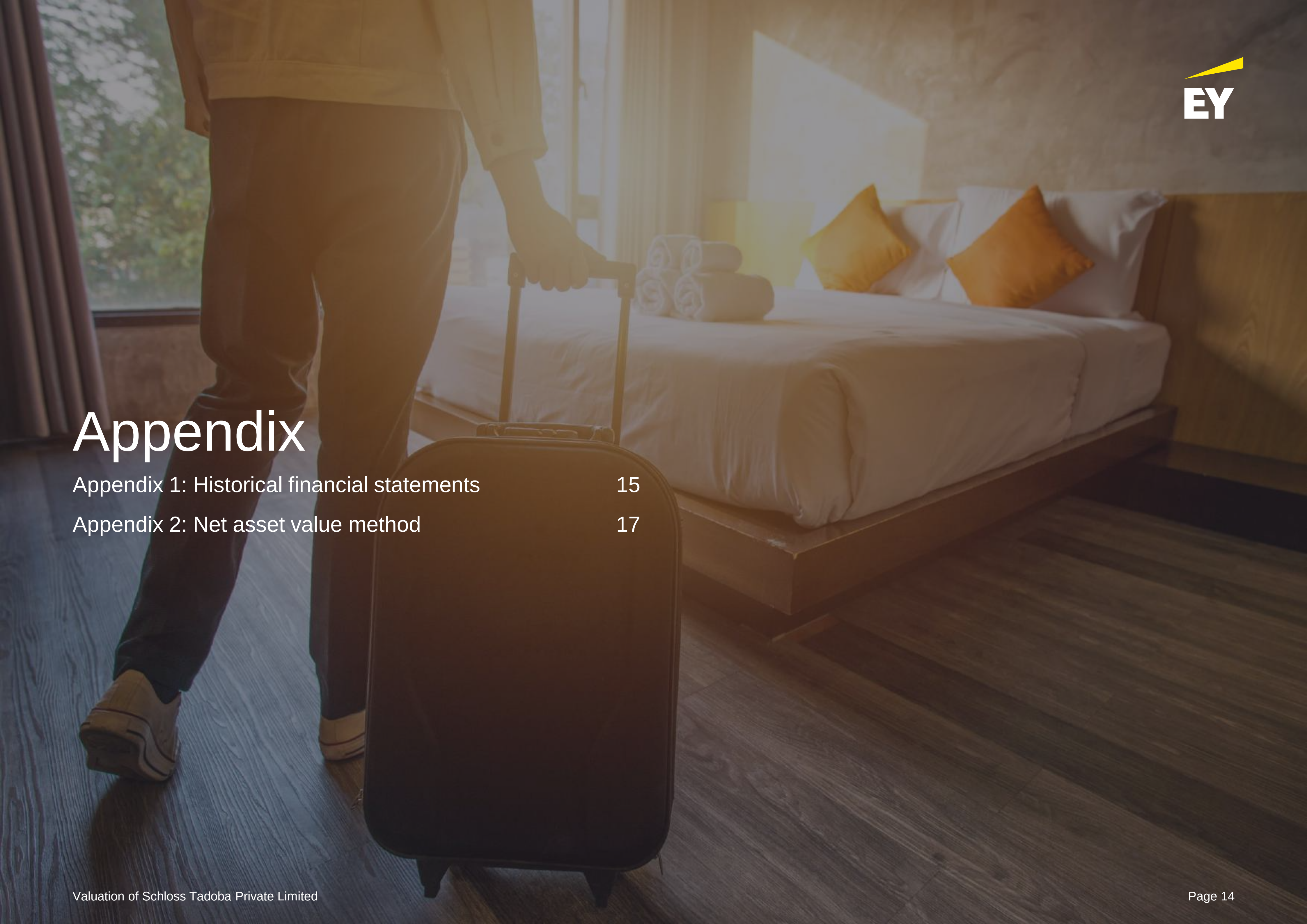
Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company's economic environment and future performance and therefore, the fair value of the Company.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.

Statement of Limiting Conditions

- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.



Appendix

Appendix 1: Historical financial statements

- The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited
Number of months	12	12
Net revenue	**-**	**-**
Other operating expenses	(0.02)	(0.58)
Total expenses	(0.02)	(0.58)
Operating EBITDA	**(0.02)**	**(0.58)**
Depreciation and amortisation	-	-
EBIT	**(0.02)**	**(0.58)**
Finance costs	-	-
PBT	**(0.02)**	**(0.58)**
Tax	-	-
PAT	**(0.02)**	**(0.58)**

Source: Management

Appendix 1: Historical financial statements

► The historical balance sheet of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited
Number of months	12	12
Net block of fixed assets (NFA)	**-**	**-**
Investments		
Current assets		-
Cash and bank balances	0.01	0.01
Other current assets		-
	0.01	0.01
Current liabilities and provisions		
Trade payables		0.58
Other current liabilities	0.02	0.02
	0.02	0.59
Net current assets (NCA)	**(0.01)**	**(0.59)**
Deferred tax asset		-
Loan funds	-	-
	-	-
Deferred tax liability		
Net worth	**(0.01)**	**(0.59)**
Represented by		
Equity	0.01	0.01
Other equity	(0.02)	(0.60)
Total	**(0.01)**	**(0.59)**

Source: Management

Appendix 2: Net asset value method

- The table below presents the Net asset value of STPL as at 31 March 2024:

Currency: ₹ mn	Notes	**Mar24**	**Mar24**
Net block of fixed assets			-
Current assets			
Cash and bank balances		0.01	
		0.01	
Current liabilities and provisions			
Trade payables		0.58	
Other current liabilities		0.02	
		0.59	
Net current assets (NCA)			(0.59)
Net equity value – unadjusted			**(0.59)**
Less: Contingent liabilities			-
Net equity value – adjusted			**(0.59)**
Net equity value – adjusted (restricted to NIL)			**Nil**

Source: Management

- The equity value of the Company as at the Valuation Date as per NAV method is negative. Hence, the same is restricted to **NIL**
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- Values represented above should be read in conjunction with the ‘Statement of limiting conditions’

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Valuation of Schloss Udaipur Private Limited

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Schloss Udaipur Private Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

17 July 2024

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Report on Valuation of Schloss Udaipur Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Schloss Udaipur Private Limited ("SUPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss Udaipur Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in SUPL to Schloss Chanakya Private Limited ("Proposed Transaction"). In this regard, valuation of SUPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 17 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP
IBBI/RV-E/05/2021/155

Navin Vohra
Partner
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Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/063

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Valuation Summary

Engagement Background

Company Background

- Schloss Udaipur Private Limited ("Company" or "SUPL") is a private limited company incorporated in India in March 2019 and it started their operations effective October 17, 2019 by acquiring the "Udaipur hotel undertaking" of Hotel Leelaventure Limited. SUPL owns and operates "The Leela" hotel in Udaipur.
- Shareholding pattern of SUPL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
Project Ballet Udaipur Holdings (DIFC) Pvt. Ltd.	5,107,141	99.99%
BSREP III India Ballet Holdings (DIFC) Ltd.	1	0.01%
Total	**5,107,142**	**100.0**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in SUPL to Schloss Chanakya Private Limited ("Proposed Transaction"). In this regard, valuation of SUPL is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of SUPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of SUPL from FY20 to FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of SUPL for year ended 31 March 2024.
  - Financial projections of SUPL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc, and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Key KPIs of the hotel for the period of FY20 to FY24 and for the forecasted period
  - Management MIS of the hotel for the period CY19 to CY23 and 3 months period ending 31 March 2024
  - Key terms of Management contract of the Company
  - Key terms of CCDs issued by the Company
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding and key terms of Compulsorily Convertible Debentures ("CCDs") issued by the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the hotel operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions under the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- We have used the Discounted Cash Flows ("DCF") method and Comparable Companies' Quoted Multiples ("CCM") method for the purpose of estimating the equity value of SUPL: these two approaches are internationally accepted pricing methodologies. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SUPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*50.0*	4,269
Discounted cash flows method		*50.0*	4,011
Net asset value		-	1,575
Value attributable to equity (including CCDs)*		**100.0**	**4,140**
Number of equity shares on fully diluted basis (in million)	Refer table below		8.0
Diluted value per equity share (₹ / share)			**520.27**

Source: Computation

Table: Computation of Fully diluted shares as at 31 March 2024

Particulars	Note	Units	Value
Number of equity shares as at 31 March 2024	**A**	**mn**	**5.1**
Number of CCDs outstanding		mn	2.9
Number of equity shares of face value of INR 10 to be issued on conversion of CCDs of face value of INR 100	**B**	**mn**	**2.9**
Total number of equity shares on fully diluted basis	**A+B**	**mn**	**8.0**

Source: Management

**As per the terms of CCDs, each CCD will be convertible into 1 equity share of face value of INR 10 each. (Refer page 23 for key terms of CCDs)*

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SUPL is estimated at **INR 4,140 million** as at 31 March 2024 (i.e per share equity value of **INR 520.27** on fully diluted basis). The CCDs (excluding interest thereof) are considered as equity in the above computation as detailed later in the Report.
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

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Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company’s economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser’s perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

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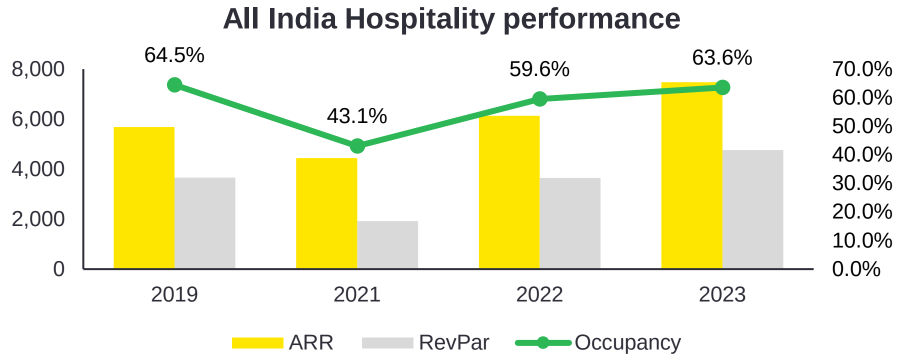
Industry Analysis

Industry overview

- The Hotel industry predominantly is segmented by hotel positioning (i.e. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e. leisure, corporate travel, weddings etc).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:

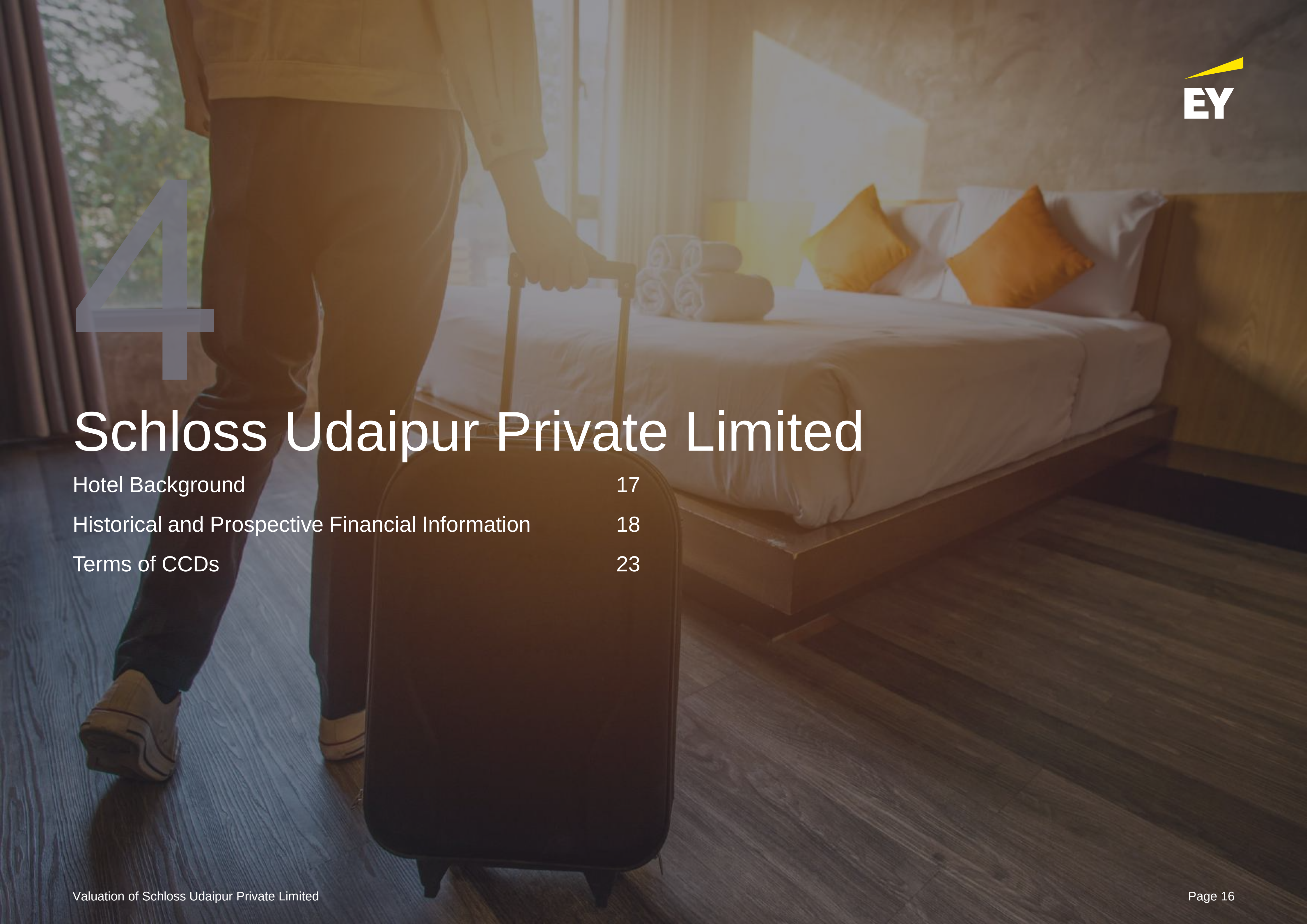


Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and Upper Upscale segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory

- Udaipur micro market is frontrunner in weddings and leisure sector. RevPAR of Udaipur for Leisure sector is higher than ADR at all business cities (except Mumbai) in 2023.
- Udaipur witnessed an ADR INR 15,500 at an overall occupancy of 56.8%, it is mainly led by its Leisure sector which clocked an ADR of around INR 22,000 with an occupancy of around 56.6%.

Source: Horwath HTL – India Hotel Market Review 2023, Juniper Hotels Limited (DRHP)



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Schloss Udaipur Private Limited

Hotel Background

The Leela Palace Udaipur

- SUPL acquired The Leela Palace Udaipur in October 2019 from Hotel Leelaventure Limited.
- The Leela Palace Udaipur is located on the banks of Lake Pichola and offers undisputed views of the City Palace and the Aravalli Mountains. The elegant and contemporary interiors of the rooms and suites at The Leela Palace Udaipur are embellished with traditional elements of Rajasthani design and artistry.
- Key features of the Hotel include:
  - Accommodation – 80 Keys; including 14 Grand heritage garden view rooms, 19 Grand heritage lake view rooms, 37 Grand heritage lake view rooms with balcony, 2 Grand heritage garden view rooms with private pool, 4 luxury suites, 2 duplex suites, 1 royal suite and 1 maharaja suite
  - Dining – the Dining Room, Sheesh Mahal- a fine dining experience of Indian foods, the Library Bar, Destination Dining- by the sunset or spa
  - Conference & Banquet Facilities – Marwar Conference hall with open terrace, Guava Garden, Inner and Outer courtyard, Croquet Lawn and multiple meeting rooms.
- For the year ended 31 March 2024, SUPL reported revenue from operations of INR 953 Mn and Operating EBITDA of INR 393 Mn.

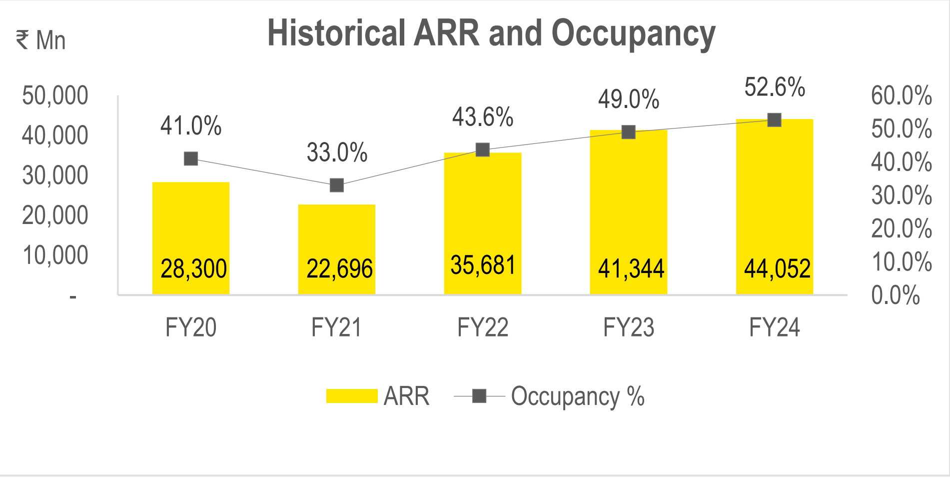
Source: Company Website

Historical and Prospective Financial Information

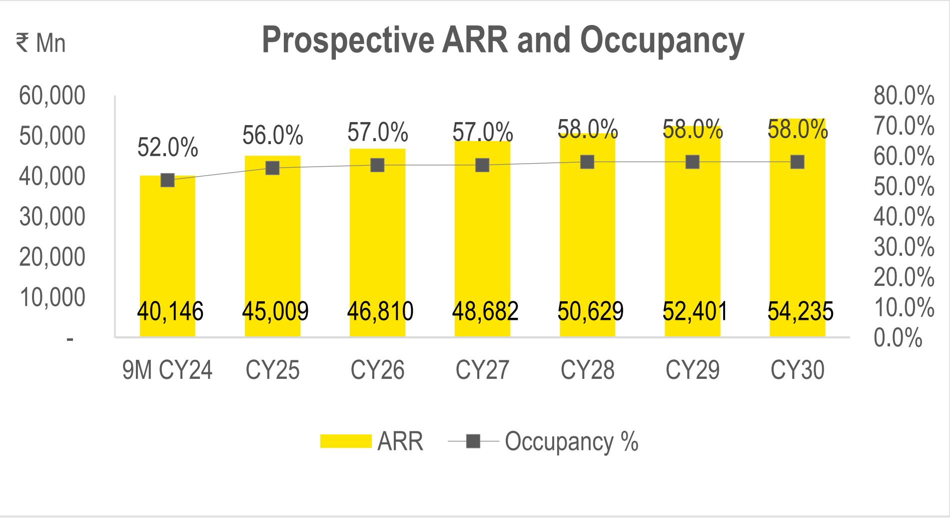
Key Metrics (Occupancies and ARRs):

- SUPL primarily caters to leisure travel segment and destination weddings. The occupancy rates for SUPL have shown fluctuations over the past five years, primarily influenced by the COVID-19 pandemic. In FY20, SUPL had achieved an occupancy rate of 41.0%. However, in FY21, the occupancy rate dropped to 33.0% due to widespread lockdowns and travel restrictions caused by the pandemic.
- As the situation began to stabilize, SUPL saw a recovery in occupancy rates, reaching 43.6% in FY22 and 49.0% in FY23. In FY24, occupancy further increased to 52.6% as demand for destination weddings surged across the country.
- ARR has experienced significant growth over the historical period. In FY20, the ARR was INR 28,300. The pandemic caused a decrease in demand, leading to a dip in ARR to c. INR 22,700 in FY21. However, as travel restrictions eased and demand began to return, the ARR saw a notable recovery.
- By FY24, the ARR had increased to c. INR 44,000. This growth was driven by several factors, including inflationary adjustments, enhanced service offerings, and strategic pricing for destination weddings.
- SUPL's Management projects continued growth in occupancy and ARR. SUPL is expected to achieve an occupancy rate of approximately 56.0% in CY25, driven by a surge in demand for luxury travel and destination weddings and enhanced marketing efforts. The occupancy rate is expected to stabilize at around 58.0% from CY28 onwards.
- ARR is projected to slightly decline by c. 2.0% in CY24, and gradually recover in CY25, with a growth of 5.0% and 4.0% in CY26, before stabilizing at a growth rate of approximately 3.0% from CY29 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



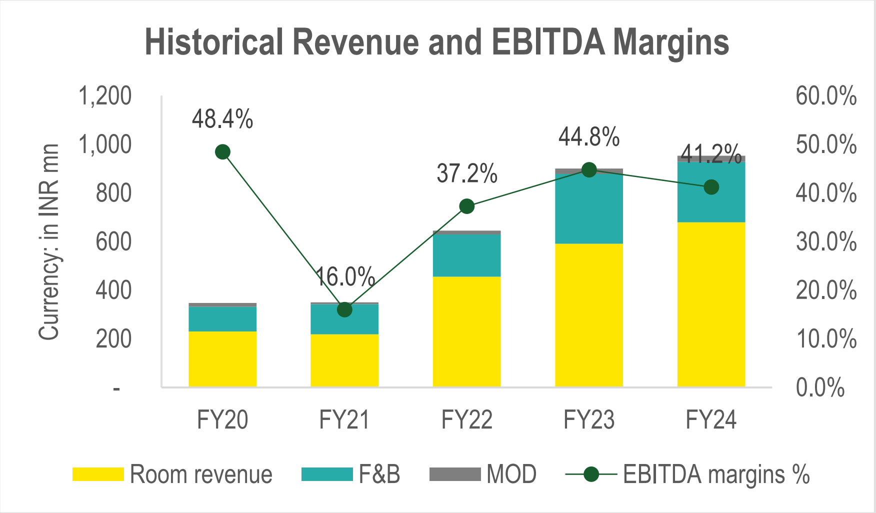
Source: Management

Historical and Prospective Financial Information

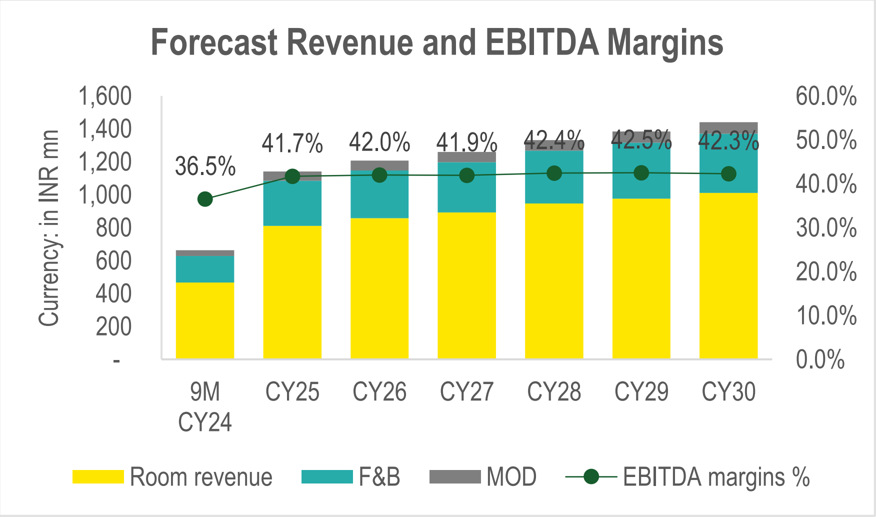
Revenue and EBITDA:

- In FY24, Room revenue has contributed to ~ 71% of total revenue making it the largest revenue segment. Room revenue is expected to contribute around ~70.5% of total revenues in CY24 and grow by ~13% in CY25 on account of increase in number of rooms from 82 to 88. Post CY25, room revenues are expected to stabilise at a growth rate of c. 5% in the projected period.
- Food and beverages were the second-largest contributor, accounting for ~26.1% of total revenues. Food and beverages is anticipated to contribute 24.2% of total revenues in CY24, decreasing to approximately 23.6% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 2.7% of the total revenue in FY24, and are projected to increase slightly to approximately 4.6% by CY30.
- Historically, major cost components for SUPL include employee cost, room cost and food and beverage costs.
- SUPL pays management fees to Schloss HMA Private Limited for using 'The Leela' brand and Management of the hotel operations. The structure of the fees is as follows:
    1. Base fee: 2.0% of total revenue
    2. Marketing fee: 1.5% of room revenue
    3. Incentive fee: 7% of gross operating profits
- SUPL's EBITDA margins have shown a recovery trend after the initial impact of COVID-19. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. By FY24, the EBITDA margin had reached 41.2%, slightly lower than 44.8% of FY23.
- SUPL is expected to achieve an EBITDA margin of approximately 39.6% in CY24 which is anticipated to increase and stabilise at ~42% from CY25 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 19% of total expenses, followed by room expenses at around 18%.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

- The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net block of fixed assets (NFA)	**3,001**	**2,938**	**2,900**	**2,987**	**4,734**
Goodwill	**283**	**221**	**159**	**96**	**159**
Current assets					
Inventories	24	22	22	23	22
Trade receivables	13	4	4	9	38
Inter corporate deposits	-	96	700	700	708
Cash and bank balances	89	625	637	688	637
Other current assets	62	183	191	132	116
	188	**930**	**1,553**	**1,551**	**1,521**
Current liabilities and provisions					
Trade payables	30	37	21	52	162
Provisions	6	4	2	2	6
Other current liabilities	40	88	121	94	211
	75	**128**	**145**	**148**	**379**
Net current assets (NCA)	**112**	**801**	**1,409**	**1,403**	**1,142**
Deferred tax asset	-	-	-	-	-
Loan funds					
Borrowings	2,872	3,593	4,227	4,180	3,980
	2,872	**3,593**	**4,227**	**4,180**	**3,980**
Deferred tax liability	-	-	-	-	393
Net worth	**524**	**367**	**240**	**306**	**1,661**
Represented by					
Equity	29	51	51	51	51
CCDs	211	31	(122)	(84)	1,244
Other equity	285	285	311	340	366
Total	**524**	**367**	**240**	**306**	**1,661**

Source: Management

Particulars	Mar-24
Working capital loans	**831**
Reported Loan funds	**3,149**
Total Loan funds	**3,980**
IndAS adjustments as informed by Management:	
Add: Transaction cost asset	11
Gross debt (excl CCDs interest) used for DCF valuation	**3,991**

Source: Management

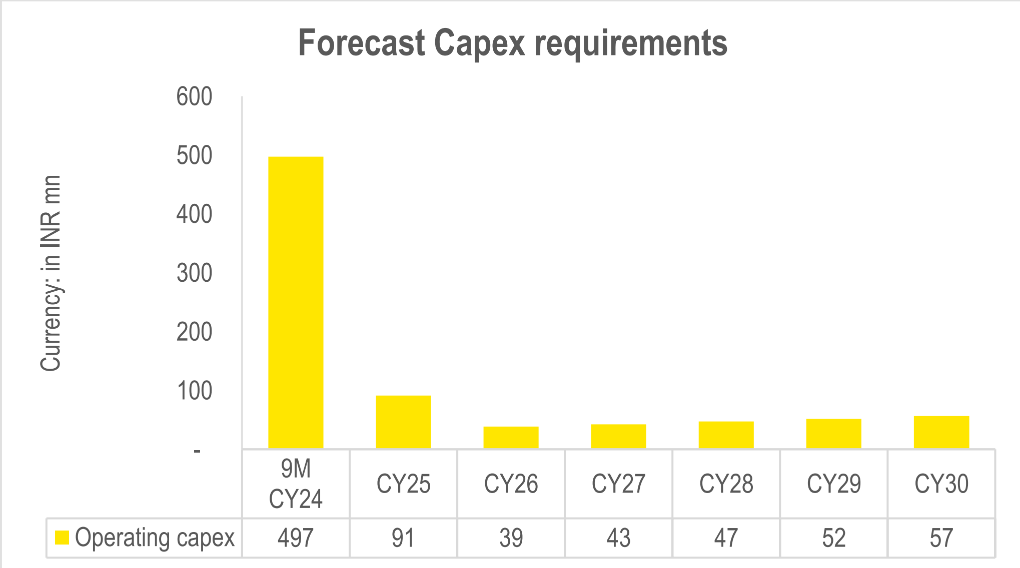
Note: The historical financials for SUPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, SUPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements include expenses for expansion of number of rooms from 82 to 88 by CY25, acquisition of a solar power plant of 1.5MW in Bikaner, which is expected to increase efficiencies in Heat Light and Power costs; and other operational expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:

1. Furniture, Fixtures, and Equipment (FF&E) expenses;
2. Renovations and upgrades;
3. Maintenance / Repair of Air Handling units, Chiller, cold room, smart room, pump replacement; and
4. Improvement of technical infrastructure.



	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Operating capex	497	91	39	43	47	52	57

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Current assets					
Inventories	24	22	22	23	22
Trade receivables	13	4	4	9	38
Other current assets	61	181	181	110	74
	98	**207**	**207**	**141**	**134**
Current liabilities and provisions					
Trade payables	30	37	21	52	162
Provisions	6	4	2	2	6
Other current liabilities	40	88	121	94	109
	75	**128**	**145**	**148**	**276**
Operating NCA	**22**	**78**	**62**	**(7)**	**(142)**
Revenue for the year	**347**	**350**	**645**	**900**	**953**
Operating NCA days of revenue	**24**	**82**	**35**	**(3)**	**(5)**

Source: Management

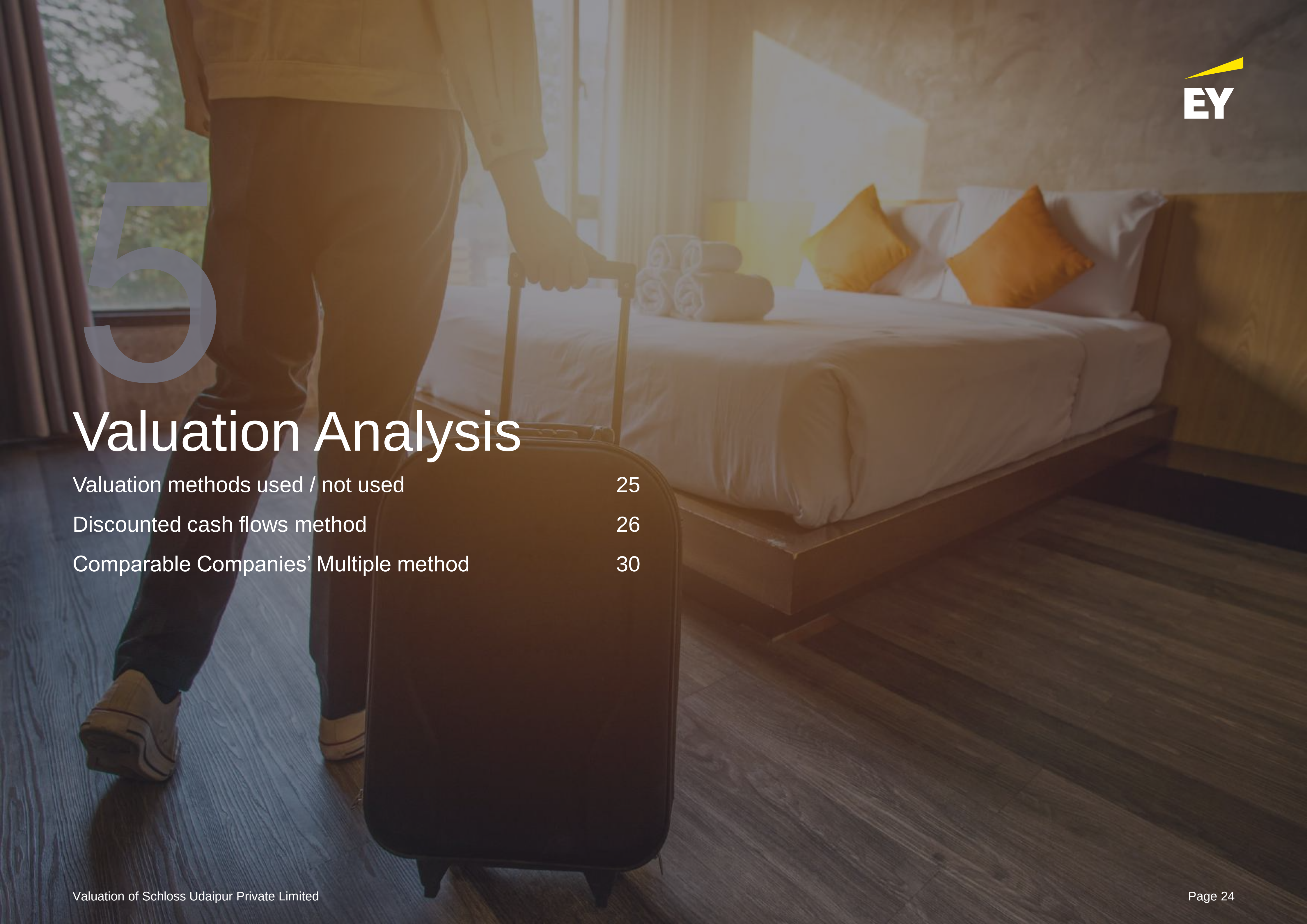
- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or “HMA”). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating negative working capital requirement of 18 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	953	1,011	1,140	1,205	1,258	1,333	1,383	1,440
Operating negative NCA days of revenue	(54)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Operating NCA	**(141)**	**(51)**	**(57)**	**(60)**	**(63)**	**(67)**	**(69)**	**(72)**
(Increase)/ Decrease in net operating working capital		**(92)**	**6**	**3**	**3**	**4**	**3**	**3**

Source: Management

Terms of CCDs

- The Management has informed that as at the Valuation Date, SUPL had issued 2,850,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 285 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Each CCD will be convertible into 1 equity share of face value of INR 10 each, unilaterally at the option of the CCD holder and/or the respective company
  - CCDs shall automatically stand converted into equity shares upon (a) commencement of corporate insolvency process or (b) conversion of loan into equity of the respective company
  - The tenure of CCDs is 15 years from the date of issue unless converted earlier. The date of issue of CCDs is 16 October 2019.
  - Subject to applicable law, the CCD Holder shall be entitled to interest on the principal amount of CCDs outstanding at a rate of 10.5% per annum till March 2029 and henceforth it would be 12.5% per annum, compounded on a yearly basis, until conversion of the CCDs. The interest shall be subject to deduction of Tax at source as required under the Income-Tax Act 1961 and the Rules made thereunder.
  - TDS, if any, be deducted each year and paid to the government
  - CCDs may be transferred to a person who is related party of the company
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs (principal outstanding) would be converted into ‘equity’ on or before the Proposed Transaction and the interest accrued on CCDs thereof will be repaid to the CCD holders
  - Accordingly, the CCDs are considered as ‘equity’ for the purpose of the valuation and interest on CCDs upto the Valuation Date is considered as ‘debt’ to arrive at the equity value of the Company.



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Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	50.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of the Company for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in the Company.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of Valuation Date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
K_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

7.0% + (1.21 × 7.0%) = 15.5%

Risk free rate | Beta | Market Risk Premium | Cost of Equity (Re)

W_{E}= 66.7%

Target Debt to Equity

W_{D}= 33.3%

12.5%

WACC (rounded)

Cost of Debt | 1 - Tax Rate | = | Post tax cost of debt (Rd)

9.0% × (1 - 25.17%) = 6.7%

$WACC = W_E * R_E + W_D * R_D$

W_E = Value of equity/value of total capital, E/E+D

W_D = Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3:66.7 is considered for the Company basis the Group’s capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that SUPL is a part of larger chain of hotels operating under the brand name “The Leela”. Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 30 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**(347)**	**396**	**404**	**414**	**438**	**449**	**460**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(332)**	**341**	**310**	**282**	**266**	**242**	**220**	
Terminal value									**11,750**

	Notes	
Present value factor for terminal year		0.45
Present value for explicit period		1,329
Present value of terminal period		5,306
Enterprise value		**6,636**
Advance tax (net of provision)		42
Adjusted enterprise value		**6,678**
Less: gross debt	1	(3,991)
Add: cash and cash equivalents		637
Add: ICD	2	708
Add: Advance for Surplus land	3	65
Value attributable to Equity and CCD holders		**4,097**
Less: accrued interest on CCDs	4	(86)
Value attributable to Equity (including CCDs)		**4,011**

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approach we have considered the gross debt (pre IndAS adjustments) as at the Valuation Date, as provided by the Management (Refer Page 20).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: As informed by the Management, the Company acquired 19,270 square feet of surplus land in December 2023. Since this is a surplus land as on the Valuation Date, its value has been added separately when determining the equity value.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that SUPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
  1. All companies are publicly traded
  2. Companies engaged in similar business operations and having multiple hotels
  3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
  4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: Mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
					Average	**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x (rounded).
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of SUPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

	Currency: ₹ mn	Mar24
	EV/ EBITDA multiple	24.6x
	Less: Discount	25%
	Multiple after discount (rounded)	18x
	EBITDA of Company	393
	Value	**7,068**
	Net deferred tax assets/ (Liabilities) at 50%	(197)
	Add: CWIP	53
	Enterprise value	**6,924**
1	Less: gross debt	(3,980)
	Add: cash and cash equivalents	637
2	Add: ICD	708
3	Add: Advance for Surplus land	65
	Value attributable to Equity and CCD holders	**4,355**
4	Less: accrued interest on CCDs	(86)
	Value attributable to Equity	**4,269**

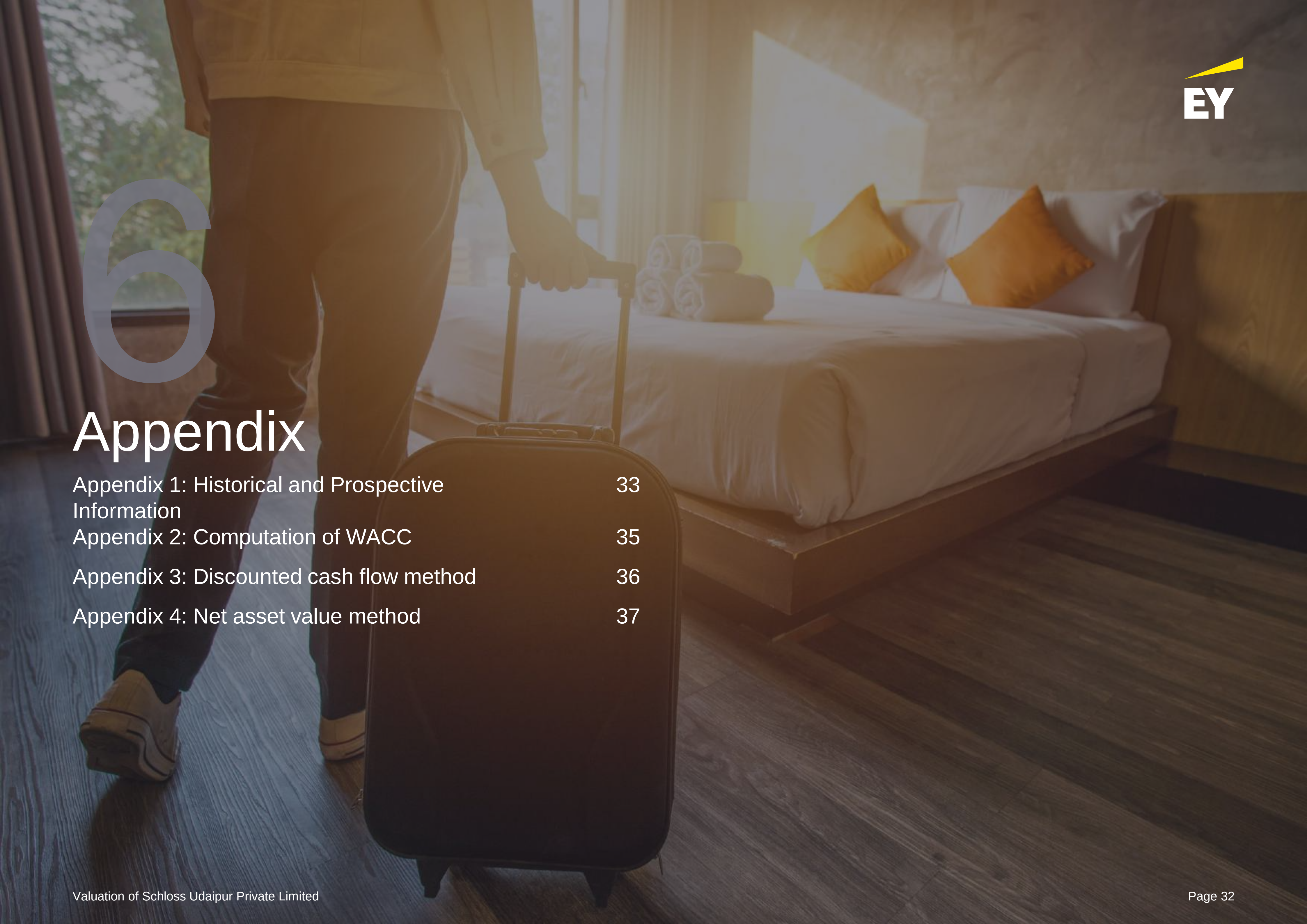
Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported gross debt as per the financials of the Company as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: As informed by the Management, the Company acquired 19,270 square feet of surplus land in December 2023. Since this is a surplus land as on the Valuation Date, its value has been added separately when determining the equity value.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management



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Appendix

Appendix 1: Historical and Prospective Information

- The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Revenue from operations					
Room Revenue	230	219	455	591	679
F&B	102	123	174	287	249
Others allied service	16	8	16	23	26
Net Revenue	**347**	**350**	**645**	**900**	**953**
F&B materials consumed	(18)	(28)	(38)	(51)	(50)
Employee benefit expenses	(54)	(99)	(116)	(139)	(162)
Management Fees	(23)	(17)	(45)	(62)	(64)
Business Promotion	(23)	(19)	(24)	(48)	(70)
Power and Fuel	(20)	(41)	(43)	(51)	(33)
Other expenses	(41)	(90)	(138)	(146)	(181)
Total expenses	(179)	(294)	(405)	(497)	(561)
Operating EBITDA	**168**	**56**	**240**	**403**	**393**
Depreciation and amortisation	(83)	(139)	(125)	(120)	(83)
EBIT	85	(83)	115	283	309
Finance costs	(133)	(260)	(354)	(382)	(388)
PBT	(48)	(343)	(239)	(99)	(79)
Other income	3	13	87	136	124
Tax	-	-	-	-	(18)
PAT	**(46)**	**(330)**	**(153)**	**37**	**27**
Revenue growth (%)	*na*	*0.6*	*84.3*	*39.7*	*5.9*
EBITDA margins (%)	*48.4*	*16.0*	*37.2*	*44.8*	*41.2*
EBIT margins (%)	*24.4*	*(23.7)*	*17.8*	*31.5*	*32.4*
PBT margins (%)	*(13.9)*	*(98.0)*	*(37.2)*	*(11.0)*	*(8.3)*
PAT margins (%)	*(13.2)*	*(94.3)*	*(23.7)*	*4.2*	*2.9*
Occupancy	*41.0%*	*33.0%*	*43.6%*	*49.0%*	*52.6%*
ARR (INR)	*28,300*	*22,696*	*35,681*	*41,344*	*44,052*
RevPar (INR)	*11,606*	*7,484.4*	*15,570*	*20,240*	*23,185*

Source: Management

Appendix 1: Historical and Prospective Information

▸ The historical and prospective profit and loss statement of the Company as provided by the Management are as follows:

Currency: ₹ mn	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	3	9	12	12	12	12	12	12
Net Revenue													
Room revenue	340	231	427	508	659	236	467	810	857	891	946	976	1,010
F&B revenue	160	116	182	253	246	91	161	274	290	306	322	340	360
MOD revenue	22	13	13	18	68	21	35	56	59	62	64	67	70
Other services	4	5	48	42	-								
Net Revenue	**527**	**365**	**669**	**822**	**973**	**348**	**663**	**1,140**	**1,205**	**1,258**	**1,333**	**1,383**	**1,440**
Room expenses	(54)	(37)	(69)	(71)	(88)	(31)	(75)	(114)	(121)	(127)	(135)	(140)	(146)
F&B expenses	(73)	(64)	(86)	(98)	(111)	(32)	(83)	(123)	(129)	(134)	(140)	(145)	(153)
MOD expenses	(19)	(13)	(16)	(18)	(22)	(5)	(17)	(23)	(25)	(26)	(27)	(29)	(30)
Admin and General expenses	(58)	(45)	(48)	(62)	(73)	(22)	(60)	(89)	(94)	(99)	(103)	(106)	(111)
Revenue and Marketing expenses	(43)	(32)	(31)	(50)	(79)	(22)	(71)	(100)	(105)	(110)	(115)	(119)	(123)
Heat, Light, Power	(49)	(38)	(44)	(48)	(31)	(8)	(18)	(24)	(25)	(26)	(27)	(27)	(28)
Repairs and Maintainance	(45)	(30)	(41)	(46)	(48)	(14)	(43)	(62)	(65)	(68)	(71)	(74)	(77)
Gross profit	**186**	**105**	**335**	**428**	**520**	**215**	**296**	**604**	**641**	**669**	**715**	**744**	**773**
Management Fees	(27)	(18)	(42)	(53)	(64)	(25)	(40)	(75)	(79)	(83)	(88)	(91)	(95)
Property tax and Insurance	(2)	(4)	(4)	(6)	(3)	(1)	(2)	(3)	(3)	(3)	(3)	(4)	(4)
Other fixed expenses	(1)	(7)	(8)	(12)	(10)	(3)	(12)	(16)	(17)	(18)	(19)	(20)	(21)
Total expenses	**(30)**	**(28)**	**(53)**	**(71)**	**(77)**	**(29)**	**(54)**	**(94)**	**(100)**	**(104)**	**(111)**	**(115)**	**(120)**
Operating EBITDA	**156**	**77**	**281**	**357**	**443**	**186**	**242**	**510**	**542**	**564**	**605**	**629**	**653**
Number of Keys	80	80	80	80	80	80	80	88	88	88	88	88	88
Revenue growth (%)	*na*	*(30.7)*	*83.3*	*22.8*	*18.4*	*na*	*na*	*12.7*	*5.8*	*4.4*	*5.9*	*3.8*	*4.1*
EBITDA margins (%)	*29.6*	*21.1*	*42.0*	*43.5*	*45.6*	*53.5*	*36.5*	*44.7*	*45.0*	*44.9*	*45.4*	*45.5*	*45.3*
Occupancy (%)	*42.4%*	*30.0%*	*47.1%*	*43.4%*	*51.7%*	*66%*	*52%*	*56%*	*57%*	*57%*	*58%*	*58%*	*58%*
ARR (INR)	*27,503*	*26,380*	*31,054*	*40,077*	*43,672*	*49,495*	*40,146*	*45,009*	*46,810*	*48,682*	*50,629*	*52,401*	*54,235*
ARR growth (%)	*na*	*-4.1%*	*17.7%*	*29.1%*	*9.0%*	*NA*	*NA*	*5.0%*	*4.0%*	*4.0%*	*4.0%*	*3.5%*	*3.5%*
RevPar (INR)	*11,651*	*7,901*	*14,620*	*17,407*	*22,557*	*32,464*	*20,716*	*25,205*	*26,682*	*27,749*	*29,365*	*30,393*	*31,457*
RevPar growth (%)	*na*	*-32.2%*	*85.0%*	*19.1%*	*29.6%*	*NA*	*NA*	*6.9%*	*5.9%*	*4.0%*	*5.8%*	*3.5%*	*3.5%*

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as per the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**663**	**1,140**	**1,205**	**1,258**	**1,333**	**1,383**	**1,440**	**1,440**
EBITDA		**242**	**510**	**542**	**564**	**605**	**629**	**653**	**653**
Depreciation and amortisation		(118)	(148)	(136)	(126)	(118)	(110)	(100)	
EBIT		**125**	**362**	**405**	**438**	**487**	**519**	**553**	
Tax expense		-	(29)	(102)	(110)	(123)	(131)	(139)	
Debt free net income		**125**	**333**	**303**	**328**	**364**	**388**	**414**	
Add: Depreciation and amortisation		118	148	136	126	118	110	100	
(Increase)/ Decrease in net working capital		(92)	6	3	3	4	3	3	
Less: Capital expenditure		(497)	(91)	(39)	(43)	(47)	(52)	(57)	
Debt free cash flow		**(347)**	**396**	**404**	**414**	**438**	**449**	**460**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(332)**	**341**	**310**	**282**	**266**	**242**	**220**	
Perpetuity multiple									18x
Terminal value									**11,750**

Present value factor for terminal year	0.45
Present value for explicit period	1,329
Present value of terminal period	5,306
Enterprise value	**6,636**
Advance tax (net of provision)	42
Adjusted Enterprise value	**6,678**
Less: gross debt	(3,991)
Add: cash and cash equivalents	637
Add: ICD	707
Add: Advance for Surplus land	65
Value attributable to Equity and CCD holders	**4,097**
Less: accrued interest on CCDs	(86)
Value attributable to Equity (including CCDs)	**4,011**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of SUPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	653	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**11,750**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**5,306**	**(C) * (D)**

Source: Calculation

► As informed by the Management, SUPL has b/f tax losses amounting to INR 370 mn as at the Valuation Date. The same has been factored in the aforesaid valuation workings

Appendix 4: Net asset value method

- The table below presents the Net asset value of SUPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			4,734
Goodwill			159
Current assets			
Inventories		22	
Trade receivables		38	
Inter corporate deposits		708	
Cash and bank balances		637	
Other current assets		116	
		1,521	
Current liabilities and provisions			
Trade payables		162	
Provisions		6	
Other current liabilities		211	
		379	
Net current assets (NCA)			1,142
Deferred tax assets		-	-
Loan funds			
Borrowings		3,980	
Other interest bearing financial liabilities		-	3,980
Deferred tax liability			393
Value attributable to Equity and CCD holders			**1,661**
Less: accrued interest on CCDs			(86)
Net equity value (including CCDs)			**1,575**

Source: Management

- The equity value (including CCDs) of the Company as at the Valuation Date as per NAV method is ₹ 1,575 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

EY | Assurance | Tax | Transactions | Advisory

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Building a better working world

Valuation of Tulsi Palace Resort Private Limited

Reliance Restricted

Reliance Restricted

Tulsi Palace Resort Private Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

17 July 2024

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Report on valuation of Tulsi Palace Resort Private Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Tulsi Palace Resort Private Limited ("TPRPL" or "Client" or "You"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with valuation of TRRPL (on post-merger with Moonburg Power Private Limited) as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Tulsi Palace Resort Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders (direct and indirect) of TPRPL are contemplating to transfer their respective stakes to Schloss Chanakya Private Limited ("Proposed Transaction"). In this regard, valuation of existing shareholder's stake in TPRPL (on post-merger basis) is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 17 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/064

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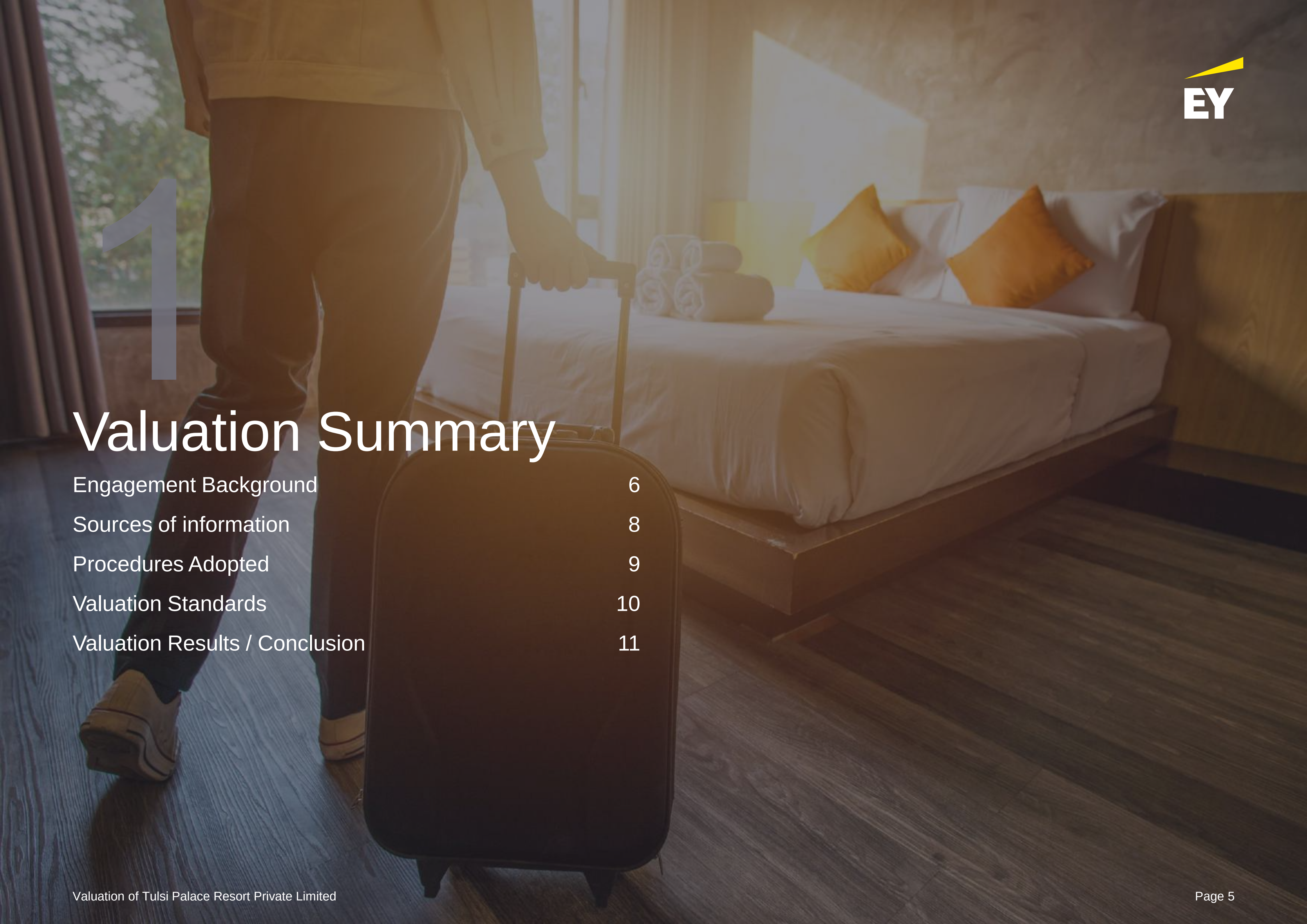

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Valuation Summary

Engagement Background

Engagement Background

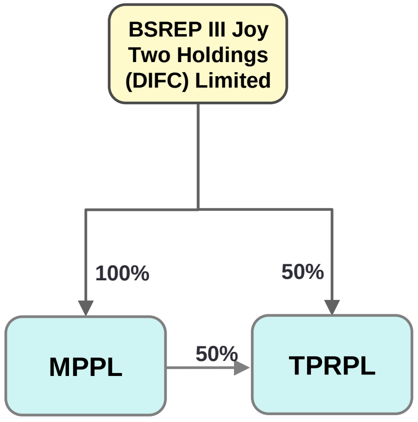
- Tulsi Palace Resort Private Limited is a private limited company incorporated in India. Earlier, it operated as 'JW Marriott' by Marriott Hotels India Private Limited.
- In 2020, TPRPL and Marriott mutually agreed to terminate the agreement and the company entered into an operation and management service agreement with Schloss HMA Private Limited to operate the hotel under "The Leela" brand.
- In May 2021, BSREP III Joy Two Holdings (DIFC) Limited ("Joy Two") acquired 50% stake in TPRPL, in May 2023, the remaining 50% stake of TPRPL was acquired by Moonburg Power Private Limited ("MPPL" or "Moonburg"), a 100% subsidiary of Joy Two.
- Shareholding pattern of TPRPL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
BSREP III Joy Two Holdings (DIFC) Ltd.	12,575,000	50.0%
Moonburg Power Pvt. Ltd.	12,575,000	50.0%
Total	**25,150,000**	**100.0**

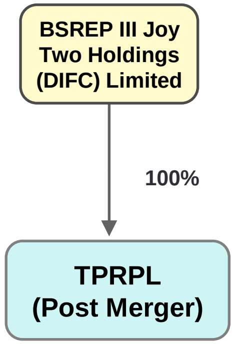
Source: Management

- We understand from the Management that there is a proposed reverse merger of MPPL into TPRPL. The merger application (first motion application) was filed with NCLT, Mumbai on 12 February 2024. As at the Valuation Date, the merger application was heard by the NCLT, Mumbai and an order was passed on 17 April 2024, wherein the meeting of shareholders and creditors was dispensed. Currently, the second motion petition has been filed and the final hearing of merger is scheduled for 18 July 2024

Current Shareholding Structure



Post Merger Shareholding Structure



Engagement Background

Purpose and Scope of valuation

- We understand that existing shareholders of TPRPL are contemplating to transfer their respective stake to Schloss Chanakya Private Limited ("Proposed Transaction"). In this regard, valuation of existing shareholder's stake in TPRPL (on post-merger basis) is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of TPRPL in compliance with FEMA and Indian Income Tax regulations.
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of TPRPL and MPPL for FY22 and FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of TPRPL and MPPL for year ended 31 March 2024.
  - Financial projections of TPRPL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc, and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Key KPIs of TPRPL for the period of FY22 to FY24 and for the forecasted period
  - Management MIS of TPRPL for the period CY19 to CY23 and 3 months period ending 31 March 2024
  - Key terms of Management contract of TPRPL
  - Key terms of the CCDs of MPPL
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding of the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the hotel operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions under the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- The Management has informed that reverse merger between of MPPL into TPRPL is in its advanced stages as at the Valuation Date and accordingly the valuation of the existing shareholder's effective stake in TPRPL (on post-merger basis) is considered for the valuation. It is important to emphasize that the valuations presented herein are contingent upon the successful completion of the merger. In the event the merger does not materialize, the values do not hold true, and the Report becomes infructuous.
- We have used the Discounted Cash Flows ("DCF") method, Comparable Companies' Quoted Multiples ("CCM") and Price of Recent Transaction ("PORT") method for the purpose of estimating the standalone value of TPRPL, these three approaches are internationally accepted pricing methodologies.
- Net Asset Value (NAV), an internationally accepted pricing methodology has been used to value MPPL (on standalone basis), as it is a holding company (holding shares of TPRPL).
- In order to arrive at the value of TPRPL (on post-merger basis), we have added the standalone valuation of TPRPL and MPPL (excluding MPPL's investment in TPRPL and factoring the swap ratio as informed by the Management) to value the current shareholders' respective existing stakes, as detailed below.
- The value of the shareholder's existing stake in TPRPL (on post-merger basis) as at 31 March 2024 is presented below:

Particulars	Units	Value	Notes
No of equity shares of Joy Two in TPRPL as at 31 March 2024	#	12,575,000	A
Notional value per equity share* of TPRPL (on post-merger basis)	INR	515.5	B
Value of Joy Two's existing equity stake in TPRPL (on post-merger basis)	**INR mn**	**6,483**	**C = A*B**

Source: Calculation

*** Refer next page for the determination of per share price on post-merger basis**

Particulars	Units	Value	Notes
No of equity shares of Moonburg as at 31 March 2024	#	10,000	A
Swap ratio for reverse merger into TPRPL (as informed by the Management) (Note 1)		36 : 1	B
No of shares to be issued to equity shareholders of Moonburg on reverse merger (basis the above swap ratio)	#	278.0	C = A / B
Notional value per equity share* of TPRPL (on post-merger basis)	INR	515.5	D
Value of Moonburg's existing equity stake in TPRPL (on post-merger basis)	**INR**	**143,317**	**E = C*D**
Value of CCDs of Moonburg as at 31 March 2024	**INR mn**	**500**	

Source: Calculation

Note 1 – The swap ratio is based on the approved reverse merger scheme as informed by the Management

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, Joy Two's existing equity stake in TPRPL (on post-merger basis) is estimated at **INR 6,483 million** as at 31 March 2024
- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, MPPL's existing equity stake in TPRPL (on post-merger basis) is estimated at **INR 143,317** and the value of MPPL's CCDs is estimated at **INR 500 million** as at 31 March 2024. Refer page 36 for valuation of the CCDs.

Valuation Results / Conclusion

Valuation Summary

- The equity value of TPRPL (on post-merger basis) as at 31 March 2024 is presented below:

Currency: ₹ mn	*Notes*	*Weights*	**Value**
Tulsi Palace Resort Private Limited			
Equity value			
Price of Recent Transaction		*25.0*	9,879
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*25.0*	14,200
Discounted cash flows method		*50.0*	11,228
Net equity value of TPRPL (standalone)	**A**	**100.0**	**11,634**
Moonburg Power Private Limited			
Equity value			
Net asset value (excluding Moonburg's investments in TPRPL)		100.0	(5,151)
Net equity value of Moonburg (standalone)	**B**	**100.0**	**(5,151)**
Value attributable to equity	**C= A + B**		**6,483**
Number of equity shares of TPRPL (on post-merger basis)(in million)*	**D**		12.58
Value per equity share of TPRPL (on post-merger basis) (₹ / share)	**E = C / D**		**515.5**

Source: Calculation

***Table: Computation of number of equity shares of TPRPL (on post-merger basis)**

Particulars	**Value**
No. of equity shares of TPRPL as at 31 March 2024 (A)	25,150,000
Less: No. of shares to be cancelled on proposed reverse merger (B)	(12,575,000)
Add: Additional number of shares to be issued (C)	278
Number of equity shares (on post-merger basis) (A-B+C)	**12,575,278**
Number of equity shares (on post-merger basis) (in million)	**12.58**

Particulars	**Value**
No of equity shares of Moonburg as at 31 March 2024 (A)	10,000
Swap ratio as informed by the Management (B)	36
No of shares to be issued to equity shareholders of Moonburg on reverse merger with Tulsi (A/B)	**278**

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Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company's economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

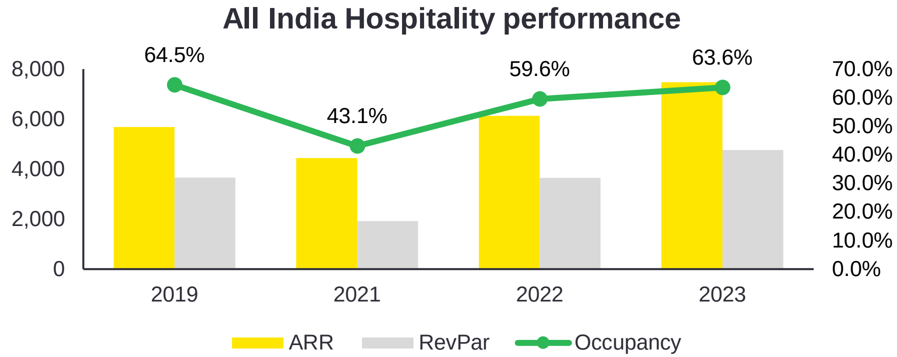
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility to only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser’s perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

3

Industry Analysis

Industry overview

- The Hotel industry predominantly is segmented by hotel positioning (i.e. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e. leisure, corporate travel, weddings etc).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:

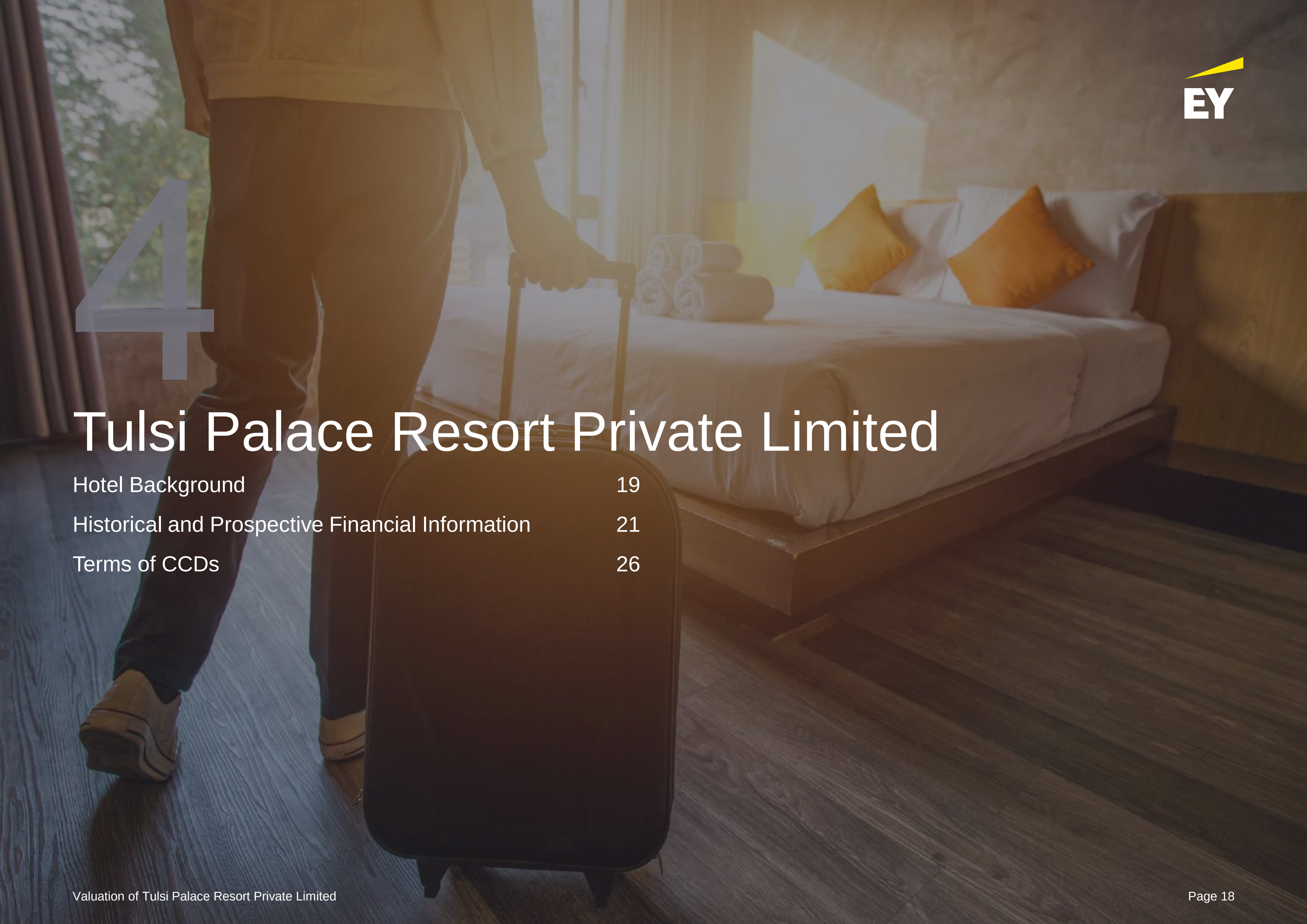


Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and Upper Upscale segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory

- Jaipur micro-market witnessed a city-wide occupancy of ~63.4% in 2023, which is mainly driven by luxury and upper-upscale segment hotels. In 2023, luxury and upper upscale segment recorded an ARR of INR 13,200 but it was led by only a handful of luxury hotels.
- Besides this, ARR of upper-midscale segment and middle-economy segment was INR 5,200 and INR 2,800 respectively.

Source: Horwath HTL – India Hotel Market Review 2023, Juniper Hotels Limited (DRHP)



4

Tulsi Palace Resort Private Limited

Hotel Background

The Leela Palace Jaipur

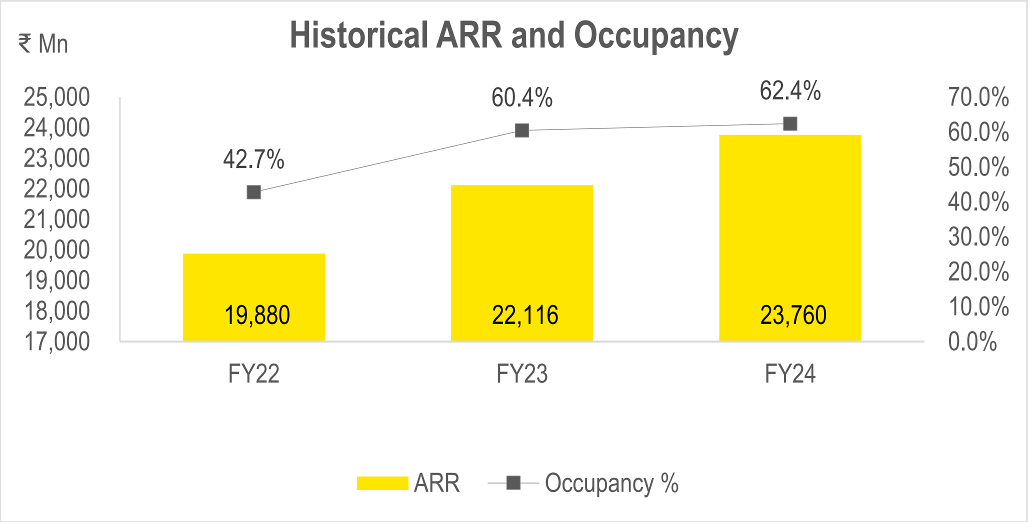
- The Leela Palace Jaipur (the "Hotel") is located on Jaipur-Delhi Highway and is an elegant reflection of modern palatial grandeur. It blends the splendor of Rajputana and Mughal architecture with pristine white exteriors embellished with ornate jaalis and silver-lined chhatris. Nearest attractions include Chamunda Temple, Nahargarh Biological Park and Amer Fort.
- Key features of the Hotel include:
  - Accommodation – 200 Keys; including 74 Palace rooms, 16 Palace suits, 22 Grand villas, 22 Grand villas with terrace, 23 Royal villas with courtyard,41 Royal villas with plunge pools, 1 Royal suite and 1 Maharaja suite.
  - Dining – Sukh Mahal, an All-day dining restaurant; Mohan Mahal, Indian speciality restaurant; Preet Mahal, Italian Trattoria serving traditional comfort food; Jharokha Bar; Unique dining experiences – Poolside, Hawa Mahal and in villa.
  - Conference & Banquet Facilities – Vikram Aditya Grand Ballroom with a pre-function area; Jaigarh Meeting Room; Sundarban Lawns; Hawa Mahal; Kanishka Bagh and Studio.
- For the year ended 31 March 2024, TPRPL reported revenue from operations of INR 1,810 Mn and Operating EBITDA of INR 786 Mn.

Source: Company Website

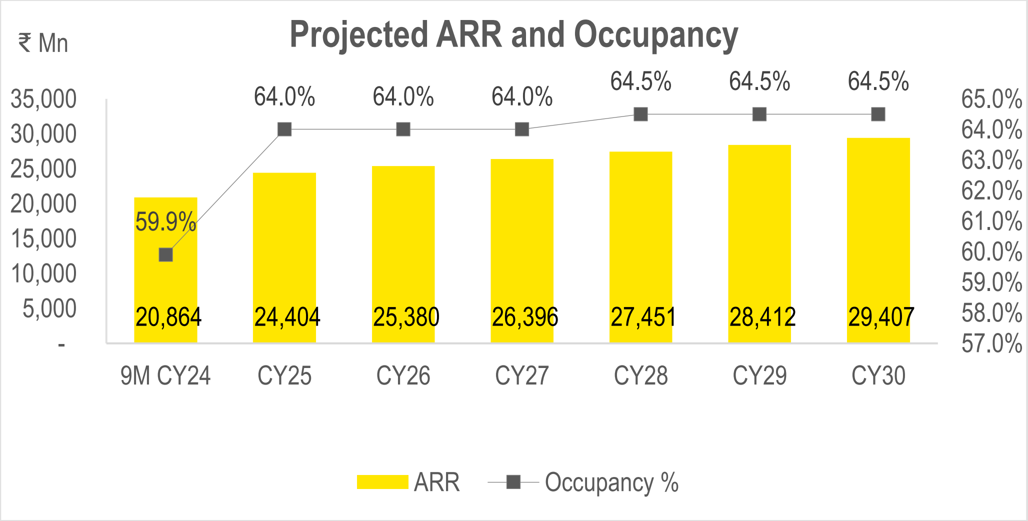
Historical and Prospective Financial Information

Key Metrics (Occupancies and ARRs):

- TPRPL primarily caters to leisure travel segment and destination weddings. Historically, TPRPL has achieved an occupancy of 42.7% in FY22, showing a significant growth to 60.4% in FY23. Occupancy remained relatively stable at 62.0% in FY24.
- TPRPL has achieved an ARR of INR 19,800 in FY22, with a notable increase to INR 22,116 in FY23. By FY24, ARR has increased to around INR 23,760.
- TPRPL's Management projects continued growth in occupancy and ARR. TPRPL is expected to achieve an occupancy rate of approximately 64.0% in CY25, driven by the ongoing surge in demand of destination weddings. The occupancy rate is expected to stabilize at around 64.5% from CY28 onwards.
- The growth in the projected period is supported by the current ARRs and inflationary price adjustments. Further, the ARR is expected to grow at around 4.0% in CY25, before stabilizing at a growth rate of approximately 3.5% from CY29 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings



Source: Management



Source: Management

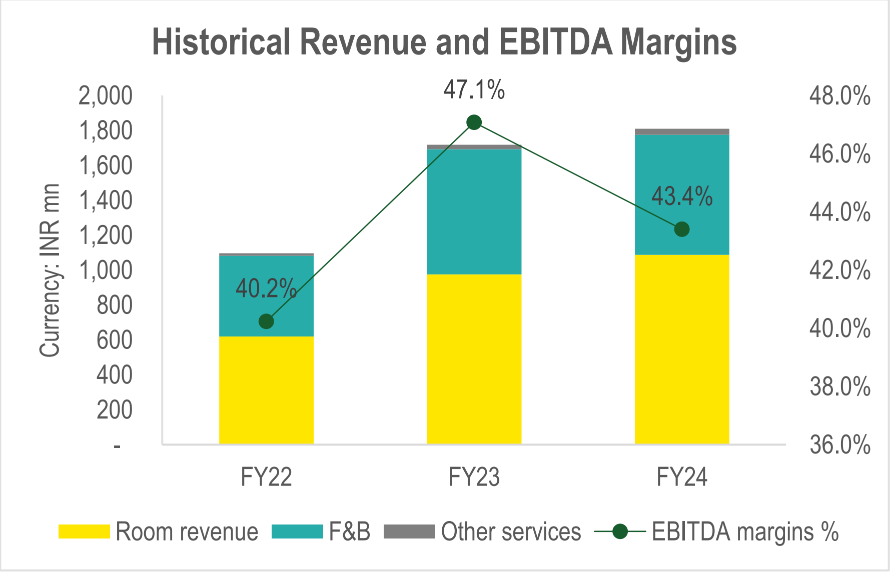
The detailed historical and prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

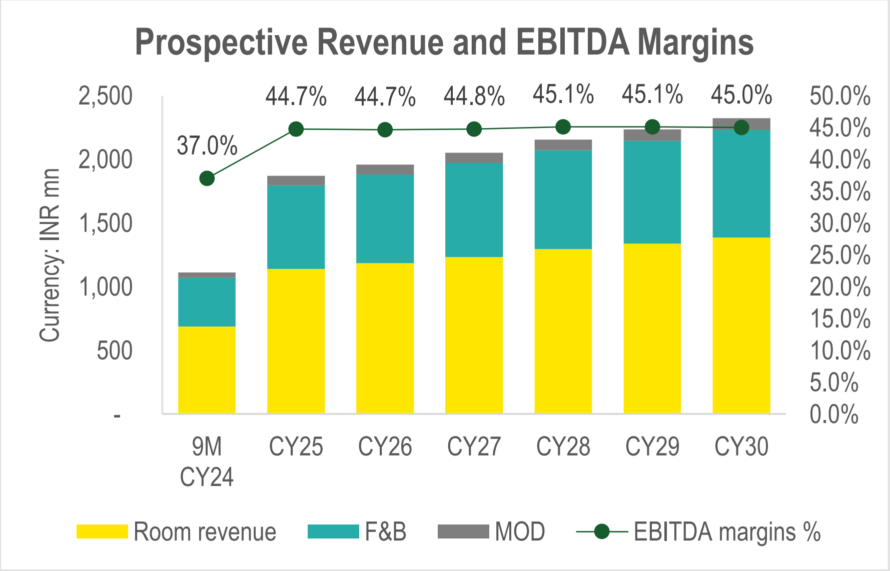
Revenue and EBITDA:

- In FY24, Room revenue has contributed to ~ 60% of total revenue making it the largest revenue segment. Room revenue is expected to contribute around ~61.8% of total revenues in CY24. By CY30, room revenue is expected to contribute ~59.6% of total revenues.
- Food and beverages were the second-largest contributor, accounting for ~38.0% of total revenues. Food and beverages is anticipated to contribute 34.3% of total revenues in CY24, increasing to approximately 36.4% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 2.0% of the total revenue in FY24, and are projected to increase slightly to approximately 4.0% by CY30.
- Historically, major cost components for TPRPL include employee cost, room cost and food and beverage costs.
- TPRPL pays management fees to Schloss HMA Private Limited for using 'The Leela' brand and Management of the hotel operations. The structure of the fees is as follows:
  - Base fee: 2.0% of total revenue
  - Marketing fee: 1.5% of room revenue
  - Incentive fee: 7% of gross operating profits
- TPRPL's EBITDA margins have shown significant growth. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. By FY24, the EBITDA margin had reached 43.4%, slightly lower than 47.1% of FY23.
- TPRPL is expected to achieve an EBITDA margin of approximately 37.0% in CY24 which is anticipated to increase and stabilise at ~45% from CY25 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 30% of total expenses, followed by room expenses at around 20%.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

- The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Number of months	12	12	12
Net block of fixed assets (NFA)	**1,226**	**1,152**	**6,361**
Right of use assets	**-**	**-**	**0.3**
Current assets			
Inventories	30	20	29
Trade receivables	5	15	80
Cash and bank balances	297	532	1,211
Other current assets	190	102	145
	522	669	1,464
Current liabilities and provisions			
Trade payables	98	137	177
Provisions	39	6	6
Other current liabilities	532	440	511
	670	583	694
Net current assets (NCA)	**(148)**	**86**	**770**
Deferred tax asset	-	-	-
Lease Liability			0.1
Loan funds	-	-	
Borrowings	617	450	
Non-convertible bonds			478
	617	450	478
Deferred tax liability	19	18	1,359
Net worth	**443**	**770**	**5,293**
Represented by			
Equity	252	252	252
Other equity	191	519	5,042
Total	**443**	**770**	**5,293**

Source: Management

Particulars	Mar-24
Reported NCBs	**478**
IndAS adjustments as informed by Management:	
Less: Differential interest	(1.6)
Add: Processing charges	3.8
Gross debt (excl CCDs interest) used for DCF valuation	**480**

Source: Management

Note: The historical balance sheet for TPRPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, TPRPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical Financial Information - Moonburg

- The historical balance sheet of MPPL as provided by the Management are as follows:

Currency: ₹ mn	Notes	31-Mar-23	31-Mar-24
Audited/unaudited/forecast		Audited	Audited
Number of months		12	12
Investments		-	4,730
Current assets			
Trade receivables			0.7
Cash and bank balances		0.1	4.5
Other current assets		0.1	7.2
		0.2	12.3
Current liabilities and provisions			
Trade payables			0.9
Other current liabilities		0.4	39.5
		0.4	40.4
Net current assets (NCA)		**(0.2)**	**(28.1)**
Deferred tax asset			-
Loan funds		-	-
Listed NCBs			4,241
CCDs			500
Interest accrued on NCBs			381
		-	**5,123**
Net worth		**(0.2)**	**(421)**
Represented by			
Equity		0.1	0.1
Other equity		(0.3)	(421)
Total		**(0.2)**	**(421)**

Source: Management

Represents the book value of investment in TPRPL

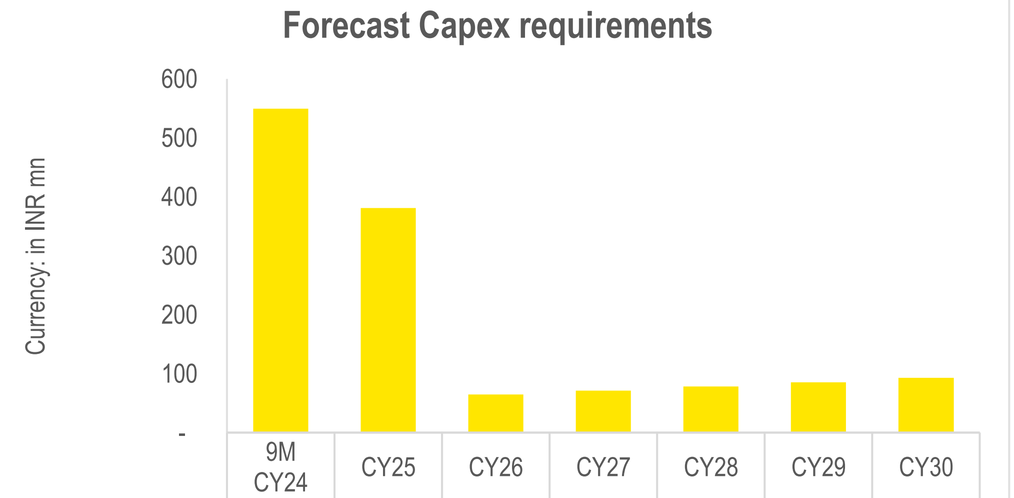
Note: The historical balance sheet for TPRPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, TPRPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements include expenses for a solar power plant of 1.5MW in Bikaner, which is expected to increase efficiencies in Heat Light and Power costs, project improvement plans and other operational expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:

1. Furniture, Fixtures, and Equipment (FF&E) expenses;
2. Renovations and upgrades;
3. Maintenance / Repair of Air Handling units, Chiller, cold room, smart room, pump replacement; and
4. Improvement of technical infrastructure.



	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Operating capex	550	381	65	71	79	86	93

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Current assets			
Inventories	30	20	29
Trade receivables	5	15	80
Other current assets	190	91	128
	225	**125**	**236**
Current liabilities and provisions			
Trade payables	98	137	177
Provisions	39	6	6
Other current liabilities	282	190	288
	420	**333**	**472**
Operating NCA	**(195)**	**(207)**	**(235)**
Revenue for the year	**1,096**	**1,719**	**1,810**
Operating negative NCA days of revenue	**(65)**	**(44)**	**(47)**

Source: Management

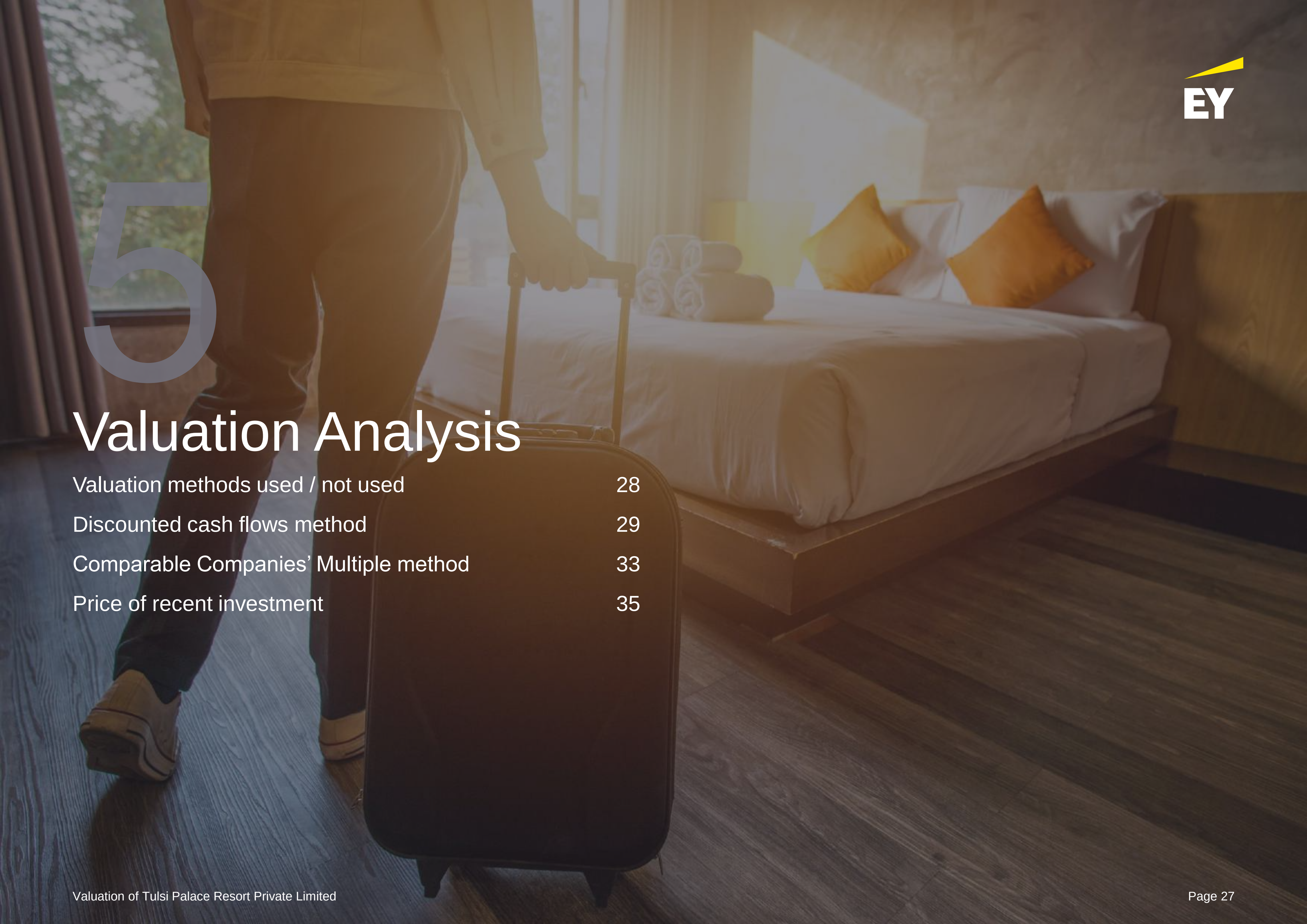
- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or "HMA"). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating negative working capital requirement of 37 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	1,810	1,785	1,871	1,960	2,053	2,156	2,234	2,322
Operating negative NCA days of revenue	(47)	(37)	(37)	(37)	(37)	(37)	(37)	(37)
Operating NCA	**(235)**	**(179)**	**(187)**	**(196)**	**(205)**	**(216)**	**(223)**	**(232)**
(Increase)/ Decrease in net operating working capital		**(57)**	**9**	**9**	**9**	**10**	**8**	**9**

Source: Management

Terms of CCDs

- The Management has informed that as at the Valuation Date, MPPL had issued 5,000,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 500 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Voluntary Conversion: At any time prior to the mandatory Conversion Date, the CCD holder shall have the right, exercisable by notice in writing to Moonburg, to convert the CCDs into such number of equity shares of Moonburg of face value of INR 10 each as determined by the Conversion Formula.
  - Mandatory Conversion: provided that the CCDs shall automatically stand converted into the number of converted equity shares as determined by the Conversion Formula upon commencement of the corporate insolvency resolution process of the Company
  - Conversion Formula: Number of converted equity shares issued upon conversion of 1 CCD = Face Value of a CCD divided by the Conversion Price.
    - Where 'Conversion Price' shall mean the higher of, (a) the fair market value per converted equity share at the time of issuance of the CCDs; and (b) the fair market value per converted equity share at the time of conversion of the CCDs, as determined by a valuer appointed by the Moonburg for this purpose.
  - The tenure of CCDs is 10 years from the date of issue unless converted earlier.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date.
  - Interest free period - Interest on the principal amount of CCDs outstanding shall neither accrue nor be payable till 31 March 2025.
  - TDS, if any, be deducted each year and paid to the government
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs of Moonburg would be transferred to TPRPL 'at par' on the reverse merger and the CCDs are not entitled to any equity swap. Accordingly, TPRPL will be the issuer of the CCDs post completion of the reverse merger.



5

Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	25.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of the Company for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent transaction method	Yes	25.0%	► Moonburg Power Private Limited had acquired 50% stake of TPRPL in May 2023 from independent third party on arm's length basis. We have used the impliedEV / EBITDA multiple for this transaction (Enterprise Value to EBITDA) on FY24 EBITDA of the Company for the valuation analysis
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of valuation date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E = Value of equity/value of total capital, E/E+D

K_E = Cost of equity

W_D = Value of interest-bearing debt/value of total capital, D/E+D

R_D = After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

Risk free rate 7.0% + (**Beta** 1.21 × **Market Risk Premium** 7.0%) = **Cost of Equity (Re)** 15.5%

Cost of Debt 9.0% × (**1 - Tax Rate** 1 - 25.17%) = **Post tax cost of debt(Rd)** 6.7%

Target Debt to Equity

W_{E}= 66.7%

W_{D}= 33.3%

WACC (rounded) 12.5%

$WACC = W_E * R_E + W_D * R_D$

W_E	=	Value of equity/value of total capital, E/E+D
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3 : 66.7 is considered for the Company basis the Group's capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that TPRPL is a part of larger chain of hotels operating under the brand name "The Leela". Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 33 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**(284)**	**272**	**615**	**640**	**672**	**688**	**708**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(271)**	**235**	**472**	**437**	**408**	**371**	**339**	
Terminal value									**18,802**

Present value factor for terminal year	0.45
Present value for explicit period	1,990
Present value of terminal period	8,490
Enterprise value	**10,480**
Advance tax (net of provision)	16.9
Adjusted enterprise value	**10,497**
1 Less: NCBs	(480)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**11,228**

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approachwe have considered the gross debt (pre IndAS adjustments) as at the Valuation Date, as provided by the Management (Refer Page 22).

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that TPRPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
Average						**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of TPRPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

Currency: ₹ mn	**Value**
EV/ EBITDA multiple	24.6x
Less: Discount	25%
Multiple after discount (rounded)	18x
EBITDA of Company for year ended 31 Mar 2024	786
Value	**14,141**
Net deferred tax assets/ (Liabilities) at 50%	(680)
Add: CWIP	5.7
Enterprise value	**13,467**
1 Less: gross debt (NCBs)	(478)
Less: lease liabilities	(0.1)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**14,200**

Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported gross debt as per the financials of the Company as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Price of recent transaction

Price of recent investment (PORI)

- Moonburg Power Private Limited acquired 50% equity stake of TPRPL in May 2023. Basis discussions with the Management, we understand that the implied EV / EBITDA multiple for the transaction was 12.5x.
- Accordingly, we have applied an EV/EBITDA multiple of 12.5x on the EBITDA of TPRPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the PORI:

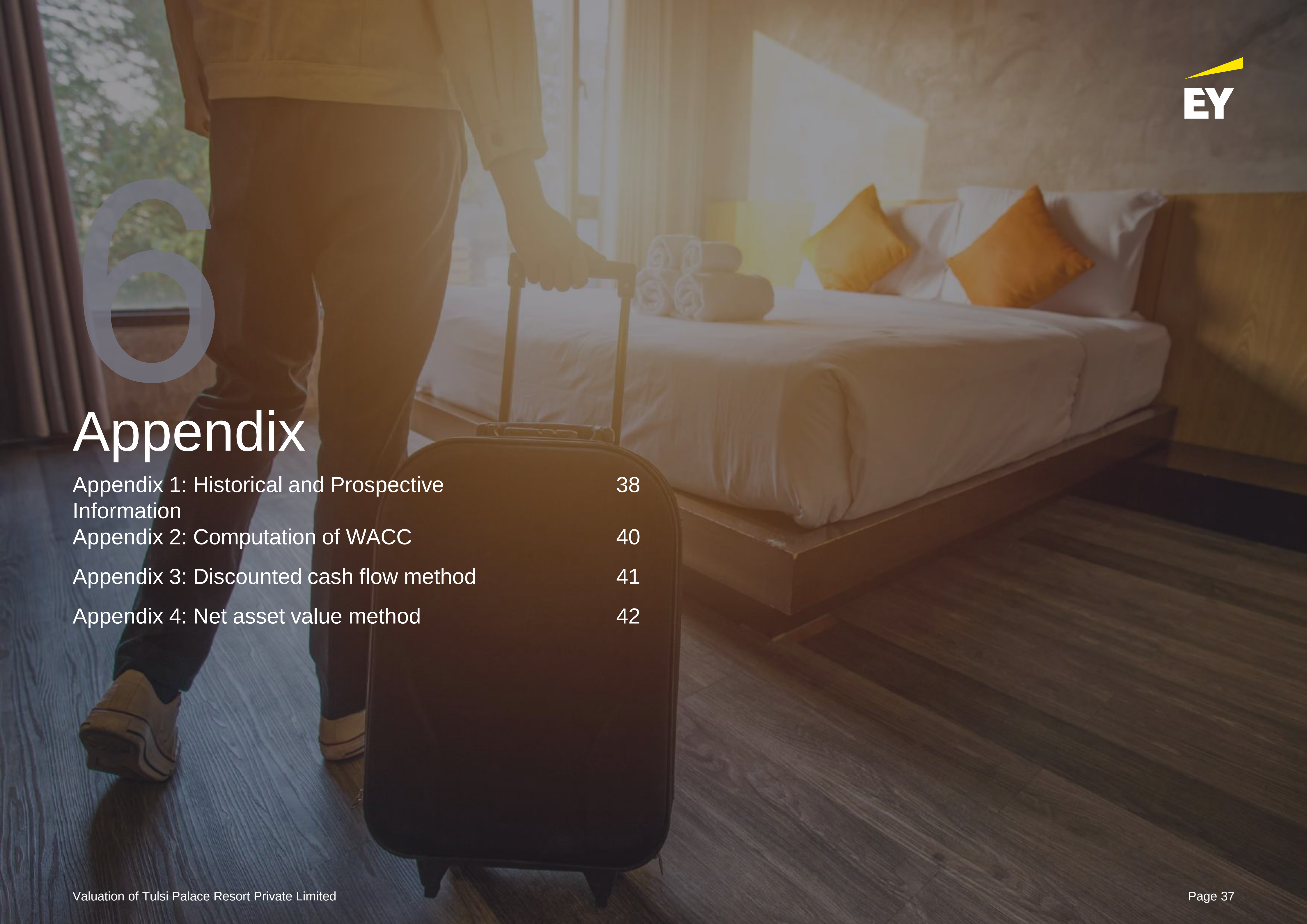
Currency: ₹ mn	Value
EV/ EBITDA multiple	12.5x
EBITDA of Company for year ended 31 Mar 2024	786
Value	**9,820**
Net deferred tax assets/ (Liabilities) at 50%	5.7
Add: CWIP	(680)
Enterprise value	**9,146**
1 Less: gross debt (NCBs)	(478)
Less: lease liabilities	(0.1)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**9,879**

Source: Calculation

Note 1: For computation of the equity value as per Price of recent transaction method, we have considered the reported gross debt as per the financials of the Company as at the Valuation Date

Valuation of CCDs - Moonburg

- As per the proposed terms of CCDs as detailed in page 26, the CCDs shall be entitled to an interest coupon @ 10.5% (compounded yearly) and equity return upon its conversion. The CCDs conversion into equity would be based on the fair value of the equity on the date of the conversion.
- Moonburg external borrowings are also at 10.5% as at the Valuation Date. The Management has confirmed that coupon rate of 10.5% on CCDs is at arm's length as per the Indian transfer pricing regulations.
- The CCDs of Moonburg would be transferred 'at par' to TPRPL on the reverse merger and these CCDs are also not entitled to any equity swap. Accordingly, TPRPL will be the issuer of the CCDs post completion of the reverse merger
- Accordingly, the fair value of the CCDs is equal to its par value i.e 500 mn as at 31 March 2024.



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Appendix

Appendix 1: Historical and Prospective Information

- The historical profit and loss statement of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Number of months	12	12	12
Net revenue			
Room revenue	620	975	1,087
Food and Beverage	463	718	687
Other services	13	26	36
Net revenue	**1,096**	**1,719**	**1,810**
Consumption of food and beverages	(93)	(141)	(126)
Employee benefit expenses	(164)	(214)	(264)
Power and Fuel	(56)	(75)	(76)
Consumption of stores and operating supplies	(46)	(71)	(62)
Management fees	(70)	(116)	(118)
Other operating expenses	(226)	(293)	(378)
Total expenses	(655)	(910)	(1,024)
Operating EBITDA	**441**	**809**	**786**
Depreciation and amortisation	(117)	(99)	(335)
EBIT	**324**	**710**	**450**
Finance costs	(85)	(43)	(51)
PBT	**240**	**667**	**399**
Other income	53	98	127
Non operating expenses	-	-	-
Tax	(43)	(194)	(137)
PAT	**250**	**571**	**389**
Sales growth (%)	*na*	*56.8*	*5.3*
EBITDA margins (%)	*40.2*	*47.1*	*43.4*
EBIT margins (%)	*29.6*	*41.3*	*24.9*
PBT margins (%)	*21.9*	*38.8*	*22.0*
PAT margins (%)	*22.8*	*33.2*	*21.5*
Occupancy (%)	*42.7%*	*60.4%*	*62.4%*
ARR (INR)	*19,880*	*22,116*	*23,760*
RevPar (INR)	*8,492*	*13,361*	*14,826*

Source: Management

Appendix 1: Historical and Prospective Information

► The historical and prospective profit and loss statement of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Dec-21	31-Dec-22	31-Dec-23	31-Mar-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	3	9	12	12	12	12	12	12
Net revenue											
Room revenue	459	855	1,025	406	687	1,140	1,186	1,233	1,296	1,338	1,385
F&B revenue	363	648	706	234	381	656	696	737	774	808	845
MOD revenue	8	20	73	32	44	75	78	82	85	89	92
Other services	3	19	-	-	-	-	-	-	-	-	-
Net revenue	**834**	**1,543**	**1,804**	**673**	**1,112**	**1,871**	**1,960**	**2,053**	**2,156**	**2,234**	**2,322**
Departmental expenses											
Room expenses	(78)	(129)	(166)	(52)	(120)	(180)	(189)	(197)	(206)	(213)	(221)
F&B expenses	(158)	(266)	(284)	(84)	(181)	(276)	(288)	(298)	(309)	(320)	(335)
MOD expenses	(5)	(12)	(16)	(5)	(26)	(34)	(37)	(39)	(42)	(44)	(46)
Other expenses	-	(0.2)	-	-	-	-	-	-	-	-	-
Admin and General expenses	(63)	(87)	(107)	(32)	(84)	(123)	(130)	(137)	(142)	(147)	(153)
Sales and Marketing expenses	(31)	(52)	(122)	(30)	(90)	(128)	(135)	(142)	(148)	(153)	(159)
Heat, Light, Power	(46)	(71)	(69)	(16)	(55)	(65)	(67)	(70)	(73)	(76)	(79)
Repairs and Maintainance	(48)	(80)	(94)	(21)	(61)	(86)	(91)	(96)	(100)	(105)	(110)
Gross profit	**404**	**845**	**946**	**432**	**494**	**979**	**1,023**	**1,074**	**1,135**	**1,176**	**1,219**
Management Fees	(50)	(100)	(114)	(48)	(65)	(119)	(125)	(131)	(138)	(143)	(148)
Property tax and Insurance	(2)	(2)	(4)	(1)	(4)	(5)	(5)	(5)	(6)	(6)	(6)
Other fixed expenses	-	(3)	(45)	(3)	(14)	(17)	(18)	(19)	(20)	(20)	(21)
Operating EBITDA	**147**	**370**	**602**	**380**	**412**	**837**	**875**	**919**	**972**	**1,007**	**1,045**
No of rooms	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
Revenue growth (%)	na	85.1%	17.0%	na	na	4.8%	4.7%	4.7%	5.0%	3.6%	3.9%
EBITDA margins (%)	17.6%	24.0%	33.4%	56.4%	37.0%	44.3%	44.7%	44.7%	44.8%	45.1%	45.1%
Occupancy (%)	37.3%	56.3%	62.0%	75.1%	59.9%	64.0%	64.0%	64.0%	64.5%	64.5%	64.5%
ARR (INR)	18,430	20,793	22,646	29,737	20,864	24,404	25,380	26,396	27,451	28,412	29,407
ARR growth	na	12.8%	8.9%	0.0%	na	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%
RevPar *(INR)*	6,878	11,715	14,047	22,334	12,497	15,619	16,243	16,893	17,706	18,326	18,967
RevPar growth	na	70.3%	19.9%	0.0%	na	4.5%	4.0%	4.0%	4.8%	3.5%	3.5%

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as represented the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**1,112**	**1,871**	**1,960**	**2,053**	**2,156**	**2,234**	**2,322**	**2,322**
EBITDA		**412**	**837**	**875**	**919**	**972**	**1,007**	**1,045**	**1,045**
Depreciation and amortisation		(59)	(73)	(65)	(59)	(53)	(48)	(43)	
EBIT		**353**	**764**	**810**	**860**	**919**	**960**	**1,002**	
Tax expense		(89)	(192)	(204)	(216)	(231)	(242)	(252)	
Debt free net income		**264**	**572**	**606**	**644**	**688**	**718**	**750**	
Add: Depreciation and amortisation		58.9	72.6	65.4	58.8	52.9	47.6	42.9	
(Increase)/ Decrease in net working capital		(56.9)	8.6	8.8	9.3	10.3	7.9	8.8	
Less: Capital expenditure		(550)	(381)	(64.8)	(71.3)	(78.6)	(85.5)	(93.4)	
Debt free cash flow		**(284)**	**272**	**615**	**640**	**672**	**688**	**708**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(271)**	**235**	**472**	**437**	**408**	**371**	**339**	
Perpetuity multiple									18x
Terminal value									**18,802**

Present value factor for terminal year	0.45
Present value for explicit period	1,990
Present value of terminal period	8,490
Enterprise value	**10,480**
Advance tax (net of provision)	16.9
Adjusted enterprise value	**10,497**
Less: NCBs	(480)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**11,228**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of TPRPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	1,045	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**18,802**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**8,490**	**(C) * (D)**

Source: Calculation

Appendix 4: Net asset value method - TPRPL

- The table below presents the Net asset value of TPRPL as at 31 March 2024:

Currency: ₹ mn	Notes	**Mar24**	**Mar24**
Net block of fixed assets			6,361
Right of use assets			0.3
Current assets			
Inventories		28.8	
Trade receivables		79.7	
Cash and bank balances		-	
Other financial assets		1,211	
Other current assets		-	
		145	
Current liabilities and provisions		1,464	
Trade payables			
Provisions		177	
Other current liabilities		6.1	
		511	
Net current assets (NCA)		694	
Deferred tax assets			770
Loan funds			-
NCBs		478	
Lease Liabilities		0.1	
			478
Deferred tax liability			1,359
Net equity value			**5,293**
Less: contingent liabilities			-
Adjusted Net equity value			**5,293**

Source: Management

- The equity value of the Company as at the Valuation Date as per NAV method is ₹ 5,293 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented above should be read in conjunction with the ‘Statement of limiting conditions’

Appendix 4: Net asset value method - Moonburg

- The table below presents the Net asset value of Moonburg as at 31 March 2024:

Currency: ₹ Mn	Notes	Mar24	Mar24
Investments (equity investment in TPRPL)			4,730
Current assets			
Sundry debtors		0.7	
Cash and bank balances		4.5	
Other current assets		7.2	
		12.3	
Current liabilities and provisions			
Trade payables		0.9	
Other current liabilities		39.5	
		40.4	
Net current assets (NCA)			(28.1)
Loan funds			
Listed NCBs		4,241	
Interest accrued on NCBs		381	4,623
Value attributable to equity (including CCDs)			**79.0**
Less: Value attributable CCDs			(500)
Net worth- unadjusted			**(421)**
Less: contingent liabilities			-
Net equity value – adjusted			**(421)**
Less: Book value of investment in TPRPL			(4,730)
Net equity value - adjusted (excluding investment in TPRPL)			**(5,151)**

Source: Management

- The equity value of Moonburg (excluding investment in TPRPL) as at the Valuation Date as per NAV method is **(-) ₹ 5,151 Mn** and value of CCDs as at 31 March 2024 is INR 500 Mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Moonburg and (ii) no material contingent assets / liabilities in Moonburg as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

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Building a better working world

Valuation of Schloss Chanakya Private Limited

Reliance Restricted

Reliance Restricted

Schloss Chanakya Private Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

24 July 2024

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Report on valuation of Schloss Chanakya Private Limited

Dear Mr. Shankar,

In accordance with instructions of Schloss Chanakya Private Limited ("SCHPL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Schloss Chanakya Private Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that SCHPL is contemplating to undertake the following transactions:

Step 1: Acquire (a) 100% equity stake in Schloss Udaipur Private Limited ("SUPL") from Project Ballet Udaipur Holdings (DIFC) Pvt. Ltd; (b) 100% equity stake of Moonburg Power Private Limited ("MPPL") and 100% CCDs of MPPL from BSREP III Joy Two Holdings (DIFC) Ltd; and (c) 50% equity stake of Tulsi Palace Resort Private Limited ("TPRPL") from BSREP III Joy Two Holdings (DIFC) Ltd

Step 2: On completion of step 1, existing equity shareholders and CCPS holders of SCHPL will transfer their stakes in SCHPL to Schloss Bangalore Limited ("SBL").

Step 2 as detailed above is referred as "Proposed Transaction". In this regard, valuation of equity shares and CCPS of SCHPL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA"), Income Tax Act, 1961 ("Indian Income Tax regulations") and Companies Act, 2013 in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP IBBI/RV-E/05/2021/155

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
Ernst & Young Merchant Banking Services LLP
Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/067

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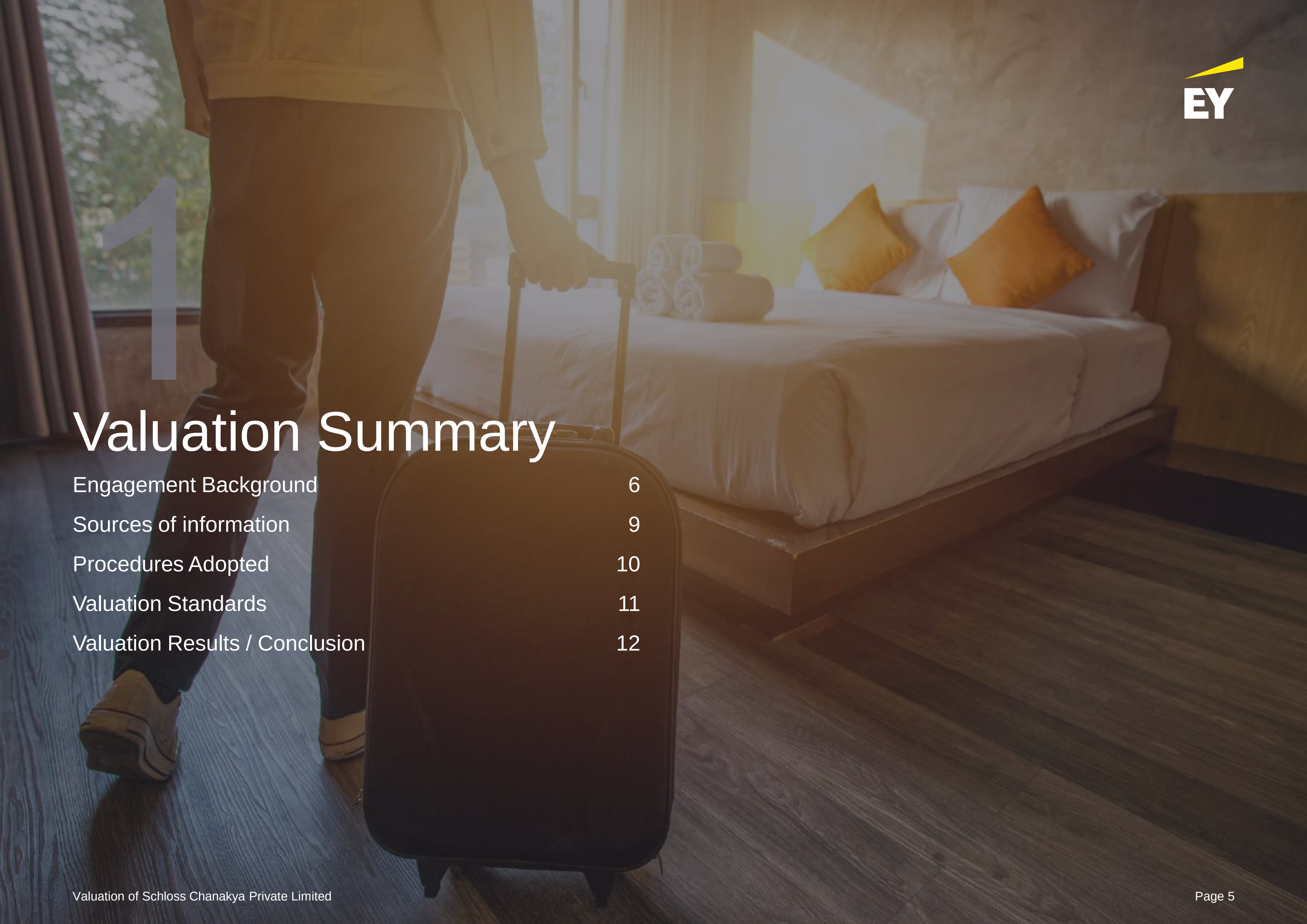

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Valuation Summary

Engagement Background

Engagement Background

- SCHPL is a private limited company incorporated in India in March 2019 and it started its operations effective from October 2019, by acquiring the "Delhi hotel undertaking" of Hotel Leelaventure Limited. SCHPL owns and operates "The Leela" hotel in Delhi.
- Shareholding pattern of SCHPL as at Valuation Date is as follows:

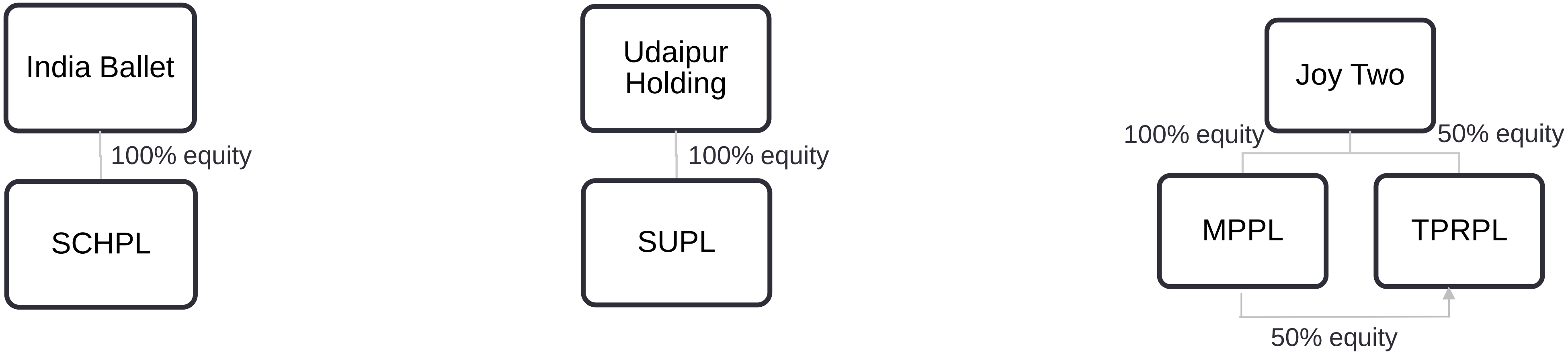
Name of the Shareholder	No. of Shares	%
BSREP III India Ballet I Pte. Ltd.	57,423,075	99.99%
BSREP III India Ballet Pte. Ltd.	1	0.01%
Total	**57,423,076**	**100.0**

Source: Management

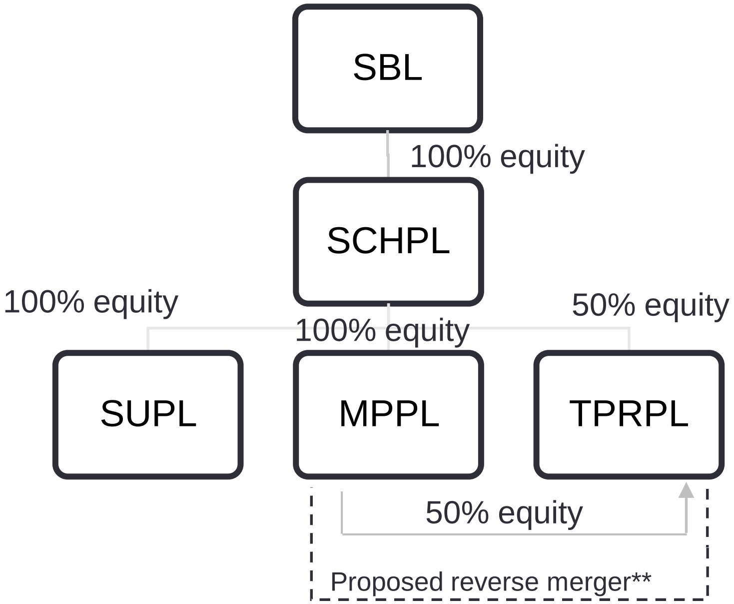
- The Management has informed us that the agreement to fully acquire Schloss Udaipur Private Limited, Tulsi Palace Resort Private Limited and Moonburg Power Private Limited has been executed in May 2024 for a total consideration of INR 11,123 million.
- Schloss Udaipur Private Limited ("SUPL") is a private limited company incorporated in India in March 2019 and it started its operations effective October 2019 by acquiring the "Udaipur hotel undertaking" of Hotel Leelaventure Limited. SUPL owns and operates "The Leela" hotel in Udaipur.
- Tulsi Palace Resort Private Limited ("TPRPL") is a private limited company incorporated in India. Earlier, it operated as 'JW Marriott'. In 2020, TPRPL and Marriott mutually agreed to terminate the agreement and TPRPL entered into an operation and management service agreement with Schloss HMA Private Limited to operate the hotel under "The Leela" brand.
- In May 2021, BSREP III Joy Two Holdings (DIFC) Limited ("Joy Two") acquired 50% stake in TPRPL. In May 2023, the remaining 50% stake of TPRPL was acquired by Moonburg Power Private Limited ("MPPL" or "Moonburg"), a 100% subsidiary of Joy Two.
- Moonburg Power Private Limited was incorporated on 7 June 2022. MPPL is mainly a holding company having 50% stake in TPRPL.
- We understand from the Management that there is a proposed reverse merger of MPPL into TPRPL. The merger application (first motion application) was filed with NCLT, Mumbai on 12 February 2024. As at the Valuation Date, the merger application was heard by the NCLT, Mumbai and an order was passed on 17 April 2024, wherein the meeting of shareholders and creditors was dispensed. Currently, the second motion petition has been filed and the final hearing of merger is scheduled for 18 July 2024

Organization structure

Current structure



Proposed structure



- India Ballet: BSREP III India Ballet I Pte. Ltd.
- Udaipur Holding: Project Ballet Udaipur Holdings (DIFC) Pvt. Ltd.
- Joy Two: BSREP III Joy Two Holdings (DIFC) Ltd.
- SBL: Schloss Bangalore Limited
- SCHPL: Schloss Chanakya Private Limited
- SUPL: Schloss Udaipur Private Limited
- MPPL: Moonburg Power Private Limited
- TPRPL: Tulsi Palace Resort Private Limited

**We understand from the Management that there is a proposed reverse merger of MPPL into TPRPL, wherein SCHPL will hold 100% equity in post-merger entity.

Engagement Background

Purpose and Scope of valuation

- We understand that SCHPL is contemplating to undertake the following transactions:
  - Step 1: Acquire (a) 100% equity stake in Schloss Udaipur Private Limited ("SUPL") from Project Ballet Udaipur Holdings (DIFC) Pvt. Ltd; (b) 100% equity stake of Moonburg Power Private Limited ("MPPL") and 100% CCDs of MPPL from BSREP III Joy Two Holdings (DIFC) Ltd; and (c) 50% equity stake of Tulsi Palace Resort Private Limited ("TPRPL") from BSREP III Joy Two Holdings (DIFC) Ltd
  - Step 2: On completion of step 1, existing equity shareholders and CCPS holders of SCHPL will transfer their stakes in SCHPL to Schloss Bangalore Limited ("SBL").

  The Step 2 as detailed above is referred as "Proposed Transaction".
- In this regard, valuation of equity shares and CCPS of SCHPL is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares and CCPS of SCHPL in compliance with FEMA and Indian Income Tax regulations.
- The Company has also requested EYMB to determine fair value of CCPS of SCHPL in capacity as Registered Valuer for compliance with Section 62 of the Companies Act, 2013
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **SCHPL specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of SCHPL from FY20 to FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of SCHPL for year ended 31 March 2024.
  - Financial projections of SCHPL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc., and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Key KPIs of the Delhi hotel for the period of FY20 to FY24 and for the forecasted period
  - Management MIS of the Delhi hotel for the period CY19 to CY23 and 3 months period ending 31 March 2024
  - Key terms of Management contract of the SCHPL
  - Key terms of CCDs issued by the SCHPL
  - Proposed terms of Compulsorily Convertible Preference Shares ("CCPS") issued by the Company
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc.. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding and key terms of CCDs and CCPS issued by the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the hotel operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares and CCPS of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 (“IVS”) published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. ‘Market value’ was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: “Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
- The Fair Value referred elsewhere in the Report is same as “Market Value” as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm’s length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion – SCHPL (consolidated)

Valuation Summary

- The Management has informed that SCHPL has entered into agreements (executed in May 2024) to acquire Schloss Udaipur Private Limited, Tulsi Palace Resort Private Limited and Moonburg Power Private Limited for a total consideration of INR 11,123 Mn. On 16 July 2024, the Company has raised capital amounting to INR 11,123 million via issue of CCPS to fund these acquisitions. Schloss Udaipur Private Limited, Tulsi Palace Resort Private Limited and Moonburg Power Private Limited would be 100% subsidiaries of SCHPL post the acquisition.
- The Management has requested to undertake and present the valuation of SCHPL (on post money basis) on the assumption that the acquisition of Schloss Udaipur Private Limited, Tulsi Palace Resort Private Limited and Moonburg Power Private Limited is complete. Accordingly, we have valued each of these entities separately and added the same together to arrive at the consolidated value. As the consideration for the acquisition was pending to be discharged as at the Valuation Date, the same is deducted from the consolidated value in the valuation summary. Further, to arrive at post money valuation of SCHPL, the capital infusion via CCPS is added separately in the valuation summary.
- The equity value of SCHPL (on consolidated basis) as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	**Value**
Equity value		
Value of SCHPL (on standalone basis) (Equity and CCDs) (A)		11,450
Value of 100% equity of Schloss Udaipur Private Limited (B)		4,140
Value of direct 50% equity stake in TPRPL (on post-merger basis) (C)		6,483
Value of balance 50% equity stake in TPRPL (on post-merger basis) (via MPPL)(D)		0.14
Value of CCDs of MPPL (E)		500
Total value (A+B+C+D+E)		**22,573**
Add: Cash infusion on issue of CCPS (as informed by Management)		11,123
Less: Consideration payable to acquire equity shares of SUPL, equity shares of TPRPL and equity shares and CCDs of MPPL (as informed by the Management)		(11,123)
Value of SCHPL (including CCDs and CCPS) (on post money basis)		**22,573**

Particulars	Units	Value
Value of SCHPL (including CCDs and CCPS) (on post money basis)	**mn**	**22,573**
Number of equity shares on fully diluted basis*	**mn**	**218.9**
Diluted value per equity share (₹ / share)		**103.14**

Source: Calculation

**Please refer Page 13 for computation of diluted no of shares of SCHPL*

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SCHPL (on post money basis) is estimated at **INR 22,573 million** as at 31 March 2024 (i.e.. per share equity value of **INR 103.14** on fully diluted basis).
- The fair value of CCPS is estimated at 100.0 per CCPS (having face value of INR 100 each) as at 16 July 2024. Refer Page 33 for key terms of the CCPS and its valuation on page 44
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

Valuation Results / Conclusion– SCHPL (standalone)

Valuation of SCHPL (on standalone basis)

- We have used the Discounted Cash Flows ("DCF") method and Comparable Companies' Quoted Multiples ("CCM") method for the purpose of estimating the equity value of SCHPL: these two approaches are internationally accepted pricing methodologies. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SCHPL on standalone basis as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*50.0*	12,270
Discounted cash flows method		*50.0*	10,631
Net asset value		-	6,697
Value attributable to equity (including CCDs)*		**100.0**	**11,450**
Number of equity shares on dilution of CCDs (in million)	Refer table below		111.0
Value per equity share post dilution of CCDs (₹ / share)			**103.14**

Source: Calculation

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SCHPL on standalone basis is estimated at **INR 11,450 million** as at 31 March 2024 (i.e.. per share equity value of **INR 103.14** on fully diluted basis). The CCDs (excluding interest thereof) are considered as equity in the computation as detailed later in the Report.
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.

Table: Computation of Fully diluted shares as at 31 March 2024

Particulars	Note	Units	Value
Number of equity shares as at 31 March 2024	**A**	**mn**	**57.4**
Number of CCDs outstanding		mn	53.6
Number of equity shares of face value of INR 10 to be issued on conversion of CCDs of face value of INR 100	**B**	**mn**	**53.6***
Total number of equity shares dilution of CCDs	**A+B**	**mn**	**111.0**
Notional number of equity shares of face value of INR 10 to be issued on conversion of CCPS	**C**	**mn**	**107.8**
Total number of equity shares on fully diluted basis	**A+B+C**		**218.9**

Source: Management

**As per the terms of CCDs, each CCD will be convertible into 1 equity share of face value of INR 10 each. (Refer page 25 for key terms of CCDs)*

Particulars	**Units**	**Value**
Number of CCPS (as informed by Management) (A)	Mn	111.2
Value per CCPS (₹ / CCPS) (B)		100
Value of CCPS (A*B)	**Mn**	**11,123**
Fair value per equity share before conversion of CCPS** (C)		103.14
Notional number of equity shares to be issued on conversion of CCPS (A*B) / (C)	**Mn**	**107.8**

***As per the terms of CCPS, CCPS will be converted on the basis of fair value per equity share as at the date of conversion. It is assumed that CCPS will be converted at fair value of equity of INR 103.14 per share as at 31 March 2024 for computation of diluted number of shares*

Valuation Results / Conclusion - SUPL

Valuation of SUPL

- We have used the Discounted Cash Flows ("DCF") method and Comparable Companies' Quoted Multiples ("CCM") method for the purpose of estimating the equity value of SUPL: these two approaches are internationally accepted pricing methodologies. Asset values are generally not a true indicator of the future distributable cash flow and has been provided for information purpose only.
- The equity value of SUPL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*50.0*	4,269
Discounted cash flows method		*50.0*	4,011
Net asset value		-	1,575
Value attributable to equity (including CCDs)*		**100.0**	**4,140**

Source: Computation

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of SUPL is estimated at **INR 4,140 million** as at 31 March 2024. The CCDs (excluding interest thereof) are considered as equity in the above computation as detailed later in the Report.
- A detailed discussion on the appropriateness of use of valuation methods has been given in Annexure 1 - Section: Valuation Analysis

Valuation Results / Conclusion – TPRPL and MPPL

Valuation of TPRPL and MPPL

- The Management has informed that reverse merger between of MPPL into TPRPL is in its advanced stages as at the Valuation Date and accordingly the valuation of the existing shareholder's effective stake in TPRPL (on post-merger basis) is considered for the valuation. It is important to emphasize that the valuations presented herein are contingent upon the successful completion of the merger. In the event the merger does not materialize, the values do not hold true, and the Report becomes infructuous.
- We have used the Discounted Cash Flows ("DCF") method, Comparable Companies' Quoted Multiples ("CCM") and Price of Recent Transaction ("PORT") method for the purpose of estimating the standalone value of TPRPL, these three approaches are internationally accepted pricing methodologies.
- Net Asset Value (NAV), an internationally accepted pricing methodology has been used to value MPPL (on standalone basis), as it is a holding company (holding shares of TPRPL).
- In order to arrive at the value of TPRPL (on post-merger basis), we have added the standalone valuation of TPRPL and MPPL (excluding MPPL's investment in TPRPL and factoring the swap ratio as informed by the Management) to value the current shareholders' respective existing stakes, as detailed below.
- The value of the shareholder's existing stake in TPRPL (on post-merger basis) as at 31 March 2024 is presented below:

Particulars	Units	Value	Notes
No of equity shares of Joy Two in TPRPL as at 31 March 2024	#	12,575,000	A
Notional value per equity share* of TPRPL (on post-merger basis)	INR	515.5	B
Value of Joy Two's existing equity stake in TPRPL (on post-merger basis)	**INR mn**	**6,483**	**C = A*B**

Source: Calculation

*** Refer next page for the determination of per share price on post-merger basis**

Particulars	Units	Value	Notes
No of equity shares of Moonburg as at 31 March 2024	#	10,000	A
Swap ratio for reverse merger into TPRPL (as informed by the Management) (Note 1)		36 : 1	B
No of shares to be issued to equity shareholders of Moonburg on reverse merger (basis the above swap ratio)	#	278.0	C = A / B
Notional value per equity share* of TPRPL (on post-merger basis)	INR	515.5	D
Value of Moonburg's existing equity stake in TPRPL (on post-merger basis)	**INR**	**143,317**	**E = C*D**
Value of CCDs of Moonburg as at 31 March 2024	**INR mn**	**500**	

Source: Calculation

Note 1 – The swap ratio is based on the approved reverse merger scheme as informed by the Management

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, Joy Two's existing equity stake in TPRPL (on post-merger basis) is estimated at **INR 6,483 million** as at 31 March 2024
- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, MPPL's existing equity stake in TPRPL (on post-merger basis) is estimated at **INR 143,317** and the value of MPPL's CCDs is estimated at **INR 500 mn** as at 31 March 2024. Refer page 92 for valuation of the CCDs in Annexure 2

Valuation Results / Conclusion – TPRPL and MPPL

Valuation of TPRPL and MPPL

- The equity value of TPRPL (on post-merger basis)as at 31 March 2024 is presented below:

Currency: ₹ mn	*Notes*	*Weights*	**Value**
Tulsi Palace Resort Private Limited			
Equity value			
Price of Recent Transaction		*25.0*	9,879
Comparable companies' quoted multiple method			
EV / EBITDA multiple		*25.0*	14,200
Discounted cash flows method		*50.0*	11,218
Net equity value of TPRPL (standalone)	**A**	**100.0**	**11,634**
Moonburg Power Private Limited			
Equity value			
Net asset value (excluding Moonburg's investments in TPRPL)		100.0	(5,151)
Net equity value of Moonburg (standalone)	**B**	**100.0**	**(5,151)**
Value attributable to equity	**C= A + B**		**6,483**
Number of equity shares of TPRPL (on post-merger basis)(in million)*	**D**		12.58
Value per equity share of TPRPL (on post-merger basis) (₹ / share)	**E = C / D**		**515.5**

Source: Calculation

***Table: Computation of number of equity shares of TPRPL (on post-merger basis)**

Particulars	Value
No. of equity shares of TPRPL as at 31 March 2024 (A)	25,150,000
Less: No. of shares to be cancelled on proposed reverse merger (B)	(12,575,000)
Add: Additional number of shares to be issued (C)	278
Number of equity shares (on post-merger basis) (A-B+C)	**12,575,278**
Number of equity shares (on post-merger basis) (in million)	**12.58**

Particulars	Value
No of equity shares of Moonburg as at 31 March 2024 (A)	10,000
Swap ratio as informed by the Management (B)	36
No of shares to be issued to equity shareholders of Moonburg on reverse merger with Tulsi (A/B)	**278.0**

Refer Annexure 2 for detailed valuation of TPRPL and MPPL

2

Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company’s economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences.
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

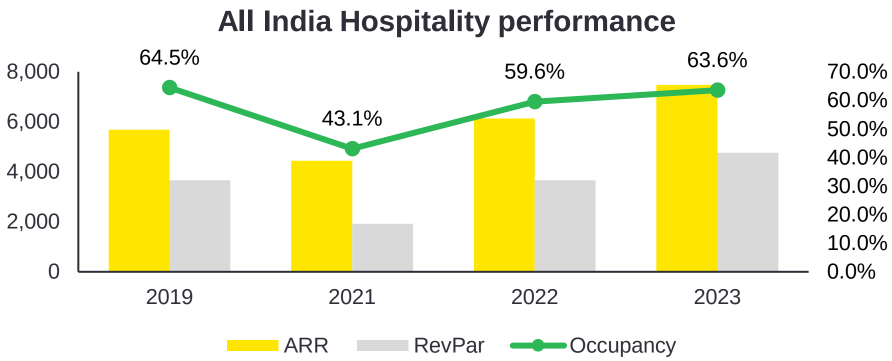
- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

3

Industry analysis

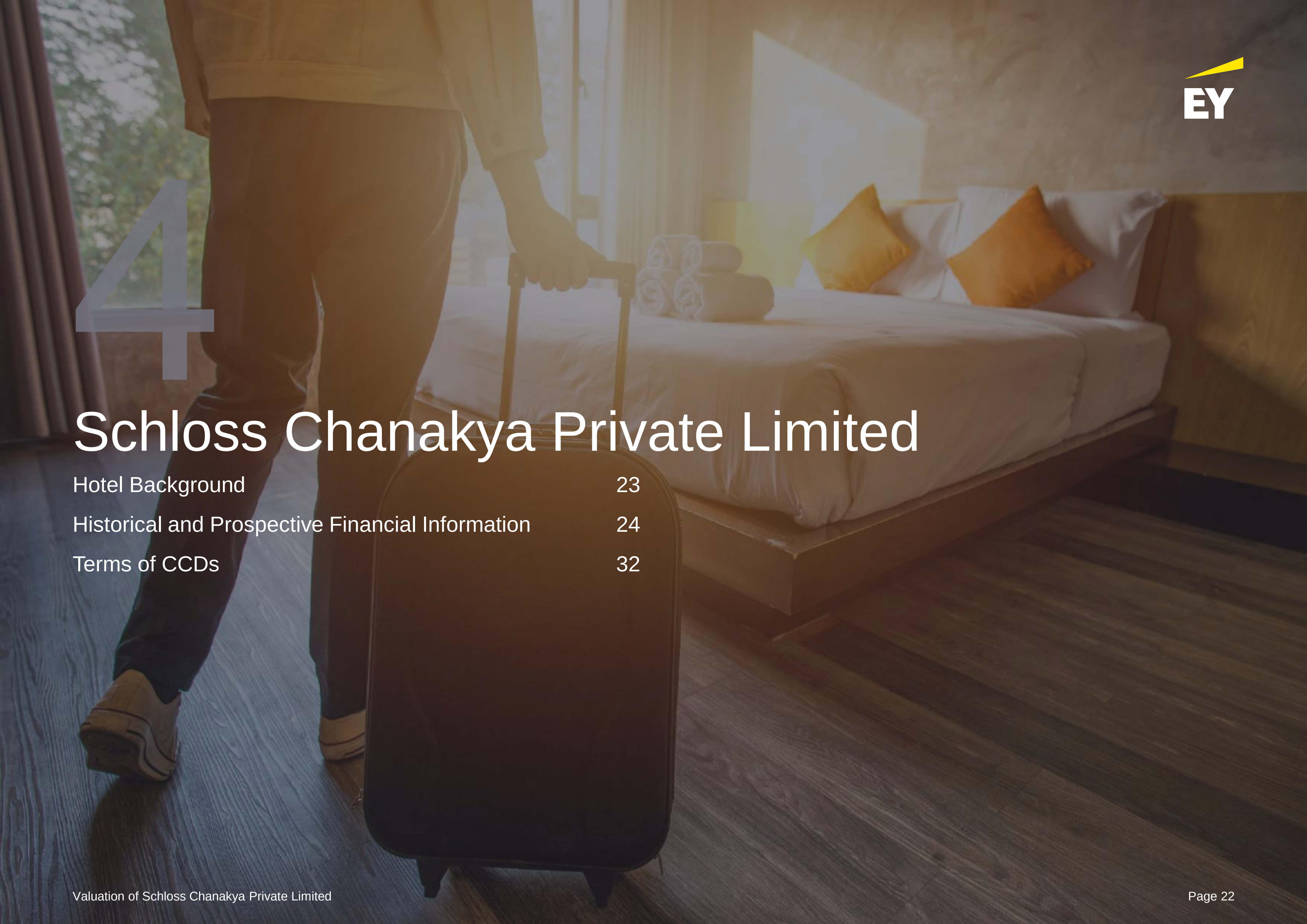
Industry overview

- The Hotel industry predominantly is segmented by hotel positioning (i.e.. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e.. leisure, corporate travel, weddings etc.).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:



Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and UpperUp segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory
- With hardly any supply addition in the last 7 years, the Delhi micro-market had languished ADR’s in the 6,000’s and RevPar in the 4,000’s since 2014. However, 2023 witnessed a growth in Delhi micro-market with ADR rising to INR 9,574 and RevPar growing to INR 6,800. However, average Occupancy in Delhi micro-market remained under 2019 levels at 71.5%
- The aforesaid growth of ADR’s and RevPar’s in the micro-market was mainly on account of Luxury and Upper Up Segment leading revival in the micro-market.



4

Schloss Chanakya Private Limited

Hotel Background

The Leela Palace New Delhi

- SCHPL acquired The Leela Palace New Delhi in October 2019 from Hotel Leelaventure Limited.
- The Leela Palace New Delhi is located in Diplomatic Enclave, Chanakyapuri representing the magnificent architecture and elegance of Lutyen's Delhi. Nearest attractions include Rashtrapati Bhavan, Prime Minister's Residence, Central Business District and historical monuments.
- Key features of the Hotel include:
  - Accommodation – 254 Keys; which includes 137 Deluxe rooms, 99 Royal rooms and 18 suites.
  - Dining – The Qube, an All-day dining restaurant; Jamavar, Signature Indian restaurant, Megu, Modern Japanese cusine, and Le Cirque, an Italian Fine-dining restaurant.
  - Conference & Banquet Facilities - Grand Ballroom divisible in two parts with a pre-function area; Adjoining Royal Ballroom for breakout sessions; 8 board and meeting rooms and The Terrace
- For the year ended 31 March 2024, SCHPL reported revenue from operations of INR 2,960 Mn and Operating EBITDA of INR 1,253 Mn.

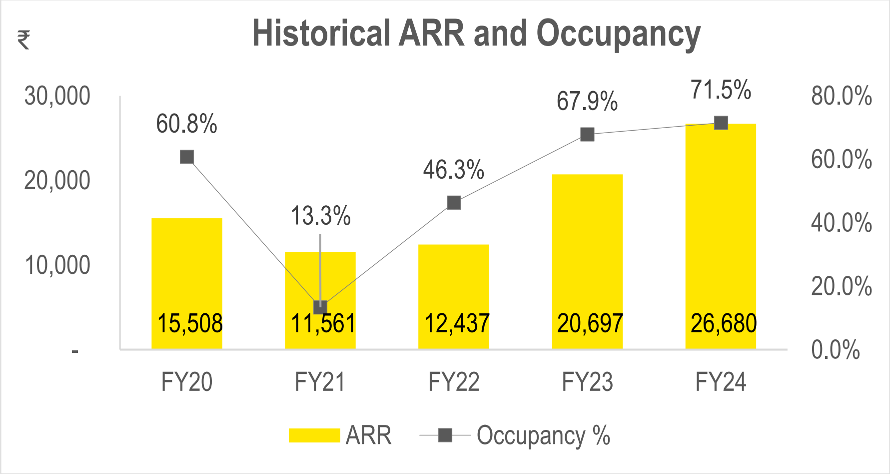
Source: Website

Historical and Prospective Financial Information

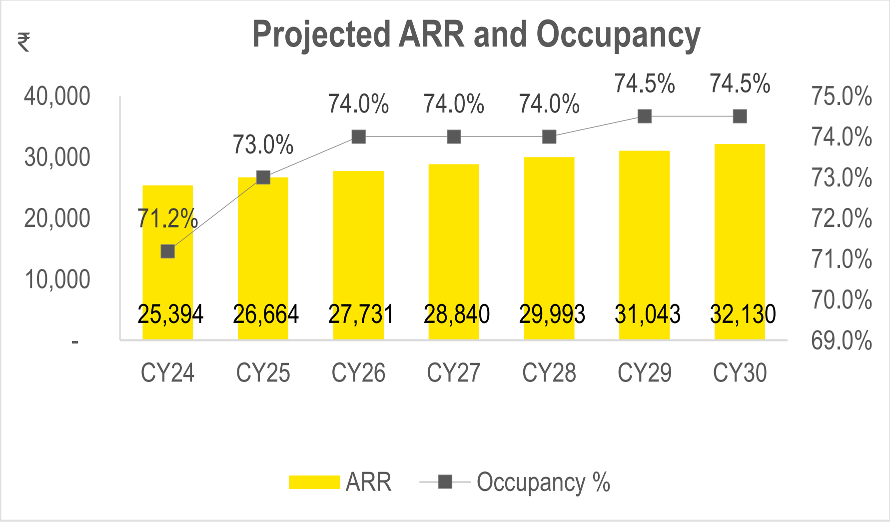
Key Metrics (Occupancies and ARRs):

- SCHPL primarily caters to Diplomats, Foreign Embassy and Corporate segments. The occupancy rates for SCHPL have shown significant fluctuations over the past five years, primarily influenced by the COVID-19 pandemic. In FY20, SCHPL had achieved an occupancy rate of 60.8%. However, in FY21, the occupancy rate dropped sharply to 13.3% due to widespread lockdowns and travel restrictions caused by the pandemic.
- As the situation began to stabilize, SCHPL saw a gradual recovery in occupancy rates, reaching 46.3% in FY22, 67.9% in FY23, and surpassing pre-pandemic levels with 71.5% in FY24.
- ARR has experienced significant growth over the historical period of FY20 to FY24. In FY20, the ARR was c. INR 15,500. The pandemic caused a decrease in demand, leading to a dip in ARR c. to INR 11,560 in FY21. However, as travel restrictions eased and demand began to return, the ARR saw a notable recovery.
- By FY24, the ARR had increased to c. INR 26,680. This growth was driven by several factors, including inflationary adjustments, enhanced service offerings, and strategic pricing to attract high-value corporate clients.
- SCHPL's Management projects continued growth in occupancy and ARR. SCHPL is expected to maintain occupancy rate of c. 71.2% in CY24, post which occupancies are expected to grow steadily, driven by the ongoing recovery in business travel and enhanced marketing efforts targeting corporate clients. The occupancy rate is expected to stabilize at around 74.5% from CY29 onwards.
- The growth in the projected period is supported by the current ARRs and inflationary price adjustments. Further, the ARR is expected to grow at c. 5.0% in CY25 before stabilizing at a growth rate of approximately 4.0% from CY26 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



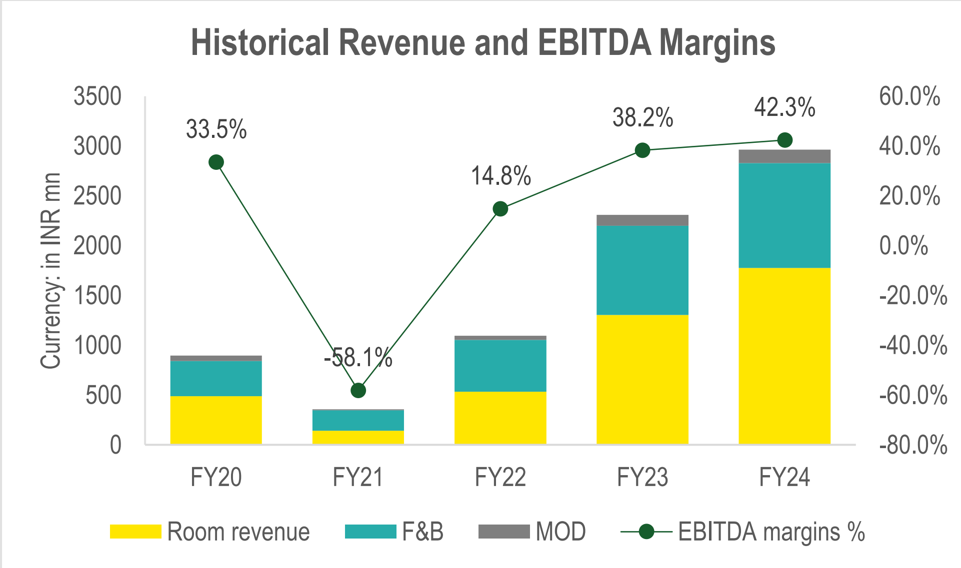
Source: Management

Historical and Prospective Financial Information

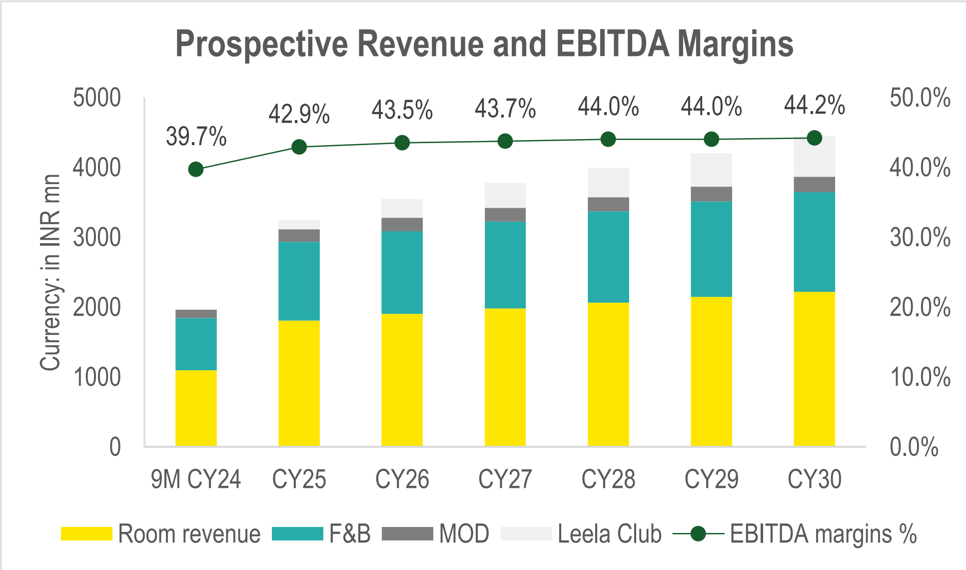
Revenue and EBITDA:

- In FY24, Room revenues contributed to c. 59.9% of the total revenues, making it the largest revenue segment. This significant contribution was attributed to higher ARR's and occupancies of the hotel for FY24.
- Room revenues are expected to contribute c. 55.9% of the total revenues in 9M CY24, declining to about 49.9% by CY30.
- Food and Beverage (F&B) revenue were the second-largest contributor, accounting for 35.6% of the total revenues of FY24. In the forecast period, F&B revenues are anticipated to contribute 38.1% to the total revenues in 9M CY24, decreasing to approximately 32.0% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 4.5% of the total revenue in FY24, and are projected to be in the range of c. 5.0% by CY30.
- Historically, major cost components for SCHPL include employee cost, room cost and food and beverage costs..
- SCHPL pays Management fees to Schloss HMA Private Limited for using 'The Leela' brand and management of the hotel operations. The structure of the fees is as follows:
    1. Base fee: 2.0% of total revenue
    2. Marketing fee: 1.5% of room revenue
    3. Incentive fee: 7% of gross operating profits
- SCHPL's EBITDA margins have shown a recovery trend after the initial impact of COVID-19. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. In FY24, the EBITDA margin had reached 42.3%, the highest in the past five years.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

Revenue and EBITDA (contd):

- SCHPL is expected to achieve a steady EBITDA margin in the range of c. 43.5% to 44.0% from CY26 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 26% - 29% of total expenses, followed by room expenses at around 13%- 14%.
- The Management intends to introduce the ‘Leela Club’, a membership-based service, by CY25, aiming to increase SCHPL's revenue streams. Key assumptions regarding the Leela Club's introduction and growth trajectory are as follows:
    1. **Number of members:** The Leela Club is expected to commence in Delhi with 75 members, which is projected to expand to approximately 550 members by CY30.
    2. **Membership Fees:** Initially, one-time membership fees are set at INR 1.5 million per member, with annual renewal fees of INR 0.3 million per annum. Both fees are expected to increase by 6% every two years.
    3. **Additional Revenue Streams:** The introduction of the Leela Club is anticipated to generate additional revenues for SCPL, primarily driven by bookings made by Leela Club members for F&B and other services.
    4. **Expenses:** The anticipated expenses associated with the Leela Club primarily include employee benefit expenses, such as program director costs and payroll costs. Additionally, expenses will encompass member joining fees, event costs (comprising three events per year for the members), and F&B and other operational costs.

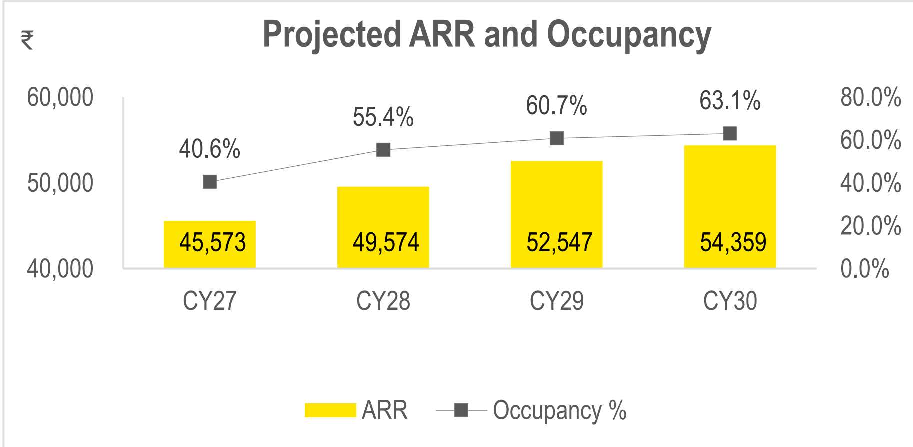
The development and implementation of the Leela Club is currently underway, where the Management expects to increase revenues by offering exclusive benefits and services to members. Consequently, the Leela Club expected to stabilise and achieve c. 49% EBITDA margins by CY30.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2

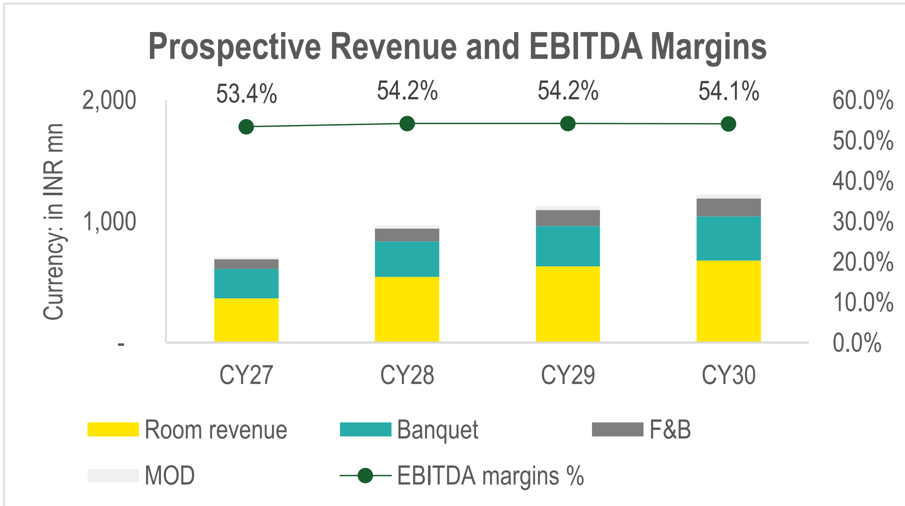
Historical and Prospective Financial Information

SCHPL Additional FAR:

- SCHPL owns a plot spanning 12,140 square meters. The Management has informed us that the plot has permissible Floor Area Ratio (FAR) of 3.25, granting a total permissible built-up area of 39,455 square meters. Currently, the existing hotel structure occupies 27,190 square meters of this permissible area. The Management has plans to develop additional accommodations utilizing the remaining 12,265 square meters of permissible FAR. The Management expects payment of INR 2,505 million for purchasing the additional FAR.
- The proposed construction of additional rooms is scheduled to commence in CY24, with completion targeted for CY26. The expanded facilities are expected to be fully operational by CY27, offering a total of 54 new keys. The room types will primarily include Studios, One-Bedroom, and Two-Bedroom residences, tailored to meet the high-end demands of diplomats, international business travellers and other affluent guests.
- In CY27, the ARR is expected to start at approximately INR 45,500. This initial rate reflects the premium positioning of the new accommodations and larger sizes. By CY30, the ARR is projected to increase to about INR 54,300. This growth is expected to be driven by several factors, including inflation, enhanced brand reputation, and increased demand for luxury accommodations in the area.
- Room revenues are anticipated to be the primary revenue stream, contributing approximately 55% of the total revenues. The hotel's banquet services are projected to contribute around 31% of the total revenues. F&B operations are expected to account for about 11% of the revenues.
- The primary cost components for the expanded operations will be Food & Beverage (F&B) and payroll expenses. Additionally, management fees for the additional FAR component would be paid to Schloss HMA Private Limited as stated previously.
- The additional FAR component is projected to achieve an EBITDA margin of 53.4% in CY27 which is expected to slightly improve to 54.0% by CY30. This steady increase reflects the hotel's ability to optimize its operations over time, leveraging economies of scale and enhanced operational efficiencies.



Source: Management



Source: Management

The detailed prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

- The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net block of fixed assets (NFA)	**18,434**	**18,158**	**17,974**	**17,869**	**17,791**
Goodwill	**528**	**528**	**528**	**528**	528
Current assets					
Inventories	80	65	60	74	82
Trade receivables	66	21	37	107	94
Cash and bank balances	173	75	1,277	568	588
Inter corporate deposits	-	-	118	600	1,299
Other current assets	405	379	390	409	450
	724	539	1,882	1,758	2,513
Current liabilities and provisions					
Trade payables	226	120	174	277	393
Provisions	27	16	9	10	19
Other current liabilities	303	326	311	329	302
	556	462	494	615	714
Net current assets (NCA)	**168**	**76**	**1,388**	**1,142**	**1,799**
Deferred tax asset	-	-	-	-	-
Loan funds					
External Borrowings	8,661	9,340	11,444	11,355	11,856
	8,661	9,340	11,444	11,355	11,856
Deferred tax liability	258	240	-	-	-
Net worth	**10,211**	**9,182**	**8,445**	**8,184**	**8,261**
Represented by					
Equity	536	574	574	574	574
CCDs	4,994	4,856	5,189	5,558	6,015
Other equity	4,681	3,752	2,682	2,052	1,672
Total	**10,211**	**9,182**	**8,445**	**8,184**	**8,261**

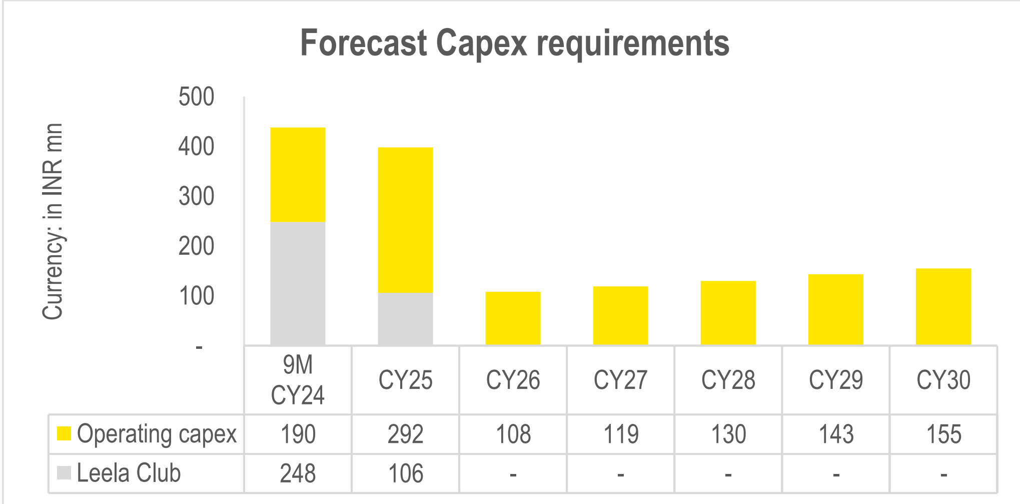
Source: Management

Note: The historical financials for SCHPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, SHCPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

- Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements primarily consist of Leela club expenses and other operating capex. These include expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:
  1. Furniture, Fixtures, and Equipment (FF&E) expenses;
  2. Renovations and upgrades;
  3. Chiller, cold room, smart room upgrades and pump replacement;
  4. Stone repairs;
  5. Guest room refurbishment;

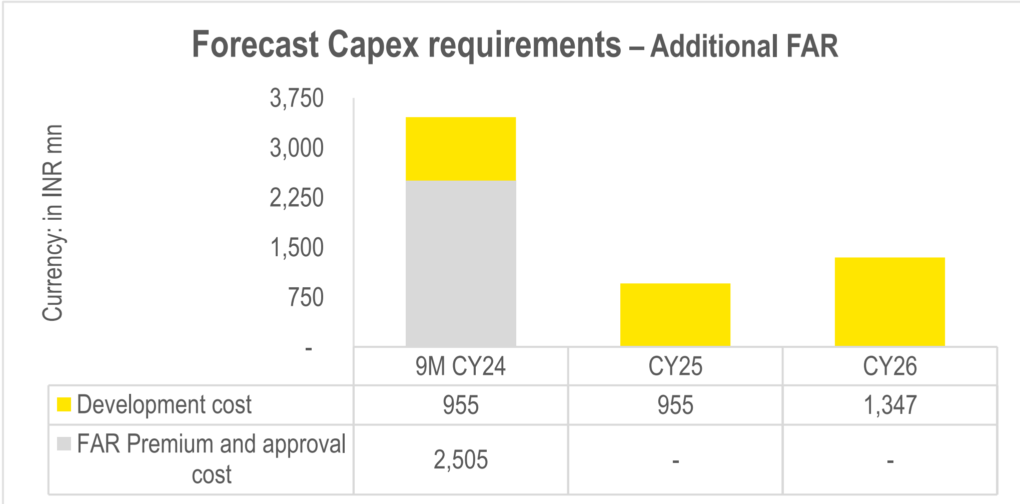


	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Operating capex	190	292	108	119	130	143	155
Leela Club	248	106	-	-	-	-	-

Source: Management

Capital expenditure – Additional FAR:

- Based on discussions with the Management, the primary capex requirements include the FAR premium and approval cost, which must be paid to the authorities to utilize the balance additional FAR. Additionally, there are significant development costs associated with constructing the high-end additional rooms as stated previously. The Management has estimated a capex of c. INR 60 million per key for the additional rooms.



	9M CY24	CY25	CY26
Development cost	955	955	1,347
FAR Premium and approval cost	2,505	-	-

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Current assets					
Inventories	80	65	60	74	82
Trade receivables	66	21	37	107	94
Other current assets	140	111	120	134	139
	287	**197**	**218**	**315**	**315**
Current liabilities and provisions					
Trade payables	226	120	174	277	393
Provisions	27	16	9	10	19
Other current liabilities	303	326	311	329	302
	556	**462**	**494**	**615**	**714**
Operating NCA	**(270)**	**(266)**	**(276)**	**(300)**	**(399)**
Revenue for the year	**897**	**358**	**1,094**	**2,308**	**2,960**
Operating NCA days of revenue	**(110)**	**(271)**	**(92)**	**(47)**	**(49)**

Source: Management

- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or "HMA"). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating negative working capital requirement of 27 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	2,960	2,920	3,242	3,546	3,777	3,992	4,204	4,447
Operating negative NCA days of revenue	49	27	27	27	27	27	27	27
Operating NCA	**(399)**	**(219)**	**(243)**	**(266)**	**(283)**	**(299)**	**(315)**	**(334)**
(Increase)/ Decrease in net operating working capital		**(180)**	**24**	**23**	**17**	**16**	**16**	**18**

Source: Calculation

Historical and Prospective Financial Information

Operating Working capital for Additional FAR:

- The Management has assumed an operating working capital requirement of 37 days of revenue in CY27, which is expected to decrease to 18 days by CY28, and then an operating negative working capital thereafter as the hotel operations stabilise. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	-	-	-	-	706	967	1,124	1,222
Operating negative NCA days of revenue	-	-	-	-	37	18	-	(27)
Operating NCA	**-**	**-**	**-**	**-**	**71**	**48**	**-**	**(92)**
(Increase)/ Decrease in net operating working capital	**-**	**-**	**-**	**-**	**(71)**	**22**	**48**	**92**

Source: Calculation

Terms of CCDs

- The Management has informed that as at the Valuation Date, SCHPL had issued 53,600,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 5,360 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Each CCD will be convertible into 1 equity share of face value of INR 10 each, unilaterally at the option of the CCD holder and/or the respective company.
  - CCDs shall automatically stand converted into equity shares upon (a) commencement of corporate insolvency process or (b) conversion of loan into equity of the respective company
  - The tenure of CCDs is 15 years from the date of issue unless converted earlier. The date of issue of CCDs is 16 October 2019.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date.
  - TDS, if any, be deducted each year and paid to the government
  - CCDs may be transferred to a person who is related party of the company
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs (principal outstanding) would be converted into equity on or before the Proposed Transaction and the interest accrued on CCDs thereof will be repaid to the CCD holders.
  - Accordingly, the CCDs are considered as ‘equity’ for the purpose of the valuation and interest on CCDs up to the Valuation Date is considered as ‘debt’ to arrive at the equity value of the Company.

Terms of CCPS

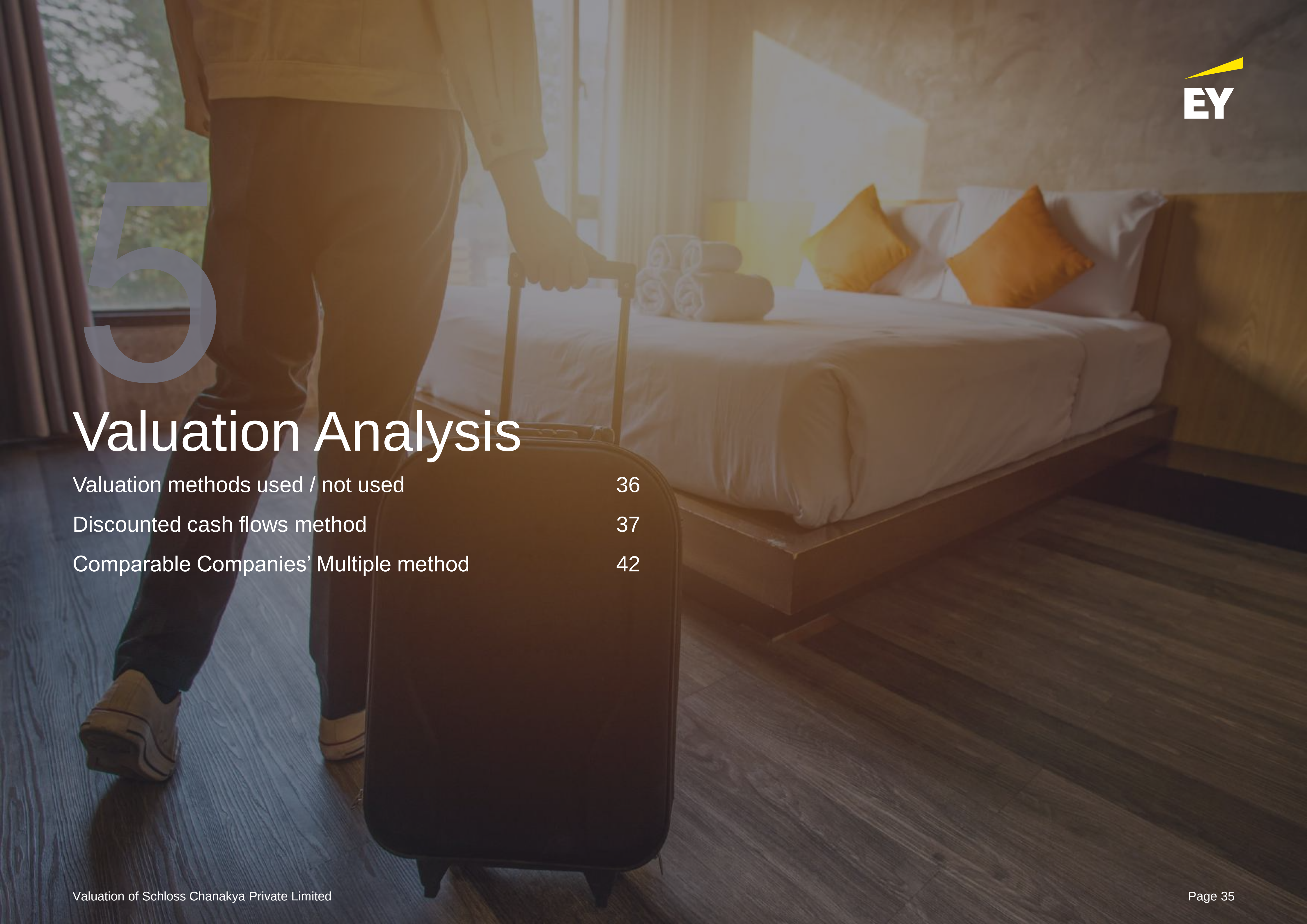
- The Management has informed that SCHPL has raised capital via issuance of compulsorily convertible preference shares ("CCPS"). The CCPS shall be issued at par value of INR 100.0 each. The issue date is 16 July 2024.
- The key terms of the proposed CCPS are as follows:
  - Non-redeemable, mandatorily and fully convertible participating preference shares
  - The CCPS shall be entitled to preferential dividend at the rate of 12% per annum on a cumulative basis, payable at the discretion of the Board of directors of the Company
  - Each CCPS shall be converted into such number of equity shares as specified below, upon the occurrence of the earliest of the following events:

Sr. No.	Conversion Event	Conversion Price	Conversion Date
(i)	Immediately prior to the 20th anniversary of the date of issue of CCPS.	► At fair market value as on the date of conversion, however, the holder of the CCPS and the Company agree that such conversion price shall be in compliance with the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder. ► Fair market value shall be determined by the valuer appointed by the Company for this purpose.	Automatic conversion, immediately prior the 20th anniversary of the date of issue of the CCPS.
(ii)	By agreement of the holder of CCPS and the Company.	► At fair market value as on the date of conversion, however, the holder of the CCPS and the Company agree that such conversion price shall be in compliance with the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder. ► Fair market value shall be determined by the valuer appointed by the Company for this purpose.	Convertible at the option of the Company or the CCPS holder on the date agreed between the holder of CCPS and the Company.

Terms of CCPS

- The key terms of the proposed CCPS are as follows (contd.):
  - In the event the Company undertakes any form of restructuring of its share capital, including but not limited to
    1. consolidation or sub-division or split of its shares;
    2. issue of bonus or right shares; or
    3. distribution of scrip dividend,

    and if applicable, the number of equity shares that each CCPS converts into and the conversion ratio as set out on the previous page, shall be adjusted accordingly in a manner that each holder of CCPS gets such proportionate number of equity shares against the enlarged share capital that it would have been entitled to receive immediately after the occurrences set out from 1-3 above had the conversion of the CCPS occurred immediately prior to such occurrences.
  - The CCPS shall rank pari-passu to all other equity instruments that are outstanding and/or which may be issued by the Company from time to time in all respects including but not limited to voting rights, dividends and liquidation.
  - The CCPS shall be freely transferable, subject to any applicable Laws.
  - No fractional share shall be issued upon conversion of CCPS into equity shares and the number of equity shares to be issued shall be rounded down to the nearest whole number, subject to compliance with the conversion price



5

Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	50.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of the Company for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in the Company.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of valuation date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5% for the Company and 14.0% for the additional FAR component. Refer the next 2 pages for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
K_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC (Company)

Risk free rate	+	(Beta	×	Market Risk Premium)	=	Cost of Equity (Re)
7.0%	+	(1.21	×	7.0%)	=	15.5%

Cost of Debt	×	(1 - Tax Rate)	=	Post tax cost of debt(Rd)
9.0%	×	(1 - 25.17%)	=	6.7%

Target Debt to Equity

W_{E}= 66.7%

W_{D}= 33.3%

WACC (rounded)

12.5%

$WACC = W_E * R_E + W_D * R_D$

W_E = Value of equity/value of total capital, E/E+D

W_D = Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3 : 66.7 is considered for the Company basis the Group's capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Determination of WACC (Additional FAR Component)

7.0% + (1.21 × 7.0%) + 2.0% = 17.5%

Risk free rate | Beta | Market Risk Premium | Additional Risk Premium | Cost of Equity (Re)

W_{E}= 66.7%

Target Debt to Equity

W_{D}= 33.3%

14.0%

WACC (rounded)

Cost of Debt × 1 - Tax Rate = Post tax cost of debt(Rd)

9.0% | (1 - 25.17%) | 6.7%

$WACC = W_E * R_E + W_D * R_D$

W_E	=	Value of equity/value of total capital, E/E+D
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 3. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. The Management has planned the construction of additional rooms on additional FAR which would be available on payment of additional premium. These new rooms are expected to become operational in CY27. Recognizing the inherent uncertainties and risks associated with the above (approvals, construction, etc..), we have considered an additional risk premium of 2.0%.
5. Based on expected marginal borrowing rate as informed by the Management
6. Based on the prevailing corporate tax rate in India
7. The debt equity ratio of 33.3 : 66.7 is considered for the Company basis group's capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that SCHPL is a part of larger chain of hotels operating under the brand name “The Leela”. Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 42 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**160**	**1,018**	**1,191**	**1,211**	**1,273**	**1,325**	**1,394**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**153**	**878**	**914**	**826**	**771**	**714**	**667**	
Terminal value									**35,366**

Present value factor for terminal year		0.45
Present value for explicit period		4,924
Present value of terminal period		15,970
Enterprise value		**20,894**
Advance tax (net of provision)		50
Adjusted enterprise value		**20,944**
Less: gross debt		(11,856)
Add: cash and cash equivalents		588
Add: ICDs to related parties	1	1,299
Add: Balances with Government authorities	2	261
Add: Value of surplus FAR	3	963
Value attributable to Equity and CCD holders		**12,198**
Less: accrued interest on CCDs	4	(1,567)
Adjusted Equity value		**10,631**

Source: Calculation

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Refer Appendix 3 for a detailed DCF computation

Note 1: Inter corporate deposits include loans given to related parties

Note 2: Balances with government authorities represent the excess amount paid to New Delhi Municipal Council (NDMC) for Floor Area Ratio (FAR) and Zonal Average Auction Rate (ZAAR) matter which is ongoing before the honourable court. As informed by the Management, this amount is expected to be received as a refund on favourable closure of the said matter (Refer Appendix 5).

Note 3: The value of the additional FAR component has been included as a surplus in the calculation to determine the Company's equity value. Refer Appendix 3 for detailed computation of the same.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that SCHPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
					Average	**24.6**

Source: S&P Capital IQ

Comparable Companies’ Multiple method

Comparable Companies’ Multiples (CCM) Method:

- We have considered a discount of25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of SCHPL to determine the enterprise value of the Company. Refer the table below for computation of equity value as per the CCM method:

Currency: ₹ mn	Value
EV/ EBITDA multiple	24.6x
Less: Discount	25%
Multiple after discount (rounded)	18x
EBITDA of Company for the year ended 31 March 2024	1,253
Value	**22,546**
Net deferred tax assets/ (Liabilities) at 50%	-
Add: CWIP	37
Enterprise value	**22,584**
Less: gross external debt	(11,856)
Add: cash and cash equivalents	588
1 Add: ICDs to related parties	1,299
2 Add: Balances with Government authorities	261
3 Add: Value of surplus FAR	963
Value attributable to Equity and CCD holders	**13,837**
4 Less: accrued interest on CCDs	(1,567)
Value attributable to Equity (including CCDs)	**12,270**

Source: Calculation

Note 1: Inter corporate deposits include loans given to related parties

Note 2: Balances with government authorities represent the excess amount paid to New Delhi Municipal Council (NDMC) for Floor Area Ratio (FAR) and Zonal Average Auction Rate (ZAAR) matter which is ongoing before the honourable Delhi high court. As informed by the Management, this amount is expected to be received as a refund on favourable closure of the said matter (Refer Appendix 5).

Note 3: The value of the additional FAR component has been included as a surplus in the calculation to determine the Company's equity value. Refer Appendix 3 for detailed computation of the same.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

CCPS – Valuation of SCHPL

- As per the proposed terms of CCPS as detailed in earlier pages, the CCPS shall be entitled to a preferential dividend @ 12% (cumulative) and equity return upon its conversion. The CCPS conversion into equity would be based on the fair value of the equity on the date of the conversion. The CCPS were raised recently by the Company on 16 July 2024.
- The Company's secured borrowing is at 9.0% as at the Valuation Date. CCPS being unsecured in nature have a higher rate of 12.0%. The Management has confirmed that coupon rate of 12% is at arm's length as per the Indian transfer pricing regulations.
- The cost of equity of the Company is computed at 15.5% (Refer page 49) for WACC computation. Accordingly, the coupon rate on CCPS is broadly in between the secured borrowing rate of the Company and cost of equity. Basis the above, the discount rate for valuation of CCPS would be equal to the coupon yield on the CCPS on the Valuation Date, resulting in par value of CCPS.
- Accordingly, the fair value of the CCPS as per the Discounted Cash Flow (DCF) method, an internationally accepted pricing methodology is equal to par value of the CCPS i.e. INR 100 per CCPS as at Valuation Date i.e. 16 July 2024. (Given the numinous possibilities for the date of the conversion of CCPS, no DCF workings are shown separately for the fair value of CCPS, as at the Valuation Date)
- The value of CCPS of SCHPL as at 16 July 2024 is presented below:

Particulars	Note	Units	Value
Number of CCPS to be issued (as informed by Management)	A	Mn	111.2
Fair value per CCPS	B	INR	100.0
Fair value of CCPS	**A*B**	**INR mn**	**11,123**

Source: Management

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the value of CCPS of SCHPL is estimated at **INR 11,123 million** as at 16 July 2024 (i.e. per CCPS value of **INR 100** each).

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Appendix 1: Historical and Prospective Financial Information

► The historical profit and loss statement of the Company as provided by the Management are summarised in table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net revenue					
Room revenue	489	143	534	1,302	1,774
Food and Beverage	353	203	520	896	1,053
MOD Revenue	54	10	37	108	134
Other operating revenue	1	2	3	2	-
Net revenue	**897**	**358**	**1,094**	**2,308**	**2,960**
Consumption of food and beverages	(77)	(44)	(118)	(187)	(212)
Employee benefit expenses	(205)	(268)	(302)	(392)	(463)
Power and Fuel	(46)	(54)	(88)	(130)	(149)
Business Promotion	(32)	(30)	(46)	(74)	(119)
Management Fees	(51)	(1)	(54)	(146)	(191)
Other operating expenses	(185)	(170)	(324)	(497)	(573)
Total expenses	(596)	(566)	(932)	(1,427)	(1,707)
Operating EBITDA	**300**	**(208)**	**161**	**881**	**1,253**
Depreciation of tangible	(224)	(291)	(215)	(180)	(182)
Amortisation of intangible	-	-	-	-	(1)
EBIT	**76**	**(500)**	**(54)**	**701**	**1,069**
Finance costs	(561)	(1,247)	(1,311)	(1,414)	(1,589)
PBT	**(484)**	**(1,747)**	**(1,365)**	**(713)**	**(520)**
Other income	273	589	50	80	144
Tax	67	18	241	-	(1)
PAT	**(145)**	**(1,139)**	**(1,075)**	**(633)**	**(377)**
Sales growth (%)	*na*	*-60.1*	*205.6*	*111.0*	*28.3*
EBITDA margins (%)	*33.50*	*-58.15*	*14.76*	*38.18*	*42.3*
EBIT margins (%)	*8.5*	*-139.6*	*-5.0*	*30.4*	*36.1*
PBT margins (%)	*-54.0*	*-487.9*	*-124.8*	*-30.9*	*-17.6*
PAT margins (%)	*-16.1*	*-318.1*	*-98.2*	*-27.4*	*-12.7*
Occupancy (%)	*60.8%*	*13.3%*	*46.3%*	*67.9%*	*71.5%*
ARR (INR)	*15,508*	*11,561*	*12,437*	*20,697*	*26,680*
RevPar (INR)	*9,431*	*1,538*	*5,763*	*14,046*	*19,078*

Source: Management

Appendix 1: Historical and Prospective Financial Information

► The historical and prospective MIS of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Mar-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	3	9	12	12	12	12	12	12
Net revenue													
Room revenue	942	304	463	1,002	1,645	585	1,096	1,805	1,902	1,979	2,063	2,144	2,219
F&B revenue	738	258	508	756	999	317	746	1,127	1,183	1,242	1,304	1,365	1,423
MOD revenue	113	29	33	118	166	59	118	180	189	197	205	213	220
Leela Club revenue								131	271	359	420	482	585
Other services	20	15	9	30	-	-	-	-	-	-	-	-	-
Net revenue	**1,813**	**607**	**1,012**	**1,906**	**2,810**	**961**	**1,959**	**3,242**	**3,546**	**3,777**	**3,992**	**4,204**	**4,447**
Departmental expenses													
Room expenses	(211)	(93)	(115)	(166)	(226)	(83)	(164)	(259)	(272)	(285)	(297)	(308)	(317)
F&B expenses	(375)	(183)	(259)	(356)	(461)	(144)	(343)	(513)	(541)	(566)	(591)	(615)	(641)
MOD expenses	(69)	(30)	(26)	(35)	(49)	(15)	(37)	(54)	(57)	(60)	(63)	(65)	(67)
Leela club expense	-	-	-	-	-	-	-	(87)	(148)	(186)	(210)	(250)	(299)
Admin and General expenses	(126)	(80)	(85)	(139)	(148)	(53)	(121)	(184)	(194)	(203)	(213)	(220)	(229)
Sales and Marketing expenses	(116)	(83)	(81)	(105)	(170)	(42)	(127)	(178)	(186)	(195)	(203)	(210)	(218)
Heat, Light, Power	(113)	(65)	(77)	(114)	(143)	(36)	(122)	(166)	(174)	(181)	(187)	(195)	(202)
Repairs and Maintenance	(82)	(51)	(69)	(117)	(125)	(32)	(95)	(134)	(141)	(149)	(156)	(163)	(171)
Gross profit	**720**	**22**	**301**	**875**	**1,488**	**555**	**950**	**1,667**	**1,833**	**1,952**	**2,072**	**2,179**	**2,304**
Management Fees	(97)	(17)	(46)	(111)	(179)	(65)	(118)	(197)	(207)	(216)	(226)	(235)	(244)
Property tax and Insurance	(54)	(57)	(56)	(130)	(50)	(14)	(42)	(61)	(64)	(66)	(68)	(71)	(73)
Other fixed expenses	(7)	(20)	(17)	(30)	(19)	(9)	(13)	(18)	(18)	(19)	(20)	(21)	(22)
Operating EBITDA	**562**	**(72)**	**181**	**604**	**1,239**	**467**	**778**	**1,391**	**1,543**	**1,651**	**1,758**	**1,851**	**1,965**
No of rooms	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***	***254***
Revenue growth (%)	*na*	*-66.5*	*66.9*	*88.3*	*47.4*	*na*	*na*	*11.0*	*9.4*	*6.5*	*5.7*	*5.3*	*5.8*
EBITDA margins (%)	*31.0*	*-11.8*	*17.9*	*31.7*	*44.1*	*48.6*	*39.7*	*42.9*	*43.5*	*43.7*	*44.0*	*44.0*	*44.2*
Occupancy (%)	*65.1%*	*19.8%*	*43.2%*	*59.8%*	*70.3%*	*84.0%*	*66.9%*	*73.0%*	*74.0%*	*74.0%*	*74.0%*	*74.5%*	*74.5%*
ARR (INR)	*15,617*	*16,527*	*11,563*	*18,072*	*25,238*	*30,120*	*23,432*	*26,664*	*27,731*	*28,840*	*29,993*	*31,043*	*32,130*
ARR growth	*na*	*6%*	*-30%*	*56%*	*40%*	*na*	*na*	*5%*	*4%*	*4%*	*4%*	*4%*	*4%*
RevPar (INR)	*10,160*	*3,269*	*4,993*	*10,803*	*17,738*	*25,304*	*15,686*	*19,465*	*20,521*	*21,341*	*22,195*	*23,127*	*23,937*
RevPar growth	*na*	*-67.8%*	*52.7%*	*116.4%*	*64.2%*	*na*	*na*	*7.7%*	*5.4%*	*4.0%*	*4.0%*	*4.2%*	*3.5%*

Source: Management

Appendix 1: Historical and Prospective Financial Information

► The prospective MIS of the Additional FAR component as provided by the Management are as follows:

Currency: ₹ mn	31-Dec-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	9	12	12	12	12	12	12	12
Net Revenue								
Room revenue	-	-	-	-	364	541	629	676
F&B revenue	-	-	-	-	79	103	132	147
Banquet revenue	-	-	-	-	245	295	332	366
MOD Revenue	-	-	-	-	18	27	31	34
Net Revenue	**-**	**-**	**-**	**-**	**706**	**967**	**1,124**	**1,222**
Operating expenses								
Payroll costs	-	-	-	-	(99)	(135)	(157)	(171)
F&B expenses	-	-	-	-	(65)	(80)	(93)	(103)
Other operating expenses	-	-	-	-	(71)	(97)	(112)	(122)
Utilities	-	-	-	-	(35)	(48)	(56)	(61)
Gross profit	**-**	**-**	**-**	**-**	**437**	**607**	**705**	**765**
Management Fees	-	-	-	-	(49)	(68)	(79)	(86)
Property tax and Insurance	-	-	-	-	(11)	(15)	(17)	(18)
Total expenses	-	-	-	-	(59)	(82)	(96)	(104)
Operating EBITDA	**-**	**-**	**-**	**-**	**377**	**524**	**610**	**661**
No of rooms	**-**	**-**	**-**	**-**	***54***	***54***	***54***	***54***
Revenue growth (%)	*na*	*na*	*na*	*na*	*na*	*36.8*	*16.3*	*8.7*
EBITDA margins (%) excl FF&E	*na*	*na*	*na*	*na*	*53.4*	*54.2*	*54.2*	*54.1*
Occupancy (%)	*na*	*na*	*na*	*na*	*40.6%*	*40.6%*	*40.6%*	*40.6%*
ARR (INR)	*na*	*na*	*na*	*na*	*45,573*	*49,574*	*52,547*	*54,359*
ARR growth (%)	*na*	*na*	*na*	*na*	*na*	*8.8%*	*6.0%*	*3.4%*
RevPar	*na*	*na*	*na*	*na*	*18,482*	*20,105*	*21,311*	*22,045*
RevPar growth (%)	*na*	*na*	*na*	*na*	*na*	*8.8%*	*6.0%*	*3.4%*

Source: Management

Appendix 2: Computation of WACC (Current Hotel operations)

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as per the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 2: Computation of WACC (Additional FAR component)

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.2
Equity market risk premium (%)	c	7.0
Additional risk premium (%)	d	2.0
Cost of equity capital (%)		***17.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	e	9.0
Expected income tax rate (%)	f	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*11.7*
WACC (rounded)		***14.0***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. The Management has planned the construction of additional rooms on additional FAR which would be available on payment of additional premium. These new rooms are expected to become operational in CY27. Recognizing the inherent uncertainties and risks associated with the above (approvals, construction, etc.), we have considered an additional risk premium of 2.0%.

d. Based on expected borrowing rate of the Company as informed by Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

DCF Computation – Company

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net revenue		**1,959**	**3,242**	**3,546**	**3,777**	**3,992**	**4,204**	**4,447**	**4,447**
EBITDA		**778**	**1,391**	**1,543**	**1,651**	**1,758**	**1,851**	**1,965**	**1,965**
Depreciation and amortisation		(273)	(355)	(331)	(306)	(284)	(264)	(239)	
EBIT		**505**	**1,036**	**1,212**	**1,345**	**1,473**	**1,587**	**1,725**	
Tax expense		-	-	(267)	(339)	(371)	(399)	(434)	
Debt free net income		**505**	**1,036**	**945**	**1,007**	**1,102**	**1,188**	**1,291**	
Add: Depreciation and amortisation		273	355	331	306	284	264	239	
(Increase)/ Decrease in net working capital		(180)	24	23	17	16	16	18	
Less: Capital expenditure		(438)	(398)	(108)	(119)	(130)	(143)	(155)	
Debt free cash flow		**160**	**1,018**	**1,191**	**1,211**	**1,273**	**1,325**	**1,394**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**153**	**878**	**914**	**826**	**771**	**714**	**667**	
Perpetuity multiple									18
Terminal value									**35,366**

Present value factor for terminal year	0.45
Present value for explicit period	4,924
Present value of terminal period	15,970
Enterprise value	**20,894**
Advance tax (net of provision)	50
Adjusted enterprise value	**20,944**
Less: gross external debt	(11,856)
Add: cash and cash equivalents	588
Add: ICDs to related parties	1,299
Add: Balances with Government authorities	261
Add: Value of Surplus FAR	963
Value attributable to Equity and CCD holders	**12,198**
Less: accrued interest on CCDs	(1,567)
Value attributable to Equity (including CCDs)	**10,631**

Source: Calculation

Computation of Terminal Value:

- The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of SCHPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	1,965	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**35,366**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**15,970**	**(C) * (D)**

Source: Calculation

- As informed by the Management, SCHPL has b/f tax losses amounting to INR 1,692 Mn as at the Valuation Date. The same has been factored in the aforesaid valuation workings

Appendix 3: Discounted cash flow method

DCF Computation – Additional FAR

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net revenue		**-**	**-**	**-**	**706**	**967**	**1,124**	**1,222**	**1,222**
EBITDA		**-**	**-**	**-**	**377**	**524**	**610**	**661**	**661**
Depreciation and amortisation					(576)	(519)	(467)	(420)	
EBIT		**-**	**-**	**-**	**(199)**	**6**	**143**	**241**	
Tax expense		-	-	-	-	-	-	(48)	
Debt free net income		**-**	**-**	**-**	**(199)**	**6**	**143**	**193**	
Add: Depreciation and amortisation		-	-	-	576	519	467	420	
(Increase)/ Decrease in net working capital		-	-	-	(71)	22	48	92	
Less: FAR premium and approval cost		(2,505)	-	-	-	-	-	-	
Less: Capital expenditure		(955)	(955)	(1,347)	-	-	-	-	
Debt free cash flow		**(3,460)**	**(955)**	**(1,347)**	**307**	**546**	**658**	**705**	
Discount rate (%)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	
Present value factor- Mid year discounting		0.95	0.85	0.74	0.65	0.57	0.50	0.44	
Present value factor- Year end discounting		0.91	0.80	0.70	0.61	0.54	0.47	0.41	
Present value debt free cash flow		**(3,294)**	**(811)**	**(1,003)**	**200**	**313**	**331**	**311**	
Perpetuity multiple									18
Terminal value									**11,903**

Present value factor for terminal year	0.41
Present value for explicit period	(3,953)
Present value of terminal period	4,915
Enterprise value	**963**

Source: Calculation

Computation of Terminal Value:

- The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of the additional FAR component. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	661	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**11,903**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.41	Refer DCF computation
	Present value of Terminal value	**4,915**	**(C) * (D)**

Source: Calculation

Appendix 4: Net asset value method

- The table below presents the Net asset value of SCHPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			17,791
Goodwill			528
Current assets			
Inventories		82	
Sundry debtors		94	
Cash and bank balances		588	
Inter Corporate deposits and interest there on		1,299	
Other current assets		450	
		2,513	
Current liabilities and provisions			
Trade payables		393	
Provisions		19	
Other current liabilities		302	
		714	
Net current assets (NCA)			1,799
Deferred tax assets			-
Loan funds			
Borrowings		11,856	
Other interest bearing financial liabilities		-	11,856
Deferred tax liability			-
Value attributable to Equity and CCD holders			**8,261**
Less: accrued interest on CCDs			(1,567)
Net equity value (including CCDs)			**6,694**

Source: Management

- The equity value of the Company as at the Valuation Date as per NAV method is ₹ 6,694 mn.
- The Company has contingent liability of INR 2,941 Mn as at 31 March 2024 (Refer Appendix 5 for details on contingent liabilities). The Management has informed that there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date (other than those specially mentioned in this Report), which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value the Company and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Appendix 5: Details of Contingent Liabilities

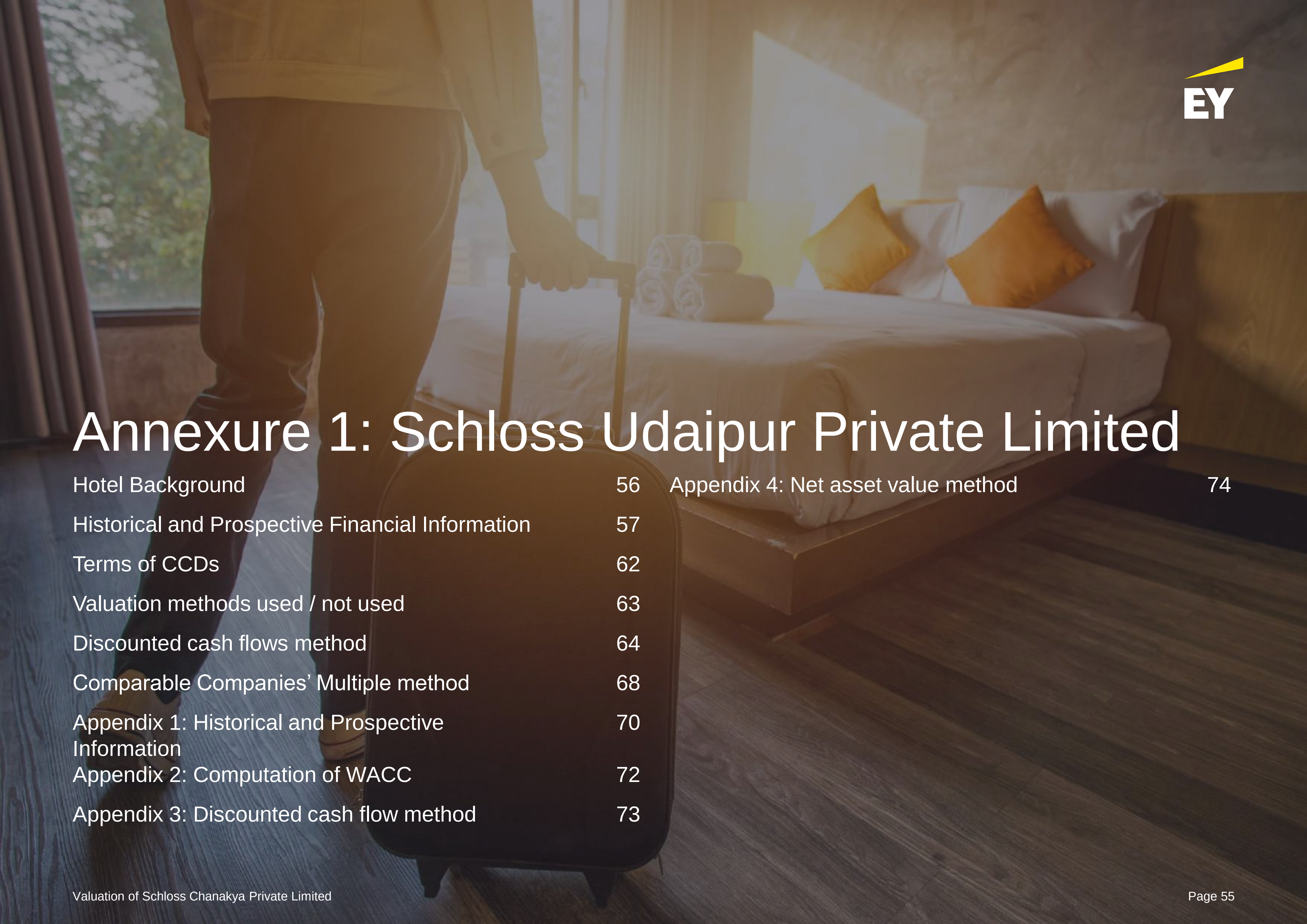
- As per the audited Financial statements of the Company as at 31 March 2024, the Company has following Contingent liabilities:

Currency: ₹ mn	Value
FAR - New Delhi Municipal Council ("NDMC")	2,929
Proceeding under The Minimum Wages Act, 1948	1
Disputed statutory liabilities	11
Total	**2,940**

Source: Management

Note

- The Management has informed us the following relating to FAR - New Delhi Municipal Council ("NDMC") matter :
  - For meeting additional demand for rooms before 2010 Commonwealth Games, in 2008, Government of India increased Floor Area Ratio (“FAR”) of hotels from 150 to 225 on the rates decided based on respective zones of the hotels.
  - Delhi Development Authority vide notification dated 10 October 2008 (“Original Notification”), allowed concession of 25% of Zonal Average Auction Rate (“ZAAR”) on completion of additional rooms before 31 July 2010. The aforesaid notification was amended twice, to reduce applicable ZAAR to 50% as well as fixing rates of each Zone – with ‘Central Zone’ being INR 167,765 per SqM and ‘South Zone’ being INR 76,523 per SqM
  - Leela Palace, New Delhi was allocated ‘Central Zone’ under the Original Notification, which was challenged by the Company through a Writ Petition, wherein the Court directed the Company to make representations before Ministry of Urban Development (“MOUD”), requesting hotel to be included in ‘South Zone’ and be charged rates accordingly.
  - MOUD rejected the application made by the Company to be included in South Zone and raised a demand of INR 572.8 Mn (principal amount) and interest at 19% p.a. The total principal amount demand was INR 1,527.5 Mn, of which the Company has paid INR 954.7 Mn as deposit upto the Valuation Date.
  - The Company has challenged the foregoing demand notice through Writ Petition on two principal grounds – (a) the Hotel falls in ‘South Zone’ and accordingly charges as prescribed for ‘South Zone’ should be applicable for additional FAR utilised and (b) The Hotel is entitled to concessional rate of 25% given the completion of additional rooms was substantially complied with.
  - Based on the legal opinion provided by the Company’s legal counsel on this matter, the Management expects the probability of devolvement of the aforesaid contingent liabilities to be NIL. We have relied on the legal opinion provided and Management’s estimate of probability of devolvement of the contingent liabilities on FAR matter.
  - The Management expects the probability of devolvement of the other contingent liabilities in aforesaid table also to be NIL.



Annexure 1: Schloss Udaipur Private Limited

Hotel Background

The Leela Palace Udaipur

- SUPL acquired The Leela Palace Udaipur in October 2019 from Hotel Leelaventure Limited.
- The Leela Palace Udaipur is located on the banks of Lake Pichola and offers undisputed views of the City Palace and the Aravalli Mountains. The elegant and contemporary interiors of the rooms and suites at The Leela Palace Udaipur are embellished with traditional elements of Rajasthani design and artistry.
- Key features of the Hotel include:
  - Accommodation – 80 Keys; including 14 Grand heritage garden view rooms, 19 Grand heritage lake view rooms, 37 Grand heritage lake view rooms with balcony, 2 Grand heritage garden view rooms with private pool, 4 luxury suites, 2 duplex suites, 1 royal suite and 1 maharaja suite
  - Dining – the Dining Room, Sheesh Mahal- a fine dining experience of Indian foods, the Library Bar, Destination Dining- by the sunset or spa
  - Conference & Banquet Facilities – Marwar Conference hall with open terrace, Guava Garden, Inner and Outer courtyard, Croquet Lawn and multiple meeting rooms.
- For the year ended 31 March 2024, SUPL reported revenue from operations of INR 953 Mn and Operating EBITDA of INR 393 Mn.

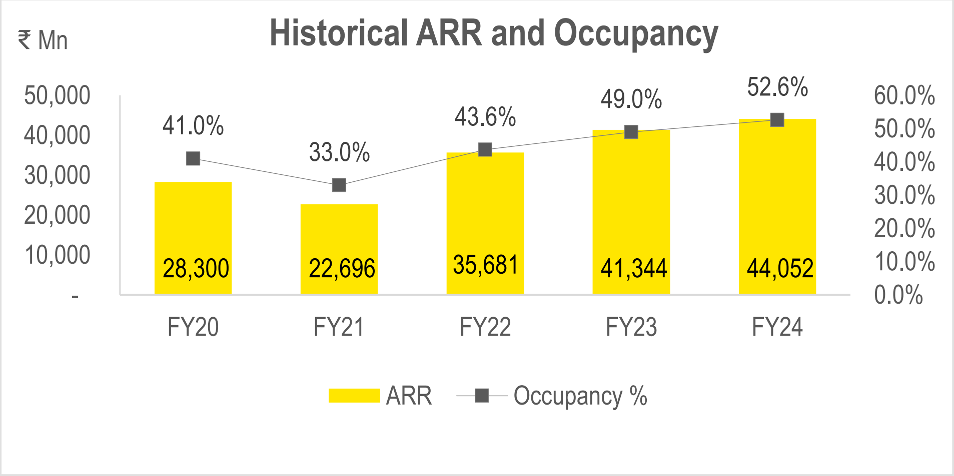
Source: Company Website

Historical and Prospective Financial Information

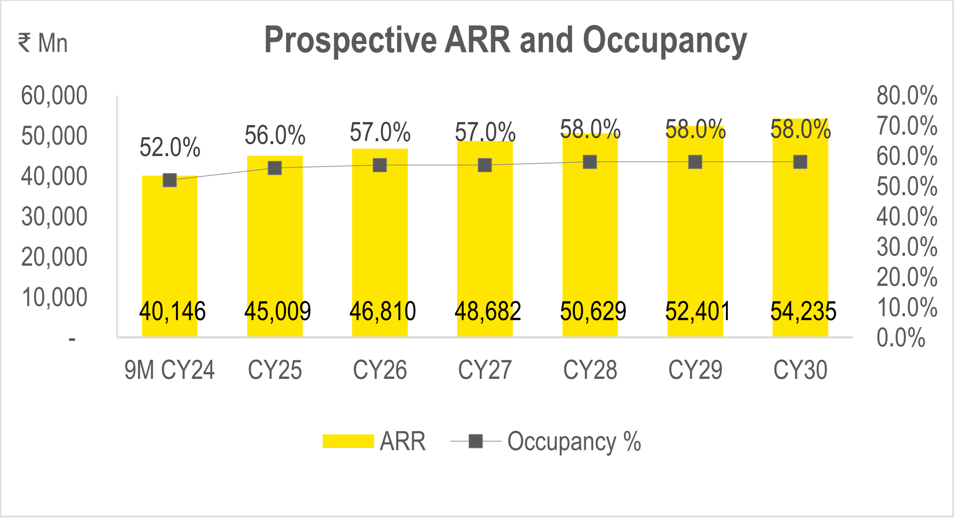
Key Metrics (Occupancies and ARRs):

- SUPL primarily caters to leisure travel segment and destination weddings. The occupancy rates for SUPL have shown fluctuations over the past five years, primarily influenced by the COVID-19 pandemic. In FY20, SUPL had achieved an occupancy rate of 41.0%. However, in FY21, the occupancy rate dropped to 33.0% due to widespread lockdowns and travel restrictions caused by the pandemic.
- As the situation began to stabilize, SUPL saw a recovery in occupancy rates, reaching 43.6% in FY22 and 49.0% in FY23. In FY24, occupancy further increased to 52.6% as demand for destination weddings surged across the country.
- ARR has experienced significant growth over the historical period. In FY20, the ARR was INR 28,300. The pandemic caused a decrease in demand, leading to a dip in ARR to c. INR 22,700 in FY21. However, as travel restrictions eased and demand began to return, the ARR saw a notable recovery.
- By FY24, the ARR had increased to c. INR 44,000. This growth was driven by several factors, including inflationary adjustments, enhanced service offerings, and strategic pricing for destination weddings.
- SUPL's Management projects continued growth in occupancy and ARR. SUPL is expected to achieve an occupancy rate of approximately 56.0% in CY25, driven by a surge in demand for luxury travel and destination weddings and enhanced marketing efforts. The occupancy rate is expected to stabilize at around 58.0% from CY28 onwards.
- ARR is projected to slightly decline by c. 2.0% in CY24, and gradually recover in CY25, with a growth of 5.0% and 4.0% in CY26, before stabilizing at a growth rate of approximately 3.0% from CY29 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



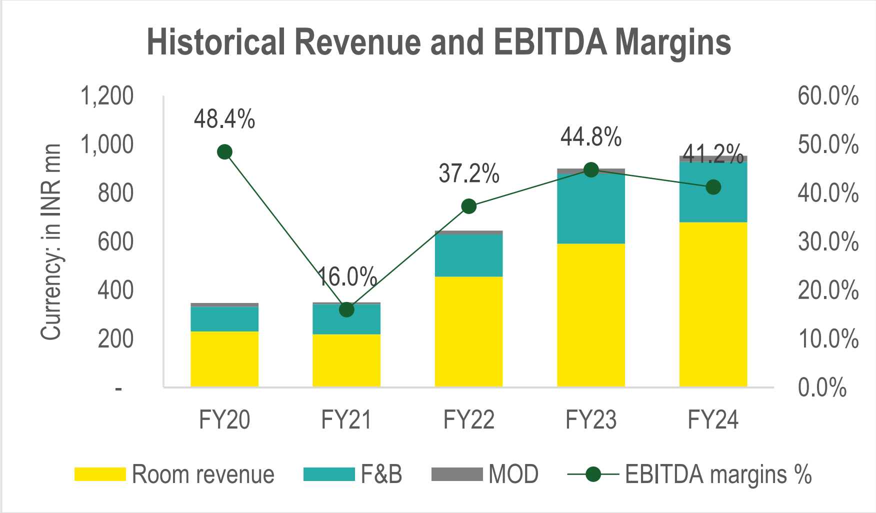
Source: Management

Historical and Prospective Financial Information

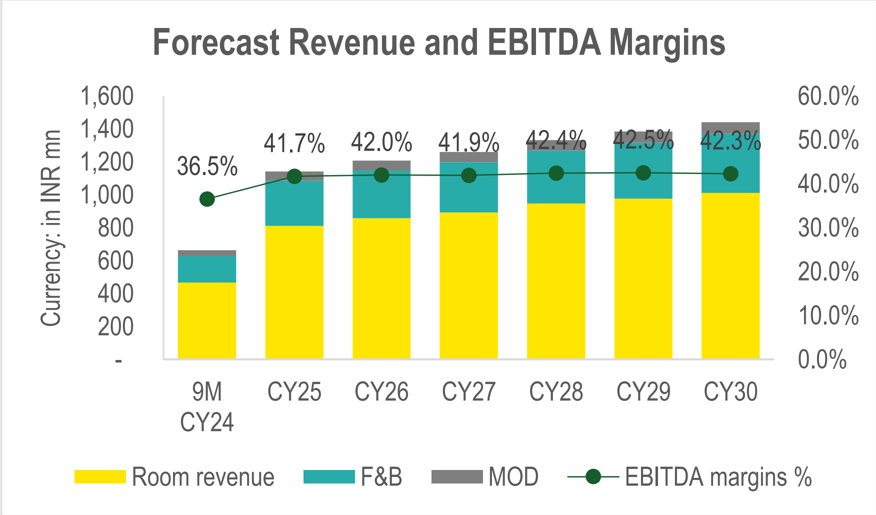
Revenue and EBITDA:

- In FY24, Room revenue has contributed to ~ 71% of total revenue making it the largest revenue segment. Room revenue is expected to contribute around ~70.5% of total revenues in CY24 and grow by ~13% in CY25 on account of increase in number of rooms from 82 to 88. Post CY25, room revenues are expected to stabilise at a growth rate of c. 5% in the projected period.
- Food and beverages were the second-largest contributor, accounting for ~26.1% of total revenues. Food and beverages is anticipated to contribute 24.2% of total revenues in CY24, decreasing to approximately 23.6% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 2.7% of the total revenue in FY24, and are projected to increase slightly to approximately 4.6% by CY30.
- Historically, major cost components for SUPL include employee cost, room cost and food and beverage costs.
- SUPL pays management fees to Schloss HMA Private Limited for using 'The Leela' brand and Management of the hotel operations. The structure of the fees is as follows:
  1. Base fee: 2.0% of total revenue
  2. Marketing fee: 1.5% of room revenue
  3. Incentive fee: 7% of gross operating profits
- SUPL's EBITDA margins have shown a recovery trend after the initial impact of COVID-19. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. By FY24, the EBITDA margin had reached 41.2%, slightly lower than 44.8% of FY23.
- SUPL is expected to achieve an EBITDA margin of approximately 39.6% in CY24 which is anticipated to increase and stabilise at ~42% from CY25 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 19% of total expenses, followed by room expenses at around 18%.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

- The historical balance sheet of SUPL as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Net block of fixed assets (NFA)	**3,001**	**2,938**	**2,900**	**2,987**	**4,734**
Goodwill	**283**	**221**	**159**	**96**	**159**
Current assets					
Inventories	24	22	22	23	22
Trade receivables	13	4	4	9	38
Inter corporate deposits	-	96	700	700	708
Cash and bank balances	89	625	637	688	637
Other current assets	62	183	191	132	116
	188	**930**	**1,553**	**1,551**	**1,521**
Current liabilities and provisions					
Trade payables	30	37	21	52	162
Provisions	6	4	2	2	6
Other current liabilities	40	88	121	94	211
	75	**128**	**145**	**148**	**379**
Net current assets (NCA)	**112**	**801**	**1,409**	**1,403**	**1,142**
Deferred tax asset	-	-	-	-	-
Loan funds					
Borrowings	2,872	3,593	4,227	4,180	3,980
	2,872	**3,593**	**4,227**	**4,180**	**3,980**
Deferred tax liability	-	-	-	-	393
Net worth	**524**	**367**	**240**	**306**	**1,661**
Represented by					
Equity	29	51	51	51	51
CCDs	211	31	(122)	(84)	1,244
Other equity	285	285	311	340	366
Total	**524**	**367**	**240**	**306**	**1,661**

Source: Management

Particulars	Mar-24
Working capital loans	**831**
Reported Loan funds	**3,149**
Total Loan funds	**3,980**
IndAS adjustments as informed by Management:	
Add: Transaction cost asset	11
Gross debt (excl. CCDs interest) used for DCF valuation	**3,991**

Source: Management

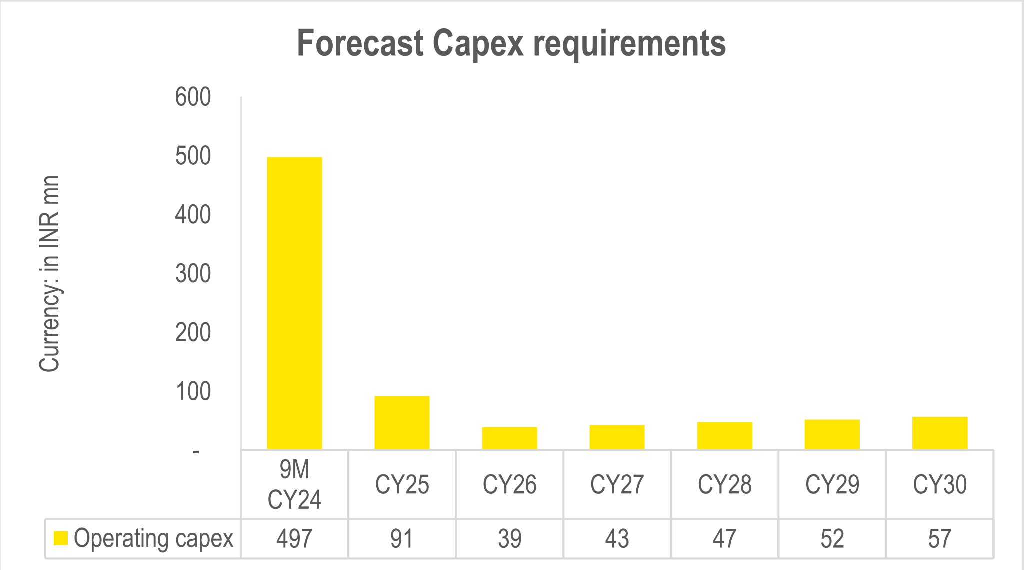
Note: The historical financials for SUPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, SUPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements include expenses for expansion of number of rooms from 82 to 88 by CY25, acquisition of a solar power plant of 1.5MW in Bikaner, which is expected to increase efficiencies in Heat Light and Power costs; and other operational expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:

1. Furniture, Fixtures, and Equipment (FF&E) expenses;
2. Renovations and upgrades;
3. Maintenance / Repair of Air Handling units, Chiller, cold room, smart room, pump replacement; and
4. Improvement of technical infrastructure.



	9M CY24	CY25	CY26	CY27	CY28	CY29	CY30
Operating capex	497	91	39	43	47	52	57

Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Current assets					
Inventories	24	22	22	23	22
Trade receivables	13	4	4	9	38
Other current assets	61	181	181	110	74
	98	**207**	**207**	**141**	**134**
Current liabilities and provisions					
Trade payables	30	37	21	52	162
Provisions	6	4	2	2	6
Other current liabilities	40	88	121	94	109
	75	**128**	**145**	**148**	**276**
Operating NCA	**22**	**78**	**62**	**(7)**	**(142)**
Revenue for the year	**347**	**350**	**645**	**900**	**953**
Operating NCA days of revenue	**24**	**82**	**35**	**(3)**	**(5)**

Source: Management

- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or "HMA"). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating negative working capital requirement of 18 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	953	1,011	1,140	1,205	1,258	1,333	1,383	1,440
Operating negative NCA days of revenue	(54)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Operating NCA	**(141)**	**(51)**	**(57)**	**(60)**	**(63)**	**(67)**	**(69)**	**(72)**
(Increase)/ Decrease in net operating working capital		**(92)**	**6**	**3**	**3**	**4**	**3**	**3**

Source: Management

Terms of CCDs

- The Management has informed that as at the Valuation Date, SUPL had issued 2,850,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 285 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Each CCD will be convertible into 1 equity share of face value of INR 10 each, unilaterally at the option of the CCD holder and/or the respective company
  - CCDs shall automatically stand converted into equity shares upon (a) commencement of corporate insolvency process or (b) conversion of loan into equity of the respective company
  - The tenure of CCDs is 15 years from the date of issue unless converted earlier. The date of issue of CCDs is 16 October 2019.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date.
  - TDS, if any, be deducted each year and paid to the government
  - CCDs may be transferred to a person who is related party of SUPL
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs (principal outstanding) would be converted into ‘equity’ on or before the Proposed Transaction and the interest accrued on CCDs thereof will be repaid to the CCD holders
  - Accordingly, the CCDs are considered as ‘equity’ for the purpose of the valuation and interest on CCDs upto the Valuation Date is considered as ‘debt’ to arrive at the equity value of SUPL.

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	50.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of SUPL for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in SUPL
Price of recent transaction method	No	-	► We have not used this method, as there are no recent transaction in SUPL.
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of Valuation Date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of SUPL. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
K_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

7.0% + (1.21 × 7.0%) = 15.5%

Risk free rate | **Beta** | **Market Risk Premium** | **Cost of Equity (Re)**

Cost of Debt | **1 - Tax Rate** = **Post tax cost of debt(Rd)**

9.0% × (1 - 25.17%) = 6.7%

$W_{E=}$66.7%

Target Debt to Equity

$W_{D=}$ 33.3%

12.5%

WACC (rounded)

WACC = W_E * R_E + W_D * R_D

W_E	=	Value of equity/value of total capital, E/E+D
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3:66.7 is considered for SUPL basis the Group’s capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that SUPL is a part of larger chain of hotels operating under the brand name "The Leela". Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 30 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**(347)**	**396**	**404**	**414**	**438**	**449**	**460**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(332)**	**341**	**310**	**282**	**266**	**242**	**220**	
Terminal value									**11,750**

Notes		
	Present value factor for terminal year	0.45
	Present value for explicit period	1,329
	Present value of terminal period	5,306
	Enterprise value	**6,636**
	Advance tax (net of provision)	42
	Adjusted enterprise value	**6,678**
1	Less: gross debt	(3,991)
	Add: cash and cash equivalents	637
2	Add: ICD	708
3	Add: Advance for Surplus land	65
	Value attributable to Equity and CCD holders	**4,097**
4	Less: accrued interest on CCDs	(86)
	Value attributable to Equity (including CCDs)	**4,011**

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approachwe have considered the gross debt (pre IndAS adjustments) as at the Valuation Date, as provided by the Management (Refer Page 20).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: As informed by the Management, acquired 19,270 square feet of surplus land in December 2023. Since this is a surplus land as on the Valuation Date, its value has been added separately when determining the equity value.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that SUPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
  1. All companies are publicly traded
  2. Companies engaged in similar business operations and having multiple hotels
  3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
  4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: Mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
					Average	**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x (rounded).
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of SUPL to determine the enterprise value of SUPL. Refer the table below for computation of equity value as per the CCM method:

	Currency: ₹ mn	Mar24
	EV/ EBITDA multiple	24.6x
	Less: Discount	25%
	Multiple after discount (rounded)	18x
	EBITDA of SUPL	393
	Value	**7,068**
	Net deferred tax assets/ (Liabilities) at 50%	(197)
	Add: CWIP	53
	Enterprise value	**6,924**
1	Less: gross debt	(3,980)
	Add: cash and cash equivalents	637
2	Add: ICD	708
3	Add: Advance for Surplus land	65
	Value attributable to Equity and CCD holders	**4,355**
4	Less: accrued interest on CCDs	(86)
	Value attributable to Equity	**4,269**

Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported gross debt as per the financials of SUPL as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Note 2: Inter corporate deposits include loans given to related parties

Note 3: As informed by the Management, acquired 19,270 square feet of surplus land in December 2023. Since this is a surplus land as on the Valuation Date, its value has been added separately when determining the equity value.

Note 4: Accrued interest on CCDs (net of TDS) outstanding as at the Valuation Date which is not considered for conversion of equity as informed by Management

Appendix 1: Historical and Prospective Information

- The historical profit and loss statement of SUPL as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Revenue from operations					
Room Revenue	230	219	455	591	679
F&B	102	123	174	287	249
Others allied service	16	8	16	23	26
Net Revenue	**347**	**350**	**645**	**900**	**953**
F&B materials consumed	(18)	(28)	(38)	(51)	(50)
Employee benefit expenses	(54)	(99)	(116)	(139)	(162)
Management Fees	(23)	(17)	(45)	(62)	(64)
Business Promotion	(23)	(19)	(24)	(48)	(70)
Power and Fuel	(20)	(41)	(43)	(51)	(33)
Other expenses	(41)	(90)	(138)	(146)	(181)
Total expenses	(179)	(294)	(405)	(497)	(561)
Operating EBITDA	**168**	**56**	**240**	**403**	**393**
Depreciation and amortisation	(83)	(139)	(125)	(120)	(83)
EBIT	**85**	**(83)**	**115**	**283**	**309**
Finance costs	(133)	(260)	(354)	(382)	(388)
PBT	**(48)**	**(343)**	**(239)**	**(99)**	**(79)**
Other income	3	13	87	136	124
Tax	-	-	-	-	(18)
PAT	**(46)**	**(330)**	**(153)**	**37**	**27**
Revenue growth (%)	*na*	*0.6*	*84.3*	*39.7*	*5.9*
EBITDA margins (%)	*48.4*	*16.0*	*37.2*	*44.8*	*41.2*
EBIT margins (%)	*24.4*	*(23.7)*	*17.8*	*31.5*	*32.4*
PBT margins (%)	*(13.9)*	*(98.0)*	*(37.2)*	*(11.0)*	*(8.3)*
PAT margins (%)	*(13.2)*	*(94.3)*	*(23.7)*	*4.2*	*2.9*
Occupancy	*41.0%*	*33.0%*	*43.6%*	*49.0%*	*52.6%*
ARR (INR)	*28,300*	*22,696*	*35,681*	*41,344*	*44,052*
RevPar (INR)	*11,606*	*7,484.4*	*15,570*	*20,240*	*23,185*

Source: Management

Appendix 1: Historical and Prospective Information

- The historical and prospective profit and loss statement of SUPL as provided by the Management are as follows:

Currency: ₹ mn	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Mar-24	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	3	9	12	12	12	12	12	12
Net Revenue													
Room revenue	340	231	427	508	659	236	467	810	857	891	946	976	1,010
F&B revenue	160	116	182	253	246	91	161	274	290	306	322	340	360
MOD revenue	22	13	13	18	68	21	35	56	59	62	64	67	70
Other services	4	5	48	42	-								
Net Revenue	**527**	**365**	**669**	**822**	**973**	**348**	**663**	**1,140**	**1,205**	**1,258**	**1,333**	**1,383**	**1,440**
Room expenses	(54)	(37)	(69)	(71)	(88)	(31)	(75)	(114)	(121)	(127)	(135)	(140)	(146)
F&B expenses	(73)	(64)	(86)	(98)	(111)	(32)	(83)	(123)	(129)	(134)	(140)	(145)	(153)
MOD expenses	(19)	(13)	(16)	(18)	(22)	(5)	(17)	(23)	(25)	(26)	(27)	(29)	(30)
Admin and General expenses	(58)	(45)	(48)	(62)	(73)	(22)	(60)	(89)	(94)	(99)	(103)	(106)	(111)
Revenue and Marketing expenses	(43)	(32)	(31)	(50)	(79)	(22)	(71)	(100)	(105)	(110)	(115)	(119)	(123)
Heat, Light, Power	(49)	(38)	(44)	(48)	(31)	(8)	(18)	(24)	(25)	(26)	(27)	(27)	(28)
Repairs and Maintenance	(45)	(30)	(41)	(46)	(48)	(14)	(43)	(62)	(65)	(68)	(71)	(74)	(77)
Gross profit	**186**	**105**	**335**	**428**	**520**	**215**	**296**	**604**	**641**	**669**	**715**	**744**	**773**
Management Fees	(27)	(18)	(42)	(53)	(64)	(25)	(40)	(75)	(79)	(83)	(88)	(91)	(95)
Property tax and Insurance	(2)	(4)	(4)	(6)	(3)	(1)	(2)	(3)	(3)	(3)	(3)	(4)	(4)
Other fixed expenses	(1)	(7)	(8)	(12)	(10)	(3)	(12)	(16)	(17)	(18)	(19)	(20)	(21)
Total expenses	**(30)**	**(28)**	**(53)**	**(71)**	**(77)**	**(29)**	**(54)**	**(94)**	**(100)**	**(104)**	**(111)**	**(115)**	**(120)**
Operating EBITDA	**156**	**77**	**281**	**357**	**443**	**186**	**242**	**510**	**542**	**564**	**605**	**629**	**653**
Number of Keys	80	80	80	80	80	80	80	88	88	88	88	88	88
Revenue growth (%)	*na*	*(30.7)*	*83.3*	*22.8*	*18.4*	*na*	*na*	*12.7*	*5.8*	*4.4*	*5.9*	*3.8*	*4.1*
EBITDA margins (%)	*29.6*	*21.1*	*42.0*	*43.5*	*45.6*	*53.5*	*36.5*	*44.7*	*45.0*	*44.9*	*45.4*	*45.5*	*45.3*
Occupancy (%)	*42.4%*	*30.0%*	*47.1%*	*43.4%*	*51.7%*	*66%*	*52%*	*56%*	*57%*	*57%*	*58%*	*58%*	*58%*
ARR (INR)	*27,503*	*26,380*	*31,054*	*40,077*	*43,672*	*49,495*	*40,146*	*45,009*	*46,810*	*48,682*	*50,629*	*52,401*	*54,235*
ARR growth (%)	*na*	*-4.1%*	*17.7%*	*29.1%*	*9.0%*	*NA*	*NA*	*5.0%*	*4.0%*	*4.0%*	*4.0%*	*3.5%*	*3.5%*
RevPar (INR)	*11,651*	*7,901*	*14,620*	*17,407*	*22,557*	*32,464*	*20,716*	*25,205*	*26,682*	*27,749*	*29,365*	*30,393*	*31,457*
RevPar growth (%)	*na*	*-32.2%*	*85.0%*	*19.1%*	*29.6%*	*NA*	*NA*	*6.9%*	*5.9%*	*4.0%*	*5.8%*	*3.5%*	*3.5%*

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as per the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**663**	**1,140**	**1,205**	**1,258**	**1,333**	**1,383**	**1,440**	**1,440**
EBITDA		**242**	**510**	**542**	**564**	**605**	**629**	**653**	**653**
Depreciation and amortisation		(118)	(148)	(136)	(126)	(118)	(110)	(100)	
EBIT		**125**	**362**	**405**	**438**	**487**	**519**	**553**	
Tax expense		-	(29)	(102)	(110)	(123)	(131)	(139)	
Debt free net income		**125**	**333**	**303**	**328**	**364**	**388**	**414**	
Add: Depreciation and amortisation		118	148	136	126	118	110	100	
(Increase)/ Decrease in net working capital		(92)	6	3	3	4	3	3	
Less: Capital expenditure		(497)	(91)	(39)	(43)	(47)	(52)	(57)	
Debt free cash flow		**(347)**	**396**	**404**	**414**	**438**	**449**	**460**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(332)**	**341**	**310**	**282**	**266**	**242**	**220**	
Perpetuity multiple									18x
Terminal value									**11,750**

Present value factor for terminal year	0.45
Present value for explicit period	1,329
Present value of terminal period	5,306
Enterprise value	**6,636**
Advance tax (net of provision)	42
Adjusted Enterprise value	**6,678**
Less: gross debt	(3,991)
Add: cash and cash equivalents	637
Add: ICD	707
Add: Advance for Surplus land	65
Value attributable to Equity and CCD holders	**4,097**
Less: accrued interest on CCDs	(86)
Value attributable to Equity (including CCDs)	**4,011**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of SUPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	653	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**11,750**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**5,306**	**(C) * (D)**

Source: Calculation

► As informed by the Management, SUPL has b/f tax losses amounting to INR 370 mn as at the Valuation Date. The same has been factored in the aforesaid valuation workings

Appendix 4: Net asset value method

- The table below presents the Net asset value of SUPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			4,734
Goodwill			159
Current assets			
Inventories		22	
Trade receivables		38	
Inter corporate deposits		708	
Cash and bank balances		637	
Other current assets		116	
		1,521	
Current liabilities and provisions			
Trade payables		162	
Provisions		6	
Other current liabilities		211	
		379	
Net current assets (NCA)			1,142
Deferred tax assets		-	-
Loan funds			
Borrowings		3,980	
Other interest bearing financial liabilities		-	3,980
Deferred tax liability			393
Value attributable to Equity and CCD holders			**1,661**
Less: accrued interest on CCDs			(86)
Net equity value (including CCDs)			**1,575**

Source: Management

- The equity value (including CCDs) of SUPL as at the Valuation Date as per NAV method is ₹ 1,575 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in SUPL and (ii) no material contingent assets / liabilities in SUPL as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value SUPL and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Annexure 2: Tulsi Palaces Resorts Private Limited

Hotel Background

The Leela Palace Jaipur

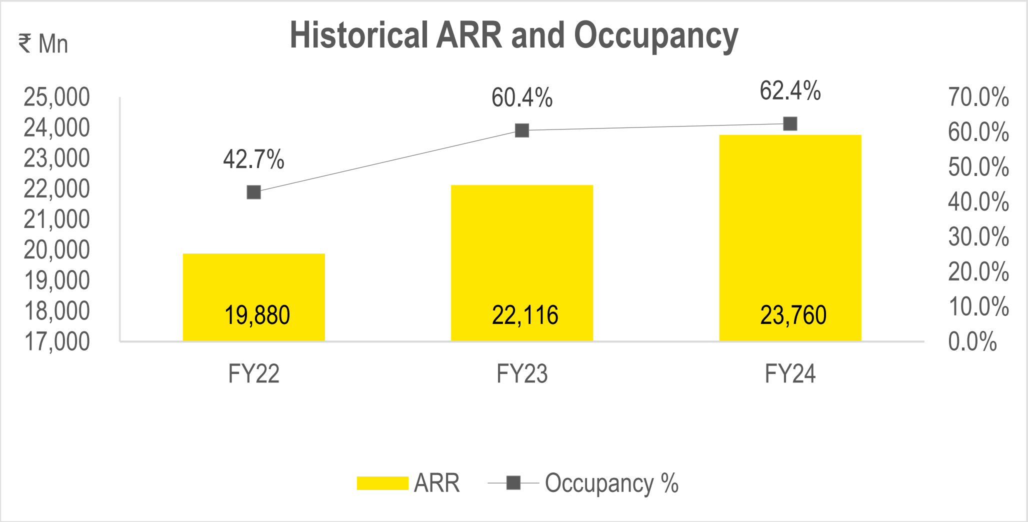
- The Leela Palace Jaipur (the "Hotel") is located on Jaipur-Delhi Highway and is an elegant reflection of modern palatial grandeur. It blends the splendor of Rajputana and Mughal architecture with pristine white exteriors embellished with ornate jaalis and silver-lined chhatris. Nearest attractions include Chamunda Temple, Nahargarh Biological Park and Amer Fort.
- Key features of the Hotel include:
  - Accommodation – 200 Keys; including 74 Palace rooms, 16 Palace suits, 22 Grand villas, 22 Grand villas with terrace, 23 Royal villas with courtyard,41 Royal villas with plunge pools, 1 Royal suite and 1 Maharaja suite.
  - Dining – Sukh Mahal, an All-day dining restaurant; Mohan Mahal, Indian speciality restaurant; Preet Mahal, Italian Trattoria serving traditional comfort food; Jharokha Bar; Unique dining experiences – Poolside, Hawa Mahal and in villa.
  - Conference & Banquet Facilities – Vikram Aditya Grand Ballroom with a pre-function area; Jaigarh Meeting Room; Sundarban Lawns; Hawa Mahal; Kanishka Bagh and Studio.
- For the year ended 31 March 2024, TPRPL reported revenue from operations of INR 1,810 Mn and Operating EBITDA of INR 786 Mn.

Source: Website

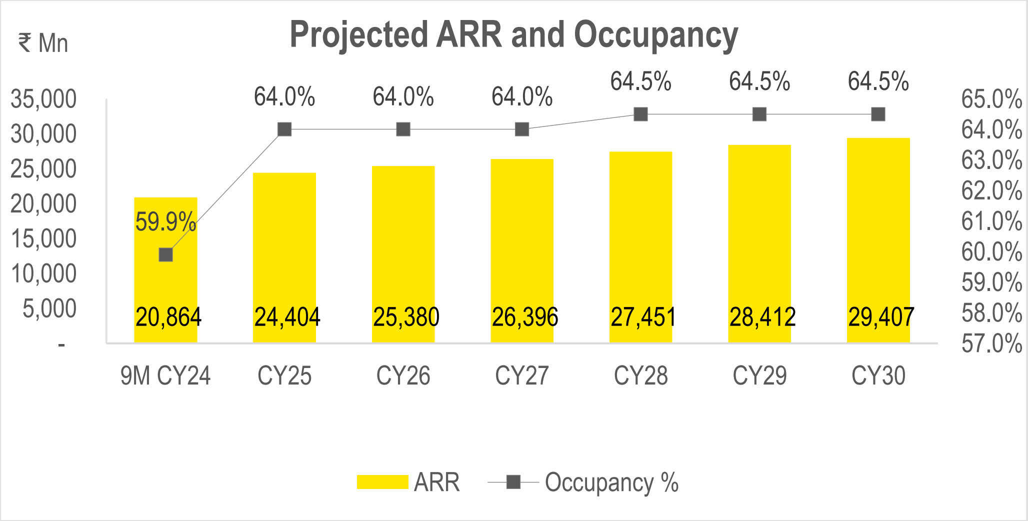
Historical and Prospective Financial Information

Key Metrics (Occupancies and ARRs):

- TPRPL primarily caters to leisure travel segment and destination weddings. Historically, TPRPL has achieved an occupancy of 42.7% in FY22, showing a significant growth to 60.4% in FY23. Occupancy remained relatively stable at 62.0% in FY24.
- TPRPL has achieved an ARR of INR 19,800 in FY22, with a notable increase to INR 22,116 in FY23. By FY24, ARR has increased to around INR 23,760.
- TPRPL's Management projects continued growth in occupancy and ARR. TPRPL is expected to achieve an occupancy rate of approximately 64.0% in CY25, driven by the ongoing surge in demand of destination weddings. The occupancy rate is expected to stabilize at around 64.5% from CY28 onwards.
- The growth in the projected period is supported by the current ARRs and inflationary price adjustments. Further, the ARR is expected to grow at around 4.0% in CY25, before stabilizing at a growth rate of approximately 3.5% from CY29 onwards, reflecting a mature market scenario where growth is driven by steady demand and incremental enhancements in service offerings



Source: Management



Source: Management

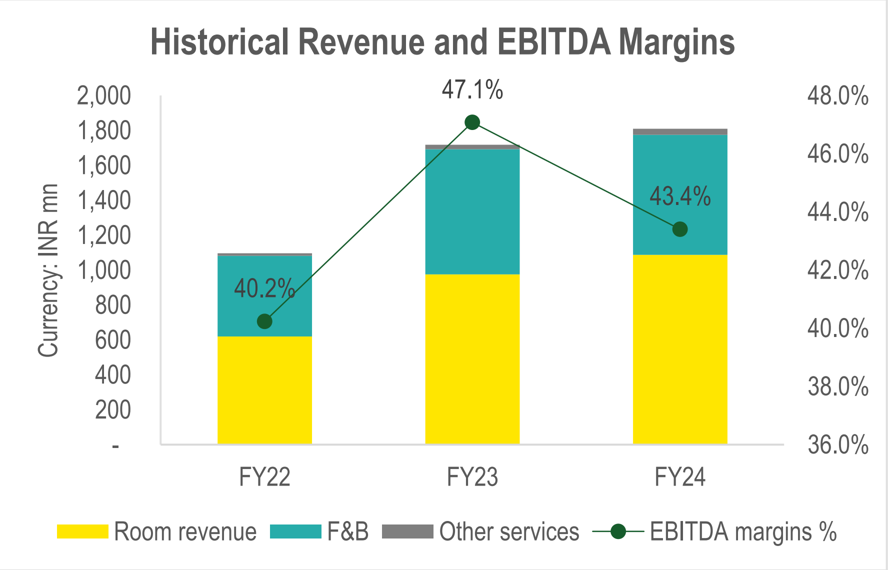
The detailed historical and prospective profit and loss statement has been presented in Appendix 2

Historical and Prospective Financial Information

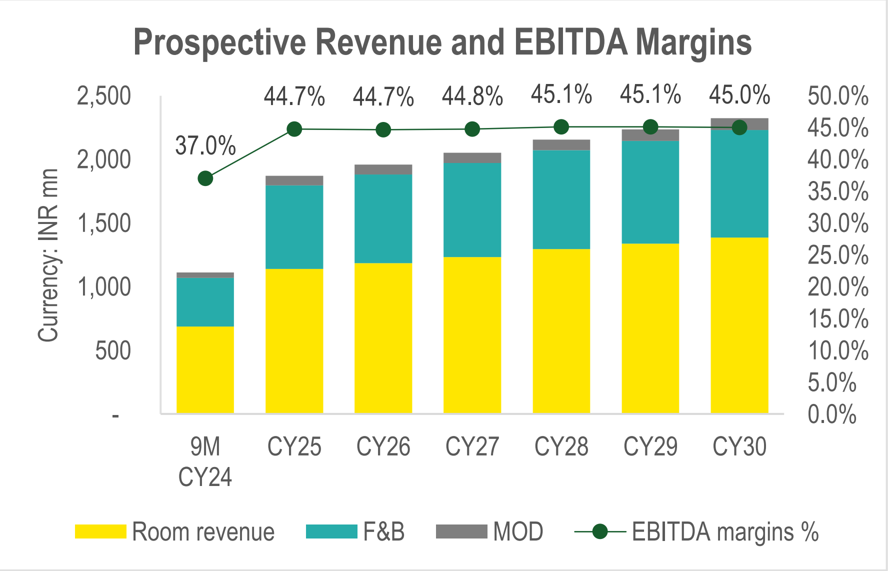
Revenue and EBITDA:

- In FY24, Room revenue has contributed to ~ 60% of total revenue making it the largest revenue segment. Room revenue is expected to contribute around ~61.8% of total revenues in CY24. By CY30, room revenue is expected to contribute ~59.6% of total revenues.
- Food and beverages were the second-largest contributor, accounting for ~38.0% of total revenues. Food and beverages is anticipated to contribute 34.3% of total revenues in CY24, increasing to approximately 36.4% by CY30.
- Minor operating departments, including services like laundry and spa, made up the remaining 2.0% of the total revenue in FY24, and are projected to increase slightly to approximately 4.0% by CY30.
- Historically, major cost components for TPRPL include employee cost, room cost and food and beverage costs.
- TPRPL pays management fees to Schloss HMA Private Limited for using 'The Leela' brand and Management of the hotel operations. The structure of the fees is as follows:
  - Base fee: 2.0% of total revenue
  - Marketing fee: 1.5% of room revenue
  - Incentive fee: 7% of gross operating profits
- TPRPL's EBITDA margins have shown significant growth. The Management's strategic and cost-effective measures enhanced operational efficiencies, and improved EBITDA margins. By FY24, the EBITDA margin had reached 43.4%, slightly lower than 47.1% of FY23.
- TPRPL is expected to achieve an EBITDA margin of approximately 37.0% in CY24 which is anticipated to increase and stabilise at ~45% from CY25 onwards. Food and Beverage is expected to remain the major cost head throughout the forecast period, contributing approximately 30% of total expenses, followed by room expenses at around 20%.

The detailed historical and prospective profit and loss statement has been presented in Appendix 2



Source: Management



Source: Management

Historical and Prospective Financial Information

► The historical balance sheet of TPRPL as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Number of months	12	12	12
Net block of fixed assets (NFA)	**1,226**	**1,152**	**6,361**
Right of use assets	**-**	**-**	**0.3**
Current assets			
Inventories	30	20	29
Trade receivables	5	15	80
Cash and bank balances	297	532	1,211
Other current assets	190	102	145
	522	669	1,464
Current liabilities and provisions			
Trade payables	98	137	177
Provisions	39	6	6
Other current liabilities	532	440	511
	670	583	694
Net current assets (NCA)	**(148)**	**86**	**770**
Deferred tax asset	-	-	-
Lease Liability			0.1
Loan funds	-	-	
Borrowings	617	450	
Non-convertible bonds			478
	617	450	478
Deferred tax liability	19	18	1,359
Net worth	**443**	**770**	**5,293**
Represented by			
Equity	252	252	252
Other equity	191	519	5,042
Total	**443**	**770**	**5,293**

Source: Management

Particulars	Mar-24
Reported NCBs	**478**
IndAS adjustments as informed by Management:	
Less: Differential interest	(1.6)
Add: Processing charges	3.8
Gross debt (excl CCDs interest) used for DCF valuation	**480**

Source: Management

Note: The historical balance sheet for TPRPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, TPRPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical Financial Information - Moonburg

- The historical balance sheet of MPPL as provided by the Management are as follows:

Currency: ₹ mn	Notes	31-Mar-23	31-Mar-24
Audited/unaudited/forecast		Audited	Audited
Number of months		12	12
Investments		-	4,730
Current assets			
Trade receivables			0.7
Cash and bank balances		0.1	4.5
Other current assets		0.1	7.2
		0.2	12.3
Current liabilities and provisions			
Trade payables			0.9
Other current liabilities		0.4	39.5
		0.4	40.4
Net current assets (NCA)		**(0.2)**	**(28.1)**
Deferred tax asset			-
Loan funds		-	-
Listed NCBs			4,241
CCDs			500
Interest accrued on NCBs			381
		-	**5,123**
Net worth		**(0.2)**	**(421)**
Represented by			
Equity		0.1	0.1
Other equity		(0.3)	(421)
Total		**(0.2)**	**(421)**

Source: Management

Represents the book value of investment in TPRPL

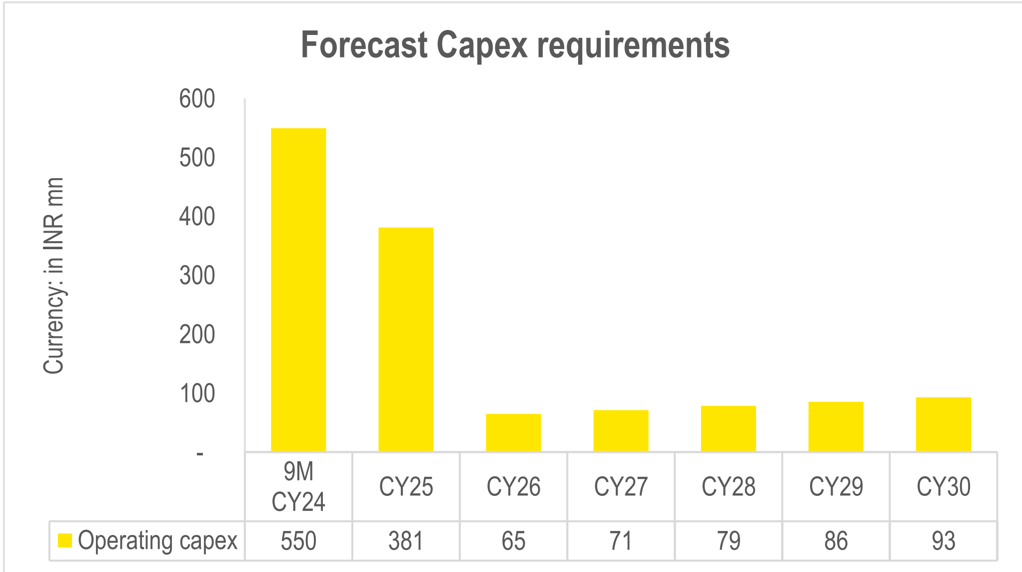
Note: The historical balance sheet for TPRPL follows IGAAP standards till 31 March 2023. However, for 31 March 2024, TPRPL has transitioned to IndAS reporting, making the balance sheet of 31 March 2024 not comparable to previous periods, since FY24 is the first year of IndAS adoption.

Historical and Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements include expenses for a solar power plant of 1.5MW in Bikaner, which is expected to increase efficiencies in Heat Light and Power costs, project improvement plans and other operational expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:

1. Furniture, Fixtures, and Equipment (FF&E) expenses;
2. Renovations and upgrades;
3. Maintenance / Repair of Air Handling units, Chiller, cold room, smart room, pump replacement; and
4. Improvement of technical infrastructure.



Source: Management

Historical and Prospective Financial Information

Operating Working capital:

- The historical operating working capital requirement has been presented in the table below:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Current assets			
Inventories	30	20	29
Trade receivables	5	15	80
Other current assets	190	91	128
	225	**125**	**236**
Current liabilities and provisions			
Trade payables	98	137	177
Provisions	39	6	6
Other current liabilities	282	190	288
	420	**333**	**472**
Operating NCA	**(195)**	**(207)**	**(235)**
Revenue for the year	**1,096**	**1,719**	**1,810**
Operating negative NCA days of revenue	**(65)**	**(44)**	**(47)**

Source: Management

- Trade payables for FY 2023 and FY2024 include outstanding payables to related parties (Schloss HMA Private Limited or "HMA"). Basis discussions with the Management, we understand that the operating cycle for payables to HMA is to stabilise at 60 days in the projected period.
- Basis the above, the Management has assumed an operating negative working capital requirement of 37 days of revenue in the forecast period. The projected operating working capital requirement is tabulated below:

Currency: ₹ mn	Mar24	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	1,810	1,785	1,871	1,960	2,053	2,156	2,234	2,322
Operating negative NCA days of revenue	(47)	(37)	(37)	(37)	(37)	(37)	(37)	(37)
Operating NCA	**(235)**	**(179)**	**(187)**	**(196)**	**(205)**	**(216)**	**(223)**	**(232)**
(Increase)/ Decrease in net operating working capital		**(57)**	**9**	**9**	**9**	**10**	**8**	**9**

Source: Management

Terms of CCDs

- The Management has informed that as at the Valuation Date, MPPL had issued 50,000,000 Compulsorily Convertible Debentures of face value INR 100 each, amounting to INR 500 mn.
- The key terms of the CCDs are as follows:
  - Fully, compulsorily, cumulative and mandatorily convertible unsecured debentures of face value INR 100 each.
  - Voluntary Conversion: At any time prior to the mandatory Conversion Date, the CCD holder shall have the right, exercisable by notice in writing to Moonburg, to convert the CCDs into such number of equity shares of Moonburg of face value of INR 10 each as determined by the Conversion Formula.
  - Mandatory Conversion: provided that the CCDs shall automatically stand converted into the number of converted equity shares as determined by the Conversion Formula upon commencement of the corporate insolvency resolution process of MPPL
  - Conversion Formula: Number of converted equity shares issued upon conversion of 1 CCD = Face Value of a CCD divided by the Conversion Price.
    - Where 'Conversion Price' shall mean the higher of, (a) the fair market value per converted equity share at the time of issuance of the CCDs; and (b) the fair market value per converted equity share at the time of conversion of the CCDs, as determined by a valuer appointed by the Moonburg for this purpose.
  - The tenure of CCDs is 10 years from the date of issue unless converted earlier.
  - The CCDs would carry a coupon of 10.5% per annum, compounded on a yearly basis, until the conversion. The accrued and cumulative coupons/interests shall be carried forward for payment on the next payment date.
  - Interest free period - Interest on the principal amount of CCDs outstanding shall neither accrue nor be payable till 31 March 2025.
  - TDS, if any, be deducted each year and paid to the government
  - CCD holders will not carry any voting rights until conversion
  - The Management informed that all the CCDs of Moonburg would be transferred to TPRPL 'at par' on the reverse merger and the CCDs are not entitled to any equity swap. Accordingly, TPRPL will be the issuer of the CCDs post completion of the reverse merger.

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Based on the financial projections provided to us by the Management
Comparable Companies' multiple method			
Quoted multiples	Yes	25.0%	► Comparable companies engaged in hospitality industry have been considered for the analysis. Average EV/EBITDA multiple (Enterprise Value to EBITDA) has been considered on FY24 EBITDA of TPRPL for the valuation analysis
Market approach			
Market Price method	No	-	► Not listed on any recognized stock exchange
Price of recent transaction method	Yes	25.0%	► Moonburg Power Private Limited had acquired 50% stake of TPRPL in May 2023 from independent third party on arm's length basis. We have used the implied EV / EBITDA multiple for this transaction (Enterprise Value to EBITDA) on FY24 EBITDA of TPRPL for the valuation analysis
Price of recent investment method	No	-	► We have not used this method, as there are no recent investment in TPRPL
Cost approach			
Net asset value method	No	-	► Does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the equity value of the company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of valuation date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 12.5%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$WACC = W_E * K_E + W_D * R_D$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
K_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

7.0% + (1.21 × 7.0%) = 15.5%

Risk free rate + (Beta × Market Risk Premium) = Cost of Equity (Re)

Cost of Debt × (1 - Tax Rate) = Post tax cost of debt(Rd)

9.0% × (1 - 25.17%) = 6.7%

Target Debt to Equity

$W_{E=}$66.7%

$W_{D=}$ 33.3%

12.5%

WACC (rounded)

WACC = W_E * R_E + W_D * R_D

W_E = Value of equity/value of total capital, E/E+D

W_D = Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 2. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Based on the current marginal borrowing cost as per the Management
5. Based on the prevailing corporate tax rate in India
6. The debt equity ratio of 33.3 : 66.7 is considered for TPRPL basis the Group’s capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that TPRPL is a part of larger chain of hotels operating under the brand name "The Leela". Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. Please refer to page 33 for detailed selection criteria used for the comparable companies.
- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**(284)**	**272**	**615**	**640**	**672**	**688**	**708**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(271)**	**235**	**472**	**437**	**408**	**371**	**339**	
Terminal value									**18,802**

Present value factor for terminal year	0.45
Present value for explicit period	1,990
Present value of terminal period	8,490
Enterprise value	**10,480**
Advance tax (net of provision)	16.9
Adjusted enterprise value	**10,497**
1 Less: NCBs	(480)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**11,228**

Terminal value * 0.45

= CY30 EBITDA * EV / EBITDA multiple

Source: Calculation

Note 1: The business plan provided by the Management is not based on IndAS. Accordingly, for computation of equity value as per DCF approachwe have considered the gross debt (pre IndAS adjustments) as at the Valuation Date, as provided by the Management (Refer Page 20).

Refer Appendix 3 for a detailed DCF computation

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- This method compares the price for which comparable companies are traded on the capital market.
- In the application of CCM, we have considered that TPRPL is a part of larger chain of hotels operating under the brand name "The Leela". We selected a list of comparable companies which were operating 4-star and 5-star hotels as their primary business were selected from S&P Capital IQ database. We have shortlisted the comparable companies based on the following parameters:
    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts
- The EV of comparable companies have been computed by adding the market capitalisation of the companies and the debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March 2024 on the respective stock exchanges. The net debt as stated in the latest available audited balance sheet of the respective companies has been considered. There is small room for unavoidable discrepancy in computation of EV due to the above-mentioned figures as of different dates.
- We have computed EV/ EBITDA multiple of comparable companies based on annualised EBITDA as on 31 March 2024.

Currency: mn	Market cap	Net debt	Enterprise value	FY24 Revenue	FY24 EBITDA	EV/EBITDA
The Indian Hotels Company Limited	855,113	(9,496)	845,617	67,910	21,571	39.2
EIH Limited	287,686	(9,828)	277,858	26,260	9,269	30.0
TAJGVK Hotels & Resorts Limited	22,523	(974)	21,549	4,109	1,290	16.7
EIH Associated Hotels Limited	21,877	(1,795)	20,082	3,979	1,133	17.7
Oriental Hotels Limited	20,844	(2,190)	18,654	3,993	978	19.1
Royal Orchid Hotels Limited	10,158	1,117	11,275	2,635	761	14.8
Lemon Tree Hotels Limited	126,805	22,287	149,092	10,768	5,232	28.5
Chalet Hotels Limited	169,608	27,446	197,054	14,173	6,294	31.3
SAMHI Hotels Limited	45,405	19,624	65,029	9,787	3,025	21.5
Juniper Hotels Limited	108,621	6,999	115,620	8,263	3,427	33.7
Apeejay Surrendra Park Hotels Limited	40,860	(8)	40,852	5,917	1,925	21.2
Benares Hotels Limited	11,410	(495)	10,916	1,206	511	21.3
Average						**24.6**

Source: S&P Capital IQ

Comparable Companies' Multiple method

Comparable Companies' Multiples (CCM) Method:

- We have considered a discount of 25% to the trading multiples of comparable companies on account of illiquidity; and arrived at EV/ EBITDA multiple of 18x
- Accordingly, we have applied an EV/EBITDA multiple of 18x on the EBITDA of TPRPL to determine the enterprise value of TPRPL. Refer the table below for computation of equity value as per the CCM method:

Currency: ₹ mn	Value
EV/ EBITDA multiple	24.6x
Less: Discount	25%
Multiple after discount (rounded)	18x
EBITDA of TPRPL for year ended 31 Mar 2024	786
Value	**14,141**
Net deferred tax assets/ (Liabilities) at 50%	(680)
Add: CWIP	5.7
Enterprise value	**13,467**
1 Less: gross debt (NCBs)	(478)
Less: lease liabilities	(0.1)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**14,200**

Source: Calculation

Note 1: For computation of the equity value as per the Comparable companies' quoted multiple method, we have considered the reported gross debt as per the financials of TPRPL as at the Valuation Date (as comparable companies have similar Ind AS reporting).

Price of recent transaction

Price of recent investment (PORI)

- Moonburg Power Private Limited acquired 50% equity stake of TPRPL in May 2023. Basis discussions with the Management, we understand that the implied EV / EBITDA multiple for the transaction was 12.5x.
- Accordingly, we have applied an EV/EBITDA multiple of 12.5x on the EBITDA of TPRPL to determine the enterprise value of MPPL. Refer the table below for computation of equity value as per the PORI:

Currency: ₹ mn	**Value**
EV/ EBITDA multiple	12.5x
EBITDA of MPPL for year ended 31 Mar 2024	786
Value	**9,820**
Net deferred tax assets/ (Liabilities) at 50%	5.7
Add: CWIP	(680)
Enterprise value	**9,146**
1 Less: gross debt (NCBs)	(478)
Less: lease liabilities	(0.1)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**9,879**

Source: Calculation

Note 1: For computation of the equity value as per Price of recent transaction method, we have considered the reported gross debt as per the financials of MPPL as at the Valuation Date

Valuation of CCDs - Moonburg

- As per the proposed terms of CCDs as detailed in page 83, the CCDs shall be entitled to an interest coupon @ 10.5% (compounded yearly) and equity return upon its conversion. The CCDs conversion into equity would be based on the fair value of the equity on the date of the conversion.
- Moonburg external borrowings are also at 10.5% as at the Valuation Date. The Management has confirmed that coupon rate of 10.5% on CCDs is at arm's length as per the Indian transfer pricing regulations.
- The CCDs of Moonburg would be transferred 'at par' to TPRPL on the reverse merger and these CCDs are also not entitled to any equity swap. Accordingly, TPRPL will be the issuer of the CCDs post completion of the reverse merger
- Accordingly, the fair value of the CCDs is equal to its par value i.e. 500 mn as at 31 March 2024.

Appendix 1: Historical and Prospective Information

- The historical profit and loss statement of TPRPL as provided by the Management is as follows:

Currency: ₹ mn	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited
Number of months	12	12	12
Net revenue			
Room revenue	620	975	1,087
Food and Beverage	463	718	687
Other services	13	26	36
Net revenue	**1,096**	**1,719**	**1,810**
Consumption of food and beverages	(93)	(141)	(126)
Employee benefit expenses	(164)	(214)	(264)
Power and Fuel	(56)	(75)	(76)
Management Fees	(46)	(71)	(62)
Business Promotion	(70)	(116)	(118)
Other operating expenses	(226)	(293)	(378)
Total expenses	(655)	(910)	(1,024)
Operating EBITDA	**441**	**809**	**786**
Depreciation and amortisation	(117)	(99)	(335)
EBIT	**324**	**710**	**450**
Finance costs	(85)	(43)	(51)
PBT	**240**	**667**	**399**
Other income	53	98	127
Non operating expenses	-	-	-
Tax	(43)	(194)	(137)
PAT	**250**	**571**	**389**
Sales growth (%)	*na*	*56.8*	*5.3*
EBITDA margins (%)	*40.2*	*47.1*	*43.4*
EBIT margins (%)	*29.6*	*41.3*	*24.9*
PBT margins (%)	*21.9*	*38.8*	*22.0*
PAT margins (%)	*22.8*	*33.2*	*21.5*
Occupancy (%)	*42.7%*	*60.4%*	*62.4%*
ARR (INR)	*19,880*	*22,116*	*23,760*
RevPar (INR)	*8,492*	*13,361*	*14,826*

Source: Management

Appendix 1: Historical and Prospective Information

- The historical and prospective profit and loss statement of TPRPL as provided by the Management are as follows:

Currency: ₹ mn	31-Dec-21	31-Dec-22	31-Dec-23	31-Mar-24	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Unaudited	Unaudited	Unaudited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	3	9	12	12	12	12	12	12
Net revenue											
Room revenue	459	855	1,025	406	687	1,140	1,186	1,233	1,296	1,338	1,385
F&B revenue	363	648	706	234	381	656	696	737	774	808	845
MOD revenue	8	20	73	32	44	75	78	82	85	89	92
Other services	3	19	-	-	-	-	-	-	-	-	-
Net revenue	**834**	**1,543**	**1,804**	**673**	**1,112**	**1,871**	**1,960**	**2,053**	**2,156**	**2,234**	**2,322**
Departmental expenses											
Room expenses	(78)	(129)	(166)	(52)	(120)	(180)	(189)	(197)	(206)	(213)	(221)
F&B expenses	(158)	(266)	(284)	(84)	(181)	(276)	(288)	(298)	(309)	(320)	(335)
MOD expenses	(5)	(12)	(16)	(5)	(26)	(34)	(37)	(39)	(42)	(44)	(46)
Other expenses	-	(0.2)	-	-	-	-	-	-	-	-	-
Admin and General expenses	(63)	(87)	(107)	(32)	(84)	(123)	(130)	(137)	(142)	(147)	(153)
Sales and Marketing expenses	(31)	(52)	(122)	(30)	(90)	(128)	(135)	(142)	(148)	(153)	(159)
Heat, Light, Power	(46)	(71)	(69)	(16)	(55)	(65)	(67)	(70)	(73)	(76)	(79)
Repairs and Maintenance	(48)	(80)	(94)	(21)	(61)	(86)	(91)	(96)	(100)	(105)	(110)
Gross profit	**404**	**845**	**946**	**432**	**494**	**979**	**1,023**	**1,074**	**1,135**	**1,176**	**1,219**
Management Fees	(50)	(100)	(114)	(48)	(65)	(119)	(125)	(131)	(138)	(143)	(148)
Property tax and Insurance	(2)	(2)	(4)	(1)	(4)	(5)	(5)	(5)	(6)	(6)	(6)
Other fixed expenses	-	(3)	(45)	(3)	(14)	(17)	(18)	(19)	(20)	(20)	(21)
Operating EBITDA	**147**	**370**	**602**	**380**	**412**	**837**	**875**	**919**	**972**	**1,007**	**1,045**
No of rooms	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
Revenue growth (%)	na	85.1%	17.0%	na	na	4.8%	4.7%	4.7%	5.0%	3.6%	3.9%
EBITDA margins (%)	17.6%	24.0%	33.4%	56.4%	37.0%	44.3%	44.7%	44.7%	44.8%	45.1%	45.1%
Occupancy (%)	37.3%	56.3%	62.0%	75.1%	59.9%	64.0%	64.0%	64.0%	64.5%	64.5%	64.5%
ARR (INR)	18,430	20,793	22,646	29,737	20,864	24,404	25,380	26,396	27,451	28,412	29,407
ARR growth	na	12.8%	8.9%	0.0%	na	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%
RevPar *(INR)*	6,878	11,715	14,047	22,334	12,497	15,619	16,243	16,893	17,706	18,326	18,967
RevPar growth	na	70.3%	19.9%	0.0%	na	4.5%	4.0%	4.0%	4.8%	3.5%	3.5%

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.21
Equity market risk premium (%)	c	7.0
Cost of equity capital (%)		***15.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	d	9.0
Expected income tax rate (%)	e	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*10.5*
WACC (rounded)		***12.5***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date

b. Refer Beta table alongside

c. Based on EYMB understanding of prevailing market risk premium in India

d. Based on the current marginal borrowing cost as represented the Management

e. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**1,112**	**1,871**	**1,960**	**2,053**	**2,156**	**2,234**	**2,322**	**2,322**
EBITDA		**412**	**837**	**875**	**919**	**972**	**1,007**	**1,045**	**1,045**
Depreciation and amortisation		(59)	(73)	(65)	(59)	(53)	(48)	(43)	
EBIT		**353**	**764**	**810**	**860**	**919**	**960**	**1,002**	
Tax expense		(89)	(192)	(204)	(216)	(231)	(242)	(252)	
Debt free net income		**264**	**572**	**606**	**644**	**688**	**718**	**750**	
Add: Depreciation and amortisation		58.9	72.6	65.4	58.8	52.9	47.6	42.9	
(Increase)/ Decrease in net working capital		(56.9)	8.6	8.8	9.3	10.3	7.9	8.8	
Less: Capital expenditure		(550)	(381)	(64.8)	(71.3)	(78.6)	(85.5)	(93.4)	
Debt free cash flow		**(284)**	**272**	**615**	**640**	**672**	**688**	**708**	
Discount rate (%)		12.5	12.5	12.5	12.5	12.5	12.5	12.5	
Present value factor- Mid year discounting		0.96	0.86	0.77	0.68	0.61	0.54	0.48	
Present value factor- Year end discounting		0.92	0.81	0.72	0.64	0.57	0.51	0.45	
Present value debt free cash flow		**(271)**	**235**	**472**	**437**	**408**	**371**	**339**	
Perpetuity multiple									18x
Terminal value									**18,802**

Present value factor for terminal year	0.45
Present value for explicit period	1,990
Present value of terminal period	8,490
Enterprise value	**10,480**
Advance tax (net of provision)	16.9
Adjusted enterprise value	**10,497**
Less: NCBs	(480)
Add: cash and cash equivalents	1,211
Value attributable to Equity holders	**11,228**

Source: Calculation

Computation of Terminal Value:

► The terminal value has been calculated based on a perpetuity multiple on the CY30 EBITDA of TPRPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 EBITDA	1,045	Refer DCF computation
(B)	EV / EBITDA multiple	18x	Refer Valuation Analysis
(C)	**Terminal value**	**18,802**	**(A) * (B)**
(D)	PVF factor (year-end discounting)	0.45	Refer DCF computation
	Present value of Terminal value	**8,490**	**(C) * (D)**

Source: Calculation

Appendix 4: Net asset value method - TPRPL

- The table below presents the Net asset value of TPRPL as at 31 March 2024:

Currency: ₹ mn	Notes	Mar24	Mar24
Net block of fixed assets			6,361
Right of use assets			0.3
Current assets			
Inventories		28.8	
Trade receivables		79.7	
Cash and bank balances		-	
Other financial assets		1,211	
Other current assets		-	
		145	
Current liabilities and provisions		1,464	
Trade payables			
Provisions		177	
Other current liabilities		6.1	
		511	
Net current assets (NCA)		694	
Deferred tax assets			770
Loan funds			-
NCBs		478	
Lease Liabilities		0.1	
			478
Deferred tax liability			1,359
Net equity value			**5,293**
Less: contingent liabilities			-
Adjusted Net equity value			**5,293**

Source: Management

- The equity value of TPRPL as at the Valuation Date as per NAV method is ₹ 5,293 mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in TPRPL and (ii) no material contingent assets / liabilities in TPRPL as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- NAV method is not an appropriate method to value TPRPL and has been provided for information purposes only.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Appendix 4: Net asset value method - Moonburg

- The table below presents the Net asset value of Moonburg as at 31 March 2024:

Currency: ₹ Mn	Notes	Mar24	Mar24
Investments (equity investment in TPRPL)			4,730
Current assets			
Sundry debtors		0.7	
Cash and bank balances		4.5	
Other current assets		7.2	
		12.3	
Current liabilities and provisions			
Trade payables		0.9	
Other current liabilities		39.5	
		40.4	
Net current assets (NCA)			(28.1)
Loan funds			
Listed NCBs		4,241	
Interest accrued on NCBs		381	4,623
Value attributable to equity (including CCDs)			**79.0**
Less: Value attributable CCDs			(500)
Net worth- unadjusted			**(421)**
Less: contingent liabilities			-
Net equity value – adjusted			**(421)**
Less: Book value of investment in TPRPL			(4,730)
Net equity value - adjusted (excluding investment in TPRPL)			**(5,151)**

Source: Management

- The equity value of Moonburg (excluding investment in TPRPL) as at the Valuation Date as per NAV method is **(-) ₹ 5,151 Mn** and value of CCDs as at 31 March 2024 is INR 500 Mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Moonburg and (ii) no material contingent assets / liabilities in Moonburg as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'

Ernst & Young Merchant Banking Services LLP

EY | Assurance | Tax | Transactions | Advisory

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Building a better working world

Valuation of Leela Palaces and Resorts Limited

Reliance Restricted

Building a better working world

Reliance Restricted

Leela Palaces and Resorts Limited
Attention: Mr. Ravi Shankar
Tower 4, 3rd Floor, Equinox Business Park,
Kurla, Mumbai - 400070

24 July 2024

Ernst & Young Merchant Banking Services LLP
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar West,
Mumbai - 400 028, India

Report on valuation of Leela Palaces and Resorts Limited as at 31 March 2024

Dear Mr. Shankar,

In accordance with instructions of Leela Palaces and Resorts Limited ("LPRL" or "Client" or "You" or "Company"), Ernst and Young Merchant Banking Services LLP ("EYMB") have performed the work set out in our Engagement Letter dated 20 May 2024 ("Engagement Agreement"). We are pleased to present the following Report ("Report") in connection with the equity valuation as at 31 March 2024 ("Valuation Date").

It may be noted that for carrying out the valuation, we have relied upon information provided by the Management of Leela Palaces and Resorts Limited ("Management"). We have been given to understand that the information provided is correct and accurate and that the Management was duly authorized to provide us the same.

Purpose of our Report and restrictions on its use

We understand that existing shareholders are contemplating to transfer their stake in LPRL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of LPRL is required for the purpose of internal management analysis, compliance with Foreign Exchange Management Act, 1999 ("FEMA") and Income Tax Act, 1961 ("Indian Income Tax regulations") in connection with the Proposed Transaction ("Purpose").

The Report was prepared solely for the above Purpose and should not be used or relied upon for any other purpose including for filing with any statutory/regulatory authority, except as stated above. The Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement.

We accept no responsibility or liability to any person other than to the Client, or to such party to whom we have agreed in writing to accept a duty of care in respect of the Report, and accordingly if such other persons choose to rely upon any of the contents of the Report, they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis and limitations, are detailed in the Engagement Agreement. The contents of our Report have been reviewed by the Client, who have confirmed to us the factual accuracy of the Report.

Whilst each part of our Report may address different aspects of the work we have agreed to perform, the entire Report should be read for a full understanding of our findings and advice.

Our work commenced on 20 May 2024 and was completed on 24 July 2024. Our Report does not take account of events or circumstances arising after Valuation Date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully

Ernst & Young Merchant Banking Services LLP IBBI/RV-E/05/2021/155

Navin Vohra
Partner
Membership No. IBBI/RV/05/2018/10206
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Registration No. IBBI/RV-E/05/2021/155
Report No. EYMBS/RV/2024-25/068

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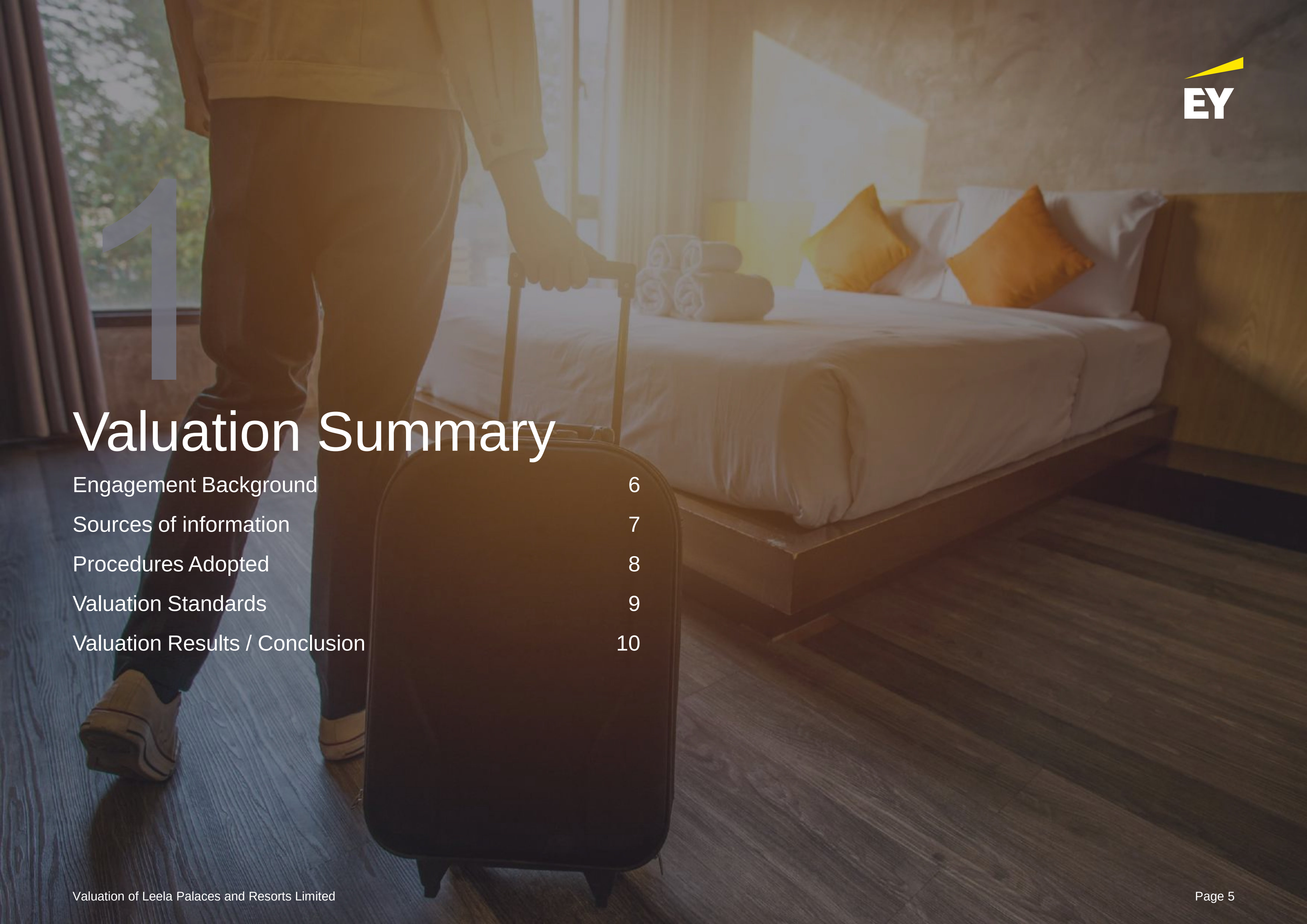

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Valuation Summary

Engagement Background

Company Background

- Leela Palaces and Resorts Limited is a public limited company incorporated in India on 29 March 2005 and has its registered office located at "The Leela Palace", Diplomatic Enclave, Chanakyapuri, New Delhi – 110023. The Company owns a land parcel at Agra where the construction is yet to be commenced.
- Shareholding pattern of LPRL as at Valuation Date is as follows:

Name of the Shareholder	No. of Shares	%
BSREP III India Ballet Holdings (DIFC) Ltd.	2,728,124	99.99%
Others	6	0.01%
Total	**2,782,130**	**100.0%**

Source: Management

Purpose and Scope of valuation

- We understand that existing shareholders are contemplating to transfer their stake in LPRL to Schloss Bangalore Limited ("Proposed Transaction"). In this regard, valuation of LPRL is required for the purpose of internal management analysis, compliance with FEMA and Indian Income Tax regulations in connection with the Proposed Transaction ("Purpose").
- The Company has requested EYMB, in its capacity of SEBI registered Category I Merchant Banker, to determine the fair market value of equity shares of LPRL in compliance with FEMA and Income Tax regulations'
- EYMB holds a Certificate of Registration granted by Securities and Exchange Board of India ("SEBI") vide registration code number INM000010700 dated 9 February 2022.
- EYMB is registered under Insolvency and Bankruptcy Board of India with registration number: IBBI/RV-E/05/2021/155 valid from 1 November 2021 under Securities or Financial Assets Category to act in the capacity as Registered Valuer.
- EYMB does not have any interest in the business of the Company. EYMB is neither associated with nor carrying out any relationship with the Client, except carrying out valuation services. Accordingly, there is no conflict of interest for carrying out the valuation.
- This Report is our deliverable for this engagement.

Sources of Information

- The following sources of information have been utilized in conducting the valuation exercise:
- **Company specific information** – The following information, as provided by the Management, have *inter-alia* been used in the valuation:
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts including auditor's report but excluding director's report) of LPRL from FY20 to FY23.
  - Audited financials (balance sheet and profit and loss account along with schedules and notes to accounts) of LPRL for year ended 31 March 2024.
  - Financial projections of LPRL from 1 April 2024 till 31 December 2030. These include forecasts of profit & loss account (up to EBITDA level), tax depreciations, operating working capital and capital expenditure along with underlying assumptions like ARR, Occupancy, etc, and details of brought forward tax losses (including business losses and unabsorbed depreciation).
  - Details of underlying land parcel at Agra (such as land area, google co-ordinates, zoning of land etc)
  - Key KPIs of the proposed Agra hotel for the forecasted period
  - Key terms of Management contract of the Company in the forecast period
  - Details of surplus/non-operating assets of the Company as at the Valuation Date.
  - Details of contingent liabilities/assets of the Company and probability of their devolving into an actual liability or asset in the foreseeable future
  - Background information regarding the entity provided through emails or during discussions.
- **Industry and economy information:** EYMB has relied on publicly available information, proprietary databases subscribed to by EYMB or its member firms, and discussions with the Management for analysing the industry and the competitors:
- In addition to the above, EYMB has also obtained such other information and explanations from the Management as were considered relevant for the purpose of the valuation.
- It may be mentioned that the Management have been provided an opportunity to review factual information in the draft Report and confirm with Management of the Company as part of EYMB's standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in the final Report.
- The Management has provided adequate information and time for carrying out the valuation.

Procedures Adopted

Procedures adopted in carrying out the valuation

- Conducted interviews with the Management pertaining to:
  - the nature and operations of the Company including historical financial performance
  - business plan and future performance estimates;
  - details of current borrowings outstanding of the Company
- Gained understanding of the business strategy and growth drivers.
- Analysed the historical financials and performance of the Company up to 31 March 2024.
- Reviewed and analysed the financial projections of the Company:
  - Analysis of significant assumptions used in the underlying estimates for the proposed hotel operations
- Analysed the industry, as well as the economic and competitive environments in which the Company operates; and
- Performed valuation of the equity shares of the Company using Internationally accepted valuation methodologies.

Valuation Standards

Valuation Standards

- Valuation was carried out as per the International Valuation Standards, 2022 ("IVS") published by International Valuation Standards Council.
- In accordance with IVS 104 Bases of Value, a valuer must select the appropriate basis of value when valuing a business or business interest. 'Market value' was considered as appropriate and Premise of Value: Current / Existing use was considered appropriate.
- Market Value as defined in IVS 104 has been adopted: "Market Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".
- The Fair Value referred elsewhere in the Report is same as "Market Value" as defined above.
- As per Foreign Exchange Management (Non-debt Instruments) Rules 2019, the valuation shall be done as per internationally accepted pricing methodology for valuation on an arm's length basis. Further, as per transfer pricing provisions as per the Indian Income Tax regulations, all transactions shall be at an arm's length price which means a price applied in a transaction between independent persons in an uncontrolled conditions. The valuation approach adopted by us satisfies the criteria as per FEMA and Indian Income Tax regulations.

Valuation Results / Conclusion

Valuation Summary

- We have used the Discounted Cash Flows ("DCF") method and Net Asset Value ("NAV") method for the purpose of estimating the equity value of LPRL, these two approaches are internationally accepted pricing methodologies.
- The equity value of LPRL as at 31 March 2024 is presented below:

Currency: ₹ mn	Notes	Weights (%)	Value
Equity value			
Discounted cash flows method		*50.0*	1,743
Asset value method		*50.0*	1,742
Net equity value			**1,743**
Number of equity shares (in million)			2.7
Value per equity share (₹ / share)			**638.83**

Source: Calculation

- Accordingly, based on the information available, and based on internationally accepted pricing methodologies, on an arm's length basis, the 100% equity value of LPRL is estimated at **INR 1,743 million** as at 31 March 2024 (i.e per share equity value of **INR 638.83** on fully diluted basis).
- A detailed discussion on the appropriateness of use of valuation methods has been given in Section: Valuation Analysis.
- This Report should be read in its entirety but especially in conjunction with the 'Statement of limiting conditions'.

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Statement of Limiting Conditions

Statement of Limiting Conditions

- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the 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.
- This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Client from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The valuation has been performed on the audited balance sheet provided by Management for year ended 31 March 2024.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Client or companies, their directors, employees or agents.
- The Client/owner and its Management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their Management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
- EYMB is not aware of any contingency, commitment or material issue which could materially affect the Company’s economic environment and future performance and therefore, the fair value of the Company.
- We do not provide assurance on the achievability of the results forecast by the Management/owners 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.
- The Report assumes that the Company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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.
- The figures in the tables in this Report may not sum or cross cast, due to rounding differences
- The valuation analysis and result are governed by concept of materiality.

Statement of Limiting Conditions

- It has been assumed that the required and relevant policies and practices have been adopted by Company and would be continued in the future.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has appointed us under the terms of the engagement letters. We 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.
- The actual transacted value achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the transaction value achieved. Accordingly, our valuation conclusion will not necessarily be the value at which actual transaction will take place.
- 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.

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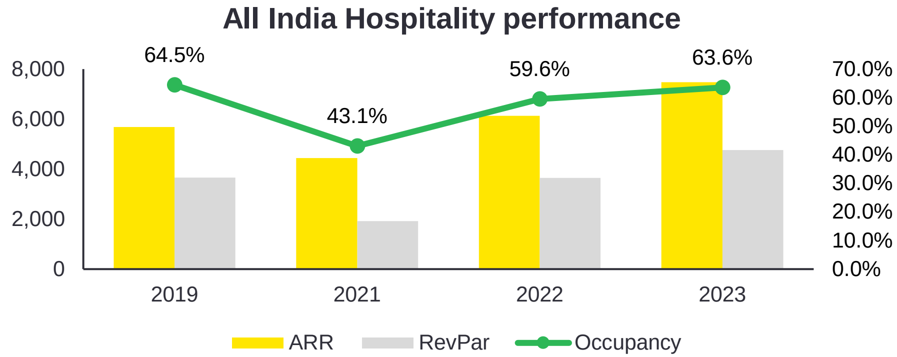
Industry Analysis

Industry overview

- The Hotel industry predominantly is segmented by hotel positioning (i.e. Economy/ Budget, Midscale, Upscale or Luxury) and also by the market segment it caters to (i.e. leisure, corporate travel, weddings etc).
- The performance of hospitality sector was adversely impacted in CY20 and CY21 due to nationwide lockdowns, travel bans and restrictions related to cultural celebrations on account of COVID-19. However, hospitality industry saw a robust turnaround in demand in CY22 and CY23 led by rise in discretionary spending on travels, revenge tourism, improving economic environment fuelling corporate travels and revival of wedding seasons and other cultural events.
- All-India performance of hospitality sector is summarized below:

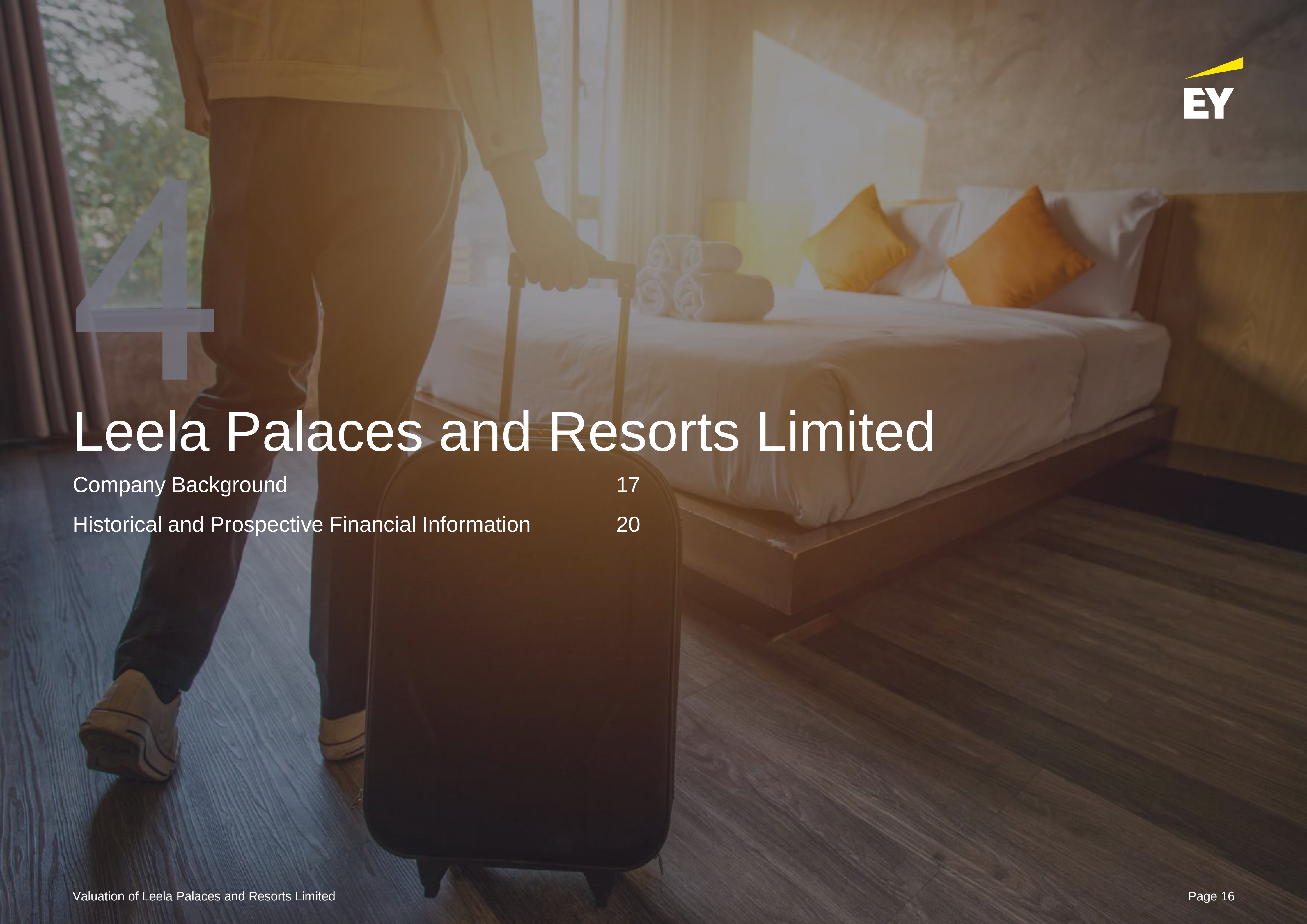


Source: Horwath HTL

- 50% of all-India room revenue came from 3 major metros (viz. Mumbai, New Delhi and Bangalore) and 3 key luxury markets (viz. Goa, Jaipur and Udaipur). The aforesaid six cities constituted 36% of national hotel inventory.
- In 2023, 55% of the national room revenue was from Luxury and Upper Upscale segment, 34% from the Upscale and Upper Midscale segment and 11% from Midscale and Economy segment.
- 2023 was a year of highest room supply with c. 14K rooms being added across 182 hotels. Mumbai (1.9K rooms) and Bangalore (1.1K rooms) had the largest concentration of supply addition, while Delhi was scoreless. Other metro cities contributed c. 3.7% to increased supply of hotel room inventory

- Agra micro-market which mainly comprises of Leisure sector witnessed highest ARR for that market in the last 10 years with an ARR of INR 7,500 at an overall occupancy of 67.5%.
- There was a 5% CAGR demand growth since 2019 in Agra micro-market, mainly on the back of increased occupancy drawing from greater connectivity to Kanpur and Lucknow, besides Noida and New Delhi.

Source: Horwath HTL – India Hotel Market Review 2023, Juniper Hotels Limited (DRHP)



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Leela Palaces and Resorts Limited

Company Background

- LPRL owns a freehold land parcel located at Tajganj, Agra. Tajganj is a historical area in the heart of Agra and it is home to the Taj Mahal complex which comprises of gardens and gates surrounding the Taj Mahal. The micro market also consists of many commercial establishments such as hotels, local markets etc.
- LPRL has a contiguous land parcel located on Taj East Gate Road within a distance of one kilometer from Taj Mahal. Out of total plot area of 27,294 SqMtr (~6.74 acres), area measuring 18,935 SqMtr (~4.68 acres) falls under residential zone and remaining area measuring 8,359 SqMtr (~2.07 acres) falls under zonal park (green zone). As informed to us by the Management, the land area under residential zone has FSI of 2.0x wherein hotel can be constructed and green zone land can be used for landscaping / parking purpose with FAR of 0.2x
- Key landmarks include Taj Mahal, which is located ~1 km from the land parcel, and Agra Airport, which is ~13kms.
- The Management has informed that LPRL has applied for approvals for construction of a luxury hotel on the Subject Property and it expects construction work to commence before end of CY 2024.

Executive summary:

Particulars	Description
Property address	Taj East Gate road, Tajgang, Agra
Current status	Vacant land
GPS coordinates	27°09'59.2"N 78°03'18.0"E
Current land use	Residential / hotel
Tenure	Freehold
Land area (SqMt)	27,294

Source: Management

Indicative location map

Source: Google Maps (Maps not drawn to scale)

Indicative location map

Source: Google Maps (Maps not drawn to scale) ; Management

Historical Financial Information

- As discussed earlier, the Company is currently non-operational and owns a freehold land parcel in Agra. The historical balance sheet of the Company as provided by the Management are as follows:

Currency: ₹ mn	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited
Number of months	12	12	12	12	12
Fixed assets					
Gross block	565.0	565.0	565.0	565.0	565.0
Less: depreciation					-
Net block (excluding CWIP)	565.0	565.0	565.0	565.0	565.0
Capital work in progress					15.1
Net block of fixed assets (NFA)	**565**	**565**	**565**	**565**	**580**
Investments					-
Current assets					
Cash and bank balances	1.3	1.3	1.5	1.6	2.0
Other current assets	0.01	0.00	0.01	0.01	5.1
	1.3	1.3	1.5	1.6	7.1
Current liabilities and provisions					
Trade payables			0.4	0.4	16.1
Other current liabilities	0.2	0.2	0.0	0.0	0.5
	0.2	0.2	0.4	0.4	16.5
Net current assets (NCA)	**1.1**	**1.1**	**1.1**	**1.1**	**(9.4)**
Deferred tax asset					
Loan funds	-	-	-	-	
Payable to related parties	2.2	4.9	8.9	12.7	21.0
Interest on ICD					1.2
	2.2	4.9	8.9	12.7	22.2
Deferred tax liability					
Net worth	**564**	**561**	**557**	**553**	**548**
Represented by					
Equity	27.3	27.3	27.3	27.3	27.3
Other equity	537	534	530	526	521
Total	**564**	**561**	**557**	**553**	**548**

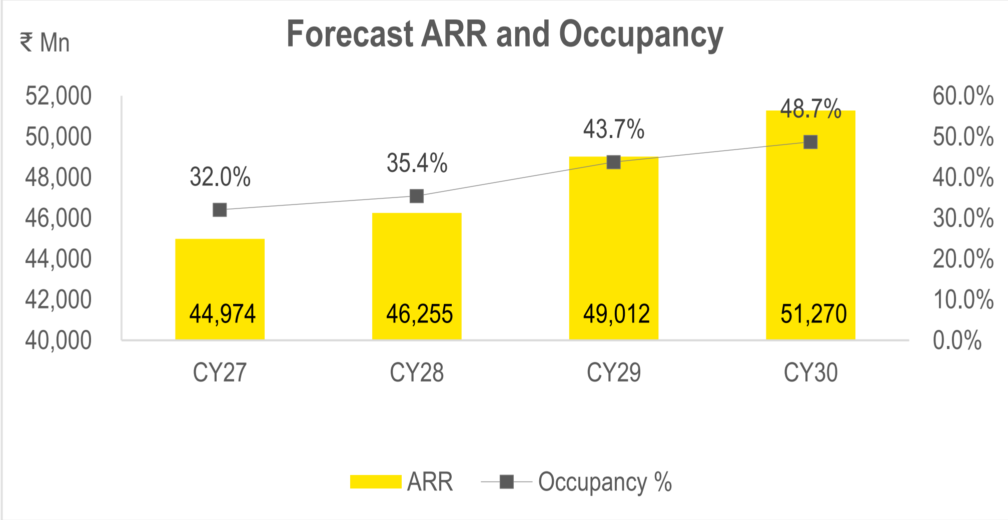
Represents the book value of the land parcel owned by LRPL

Source: Management

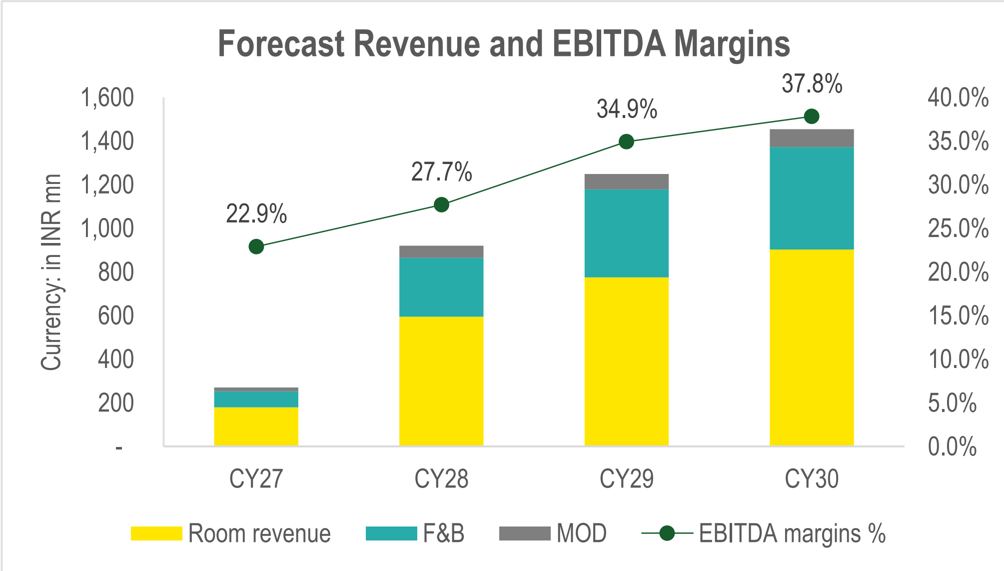
Prospective Financial Information

Forecast Performance:

- Basis discussions with the Management, we understand that the construction of the hotel is expected to begin in CY24 and will commence operations in CY27 with a total of 99 keys. The initial occupancy rate is projected to be approximately 32.0%, with expectations to increase steadily to around 48.7% by CY30.
- Due to its strategic location near the Taj Mahal, LRPL is anticipated to achieve Average Room Rates ("ARR") of c. INR 45,000 in CY27, which is projected to grow to c. INR 51,300 by CY30.
- Room revenue is expected to be the primary contributor, accounting for roughly 64% of the total revenue over the projected period. The Food and Beverage (F&B) segment is projected to contribute around 30% to the total revenues, while minor operating departments are expected to account for about 6%.
- LRPL is expected to achieve an average EBITDA margin of 22.9% in CY27. This margin is projected to improve to 37.8% by CY30, primarily due to the anticipated increase in both occupancy rates and ARR.
- Food and Beverage is identified as the major cost component, forecasted to constitute approximately 25.4% of total expenses in CY27. This percentage is expected to rise to about 28.5% by CY30. Other significant expenses include:
  1. Room Expenses: Projected to account for roughly 18% of total expenses.
  2. Administration and General Expenses: Expected to contribute about 14% to total expenses.
  3. Heat, Light, and Power Costs: Forecasted to account for approximately 14% of total expenses.
  4. Sales and Marketing Expenses: Anticipated to make up about 13% of total expenses



Source: Management



Source: Management

The detailed prospective profit and loss statement has been presented in Appendix 2

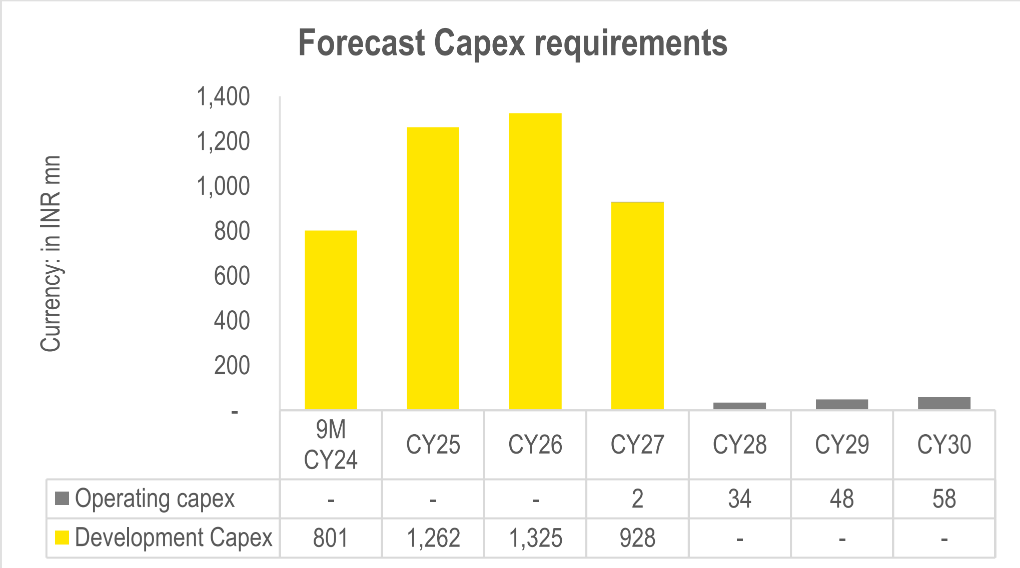
Prospective Financial Information

Capital expenditure:

► Based on discussions with the Management, we understand that the projected capital expenditure (capex) requirements primarily consist of development costs, as the Company currently has a vacant land parcel with a planned luxury hotel. The Management has estimated a capex of c. INR 40 million per key for the hotel construction

► Additionally, there are other capex needs, primarily for operational purposes. These include expenditures necessary to maintain the rooms and the overall hotel infrastructure. These costs primarily include:

1. Furniture, Fixtures, and Equipment (FF&E) expenses;
2. Renovations and upgrades; and
3. Improvement of technical infrastructure.



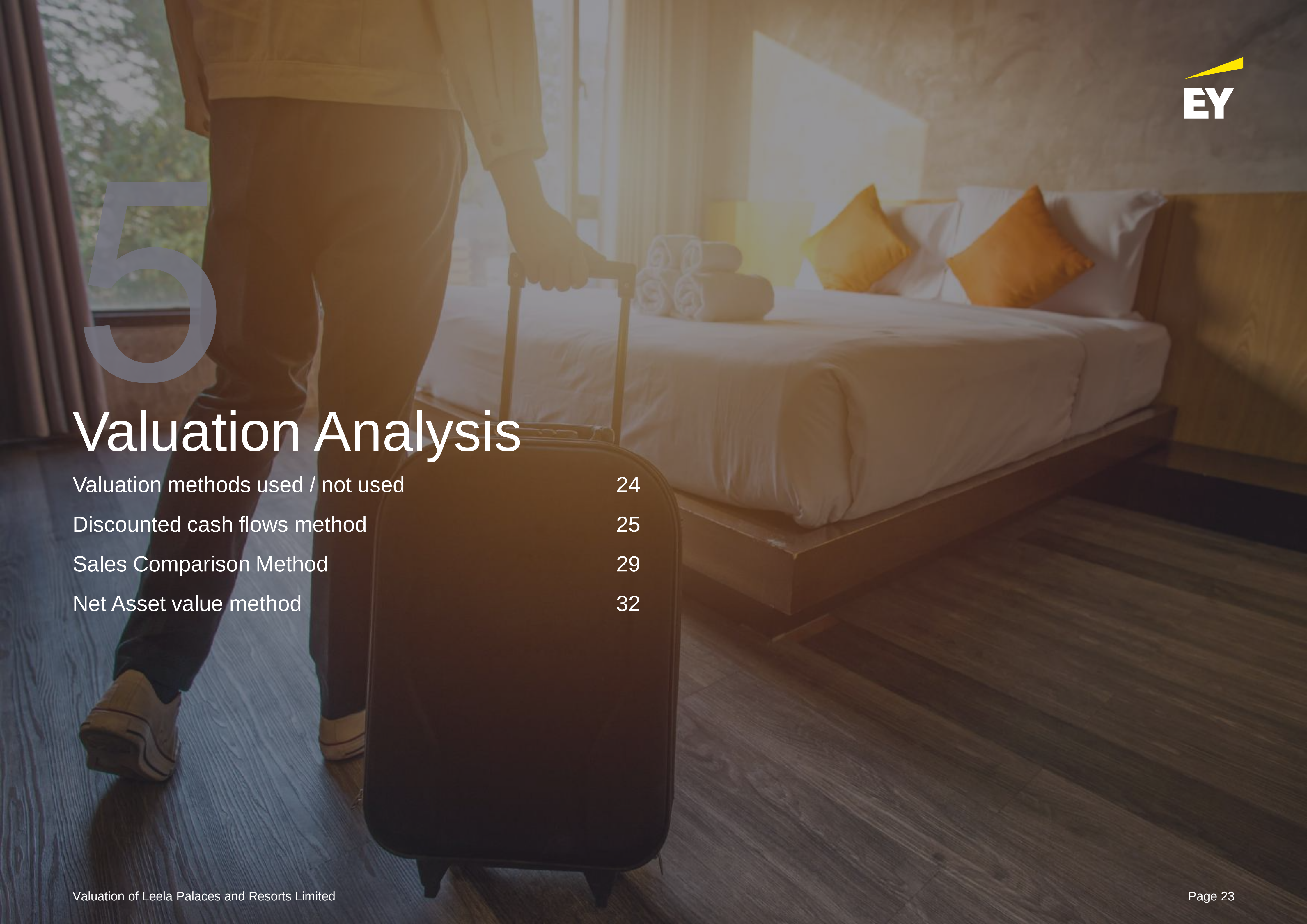
Source: Management

Operating Working capital:

► The Management has assumed an operating working capital requirement of 37 days of revenue in CY27, which is expected to decrease to 18 days by CY28, and then an operating negative working capital thereafter as the hotel operations stabilise. The projected operating working capital requirement is tabulated below::

Currency: ₹ mn	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30
Revenue	-	-	-	270	920	1,248	1,453
Operating NCA / Operating negative NCA days of revenue	-	-	-	37	18	(18)	(18)
Operating NCA	-	-	-	27	46	(62)	(73)
Increase / Decrease in operating NCA				**(27)**	**(19)**	**108**	**10**

Source: Management



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Valuation Analysis

Valuation Methodology

- To determine the fair value of enterprise, three traditional approaches can be considered namely, Income, Market and Cost Approaches. Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
  - Market approach: The Market approach measures value based on what other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.
  - Income approach: The income approach determines the value of a business based on its ability to generate desired economic benefit for the owners. The key objective of the income-based methods is to determine the business value as a function of the economic benefit.
  - Asset approach: The asset approach seeks to determine the business value based on the value of its assets

Methodology	Used	Weights	Remarks
Income approach			
Discounted cash flows method	Yes	50.0%	► Currently, LRPL does not have any business operations. However, the Management expects to start operations by CY27. Accordingly, DCF method has been considered based on financial projections prepared by the Management of the Company
Cost approach			
Net asset value method	Yes	50.0%	► NAV approach has also been used to value LPRL, where we have fair valued the land for LPRL using the sales comparison method.
Comparable Companies' multiple method			
Quoted multiples	No		► There are no listed companies that are comparable to LRPL, as the Company holds a free land parcel and is yet to commence operations
Market Approach			
Market Price method	No		► Not listed on any recognized stock exchange
Price of recent investment method	No		► We have not used this method, as there are no recent investment in the Company
Price of recent transaction method	No		► We have not used this method, as there are no recent transaction in the Company.

Discounted cash flows method

Income based approach

- Free Cash Flow to Firm approach under DCF method has been considered to determine the enterprise value of the Company.
- The business plan covers explicit forecast period from 1 April 2024 to 31 December 2030.
- Beyond 31 December 2030, the capitalization of future projected cash flows is modelled ("the perpetuity effect") by using the long-term industry EV/EBITDA multiples of listed companies in the hospitality industry in India. Under this method, the projected EBITDA of the respective Company in the last year of the explicit period is taken as the base. This EBITDA represents the stable EBITDA expected to be earned after the asset reaches an optimum and sustainable level of occupancy, along with sustainable EBITDA margins, in line with industry benchmarks. This EBITDA is then multiplied with the long-term average EV/EBITDA multiple prevailing in the hospitality industry, to arrive at the perpetuity value of the asset.

Discount Rate

- The application of the income approach requires the determination of an appropriate discount rate at which future cash flows are discounted to their present value as of Valuation Date.
- The derivation of discount rate, the Weighted Average Cost of Capital (WACC) is based on a group of guideline companies (peer group) which are operating in the same industry/sector as that of the Company. To calculate the discount rate, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of market participants. For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied.
- WACC is computed to be 14.0%. Refer the next page for determination of WACC.

Mid-Year Discounting Convention

- EYMB DCF approach assumes that the cash flows occur evenly during each of the measurement period (and not at the end of the year); therefore the discounting rate is adjusted to value the cash flows at midpoint of the measurement period.

Calculation for WACC

$$\mathbf{WACC = W_E * K_E + W_D * R_D}$$

where:

W_E	=	Value of equity/value of total capital, E/E+D
K_E	=	Cost of equity
W_D	=	Value of interest-bearing debt/value of total capital, D/E+D
R_D	=	After-tax cost of interest-bearing debt

Discounted cash flows method

Determination of WACC

Risk free rate		Beta		Market Risk Premium		Additional Risk Premium		Cost of Equity (Re)
7.0%	+	1.21	×	7.0%	+	2.0%	=	17.5%

Cost of Debt		1 - Tax Rate		Post tax cost of debt(Rd)
9.0%	×	1 - 25.17%	=	6.7%

Target Debt to Equity

$W_{E=}$66.7%

$W_{D=}$ 33.3%

WACC (rounded)

14.0%

$WACC = W_E * R_E + W_D * R_D$

W_E = Value of equity/value of total capital, E/E+D

W_D = Value of interest-bearing debt/value of total capital, D/E+D

1. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
2. Beta computation has been presented in Appendix 3. Beta has been calculated by considering listed companies which were operating 4-star and 5-star hotels as their primary business in India, and the share prices of which showed adequate co-relation with the market (using statistical measure R Squared) and excluding outlier companies.
3. Based on EYMB understanding of the expected MRP in India
4. Currently, the Company is non-operational with a vacant land parcel. The Management has projected that the Company will construct a new hotel for which approvals are in process and commence operations in CY27. Recognizing the inherent uncertainties and risks associated with the above, we have considered an additional risk premium of 2.0%.
5. Based on expected marginal borrowing rate as informed by the Management
6. Based on the prevailing corporate tax rate in India
7. The debt equity ratio of 33.3 : 66.7 is considered for the Company basis group's capital structure and the long-term capital structure of the hospitality industry.

Discounted cash flows method

Perpetuity Multiple

- As hotels are appreciating assets, an EV/EBITDA multiple approach is more suitable than Gordon Growth approach to compute the Terminal value.
- In evaluating the long term EV/EBITDA multiple for computation of terminal value, we have considered that LPRL is a part of larger chain of hotels operating under the brand name "The Leela". Therefore, the comparable companies were those listed companies which were operating multiple / chain of 4-star and 5-star hotels as their primary business (whose market capitalisation was INR 10 Bn or above as at 31 March 2024). These were selected from S&P Capital IQ database. The EV/EBITDA multiples were calculated on a long-term basis (for last 5 years). We have selected comparable hotels which operates multiple hotels.
- We have not considered companies that have been in financial distress for a few years in the 5-year period considered. Additionally, we have excluded FY21 and FY22 due to outlier multiples on account of Covid-19. The detailed selection criteria used for the comparable companies is as follows:

    1. All companies are publicly traded
    2. Companies engaged in similar business operations and having multiple hotels
    3. Market capitalization of greater than equal to INR 10 Bn as at the Valuation Date
    4. Adequate trading volumes and coverage by analysts

- Average of the EV/EBITDA multiples for the respective comparable companies for each of the 5 years was calculated. An average of the above average multiples was considered as the representative long-term EV/EBITDA multiple for the industry

Company	FY18	FY19	FY20	FY23	FY24
The Indian Hotels Company Limited	25.0	23.5	13.2	25.8	39.2
EIH Limited	29.2	27.7	13.6	14.7	30.0
TAJGVK Hotels & Resorts Limited	14.7	21.8	8.5	7.9	16.7
EIH Associated Hotels Limited	13.6	17.0	8.7	11.5	17.7
Oriental Hotels Limited	14.3	14.2	5.0	10.7	19.1
Royal Orchid Hotels Limited	18.0	11.0	7.4	8.8	14.8
Lemon Tree Hotels Limited	NA	42.9	19.1	20.0	28.5
Chalet Hotels Limited	NA	23.0	16.8	21.7	31.3
SAMHI Hotels Limited	NA	NA	NA	NA	21.5
Juniper Hotels Limited	NA	NA	NA	NA	33.7
Apeejay Surrendra Park Hotels Limited	NA	NA	NA	NA	21.2
Benares Hotels Limited	13.2	12.3	8.8	11.3	21.3
Average	**18.3**	**21.5**	**11.2**	**14.7**	**24.6**
5-year Average (Rounded)					**18x**

Source: S&P Capital IQ

- For computation of multiples of the above companies, the EV was computed by adding the market capitalisation of the companies and the net debt (net of investments, cash and bank balance, CWIP and deferred tax @50%). The market capitalisation is computed by considering the weighted average share price for 10 trading days ended 31 March of the respective years on the respective stock exchanges.

Discounted cash flows method

Valuation as per DCF Method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Debt free cash flow		**(801)**	**(1,262)**	**(1,325)**	**(895)**	**202**	**496**	**501**	
Discount rate (%)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	
Present value factor- Mid year discounting		0.95	0.85	0.74	0.65	0.57	0.50	0.44	
Present value factor- Year end discounting		0.91	0.80	0.70	0.61	0.54	0.47	0.41	
Present value debt free cash flow		**(763)**	**(1,072)**	**(987)**	**(585)**	**116**	**249**	**221**	
Terminal value									**10,985**
Present value factor for terminal year	0.41								
Present value for explicit period	(2,820)								
Present value of terminal period	4,536								
PV of tax benefits	47.5								
Enterprise value	**1,764**								
Less: loan from related parties	(21.0)								
Less: Interest on ICD	(1.2)								
Add: cash and cash equivalents	2.0								
Equity value	**1,743**								

Terminal value * 0.41

= Stabilised EBITDA * EV / EBITDA multiple

Source: Calculation

The detailed DCF has been presented in Appendix 3

Sales Comparison Method

Based on enquiries with local real estate agents, it is understood that the following comparable land parcels were available for sale near the land parcel ("Subject Property") around the Valuation Date:

Particulars	Unit	Subject Land	Comparable C1	Comparable C2
Property details		LPRL Vacant Land Agra	Land	Land
GPS Coordinates (Approx.)		27°09'59.2"N 78°03'18.0"E	27°08'35.8"N 78°05'06.1"E	27.14855624 880068, 78.07600108 867406
Land area	Acres	6.74	~2.9	~3.5
Land area	SqMt	27,294	~11,705	~14,215
Current land zone		Residential and Green Zone	Commercial	Commercial
Connecting road			Fatehabad Road	Fatehabad Road
Approximate Distance from Subject Property	Kms		~ 3.0	~ 4.0
Asking Price	(INR Mn)		1,400	1,700
Expected Price for Land (Rate)	(INR Mn/ Acre)		484	484
Transaction			Quote Q2 CY 2024	Quote Q2 CY 2024

Source: Google Maps (Maps not drawn to scale)

C1 Comparable 1

C2 Comparable 2

Sales Comparison Method

Computation of adjusted land rate:

Rate Analysis	Unit	Comparable A-1	Comparable A-2
Asking price before negotiation discount (A)	INR Mn / Acre	484	484
Adjustment for: Negotiation discount including marketability discount (B)	%	-20%	-20%
Asking price after negotiation discount (C) = (A x (1-B))	**INR Mn / Acre**	**387**	**387**
(+) Premium or (-) Discount for location / neighbourhood profile (D)	%	5%	5%
(+) Premium or (-) Discount for size (E)	%	-15%	-10%
Effective (+) Premium or (-) Discount (I) = (D) + (E)	%	-10%	-5%
Adjusted price after considering effective premium or discount (F) = (C) x (I)	**INR Mn / Acre**	**348**	**368**
Weight given to each comparable	%	50%	50%
Weighted average rate (rounded)	**INR Mn / Acre**		**360**

Source: Calculation

Note:

- *The asking prices for comparable properties is INR 484 Mn / acre. A negotiation discount of 20% is applied to same based on discussion with market participants. Given Subject Property is located closer to Taj Mahal, a 5% premium is considered as compared to the comparable properties*
- *As smaller land parcels usually command a premium and given the comparable properties are smaller is size as compared to Subject Property, we have considered a discount of 10% for comparable A-1 and 5% for A-2 comparable land parcel.*
- *No adjustment is done for land zoning as the Management has confirmed that hotel construction is permitted on the residential land zone and commercial land zone and permissible FSI of Subject Property and Comparable Lands is same (i.e FSI is 2x).*
- *Further, for area which is under the ‘green zone’, only 10% of FSI can be permissible. Accordingly, the per acre value of land in green zone is considered as 10% of aforesaid value of land i.e INR 36 mn per acre.*

Sales Comparison Method

Valuation summary:

Particulars	Zone	Total Land area	Land Rate Considered	Value
		Acres	INR Mn / Acre	INR Million
Vacant land parcel located at Agra	Residential	4.68	360	1,684
Vacant land parcel located at Agra	Green Zone	2.07	36	74
Total Value of land parcel		**6.74**		**1,759**

Source: Calculation

The value of the Subject Property as at Valuation Date is estimated at ₹1,759 mn

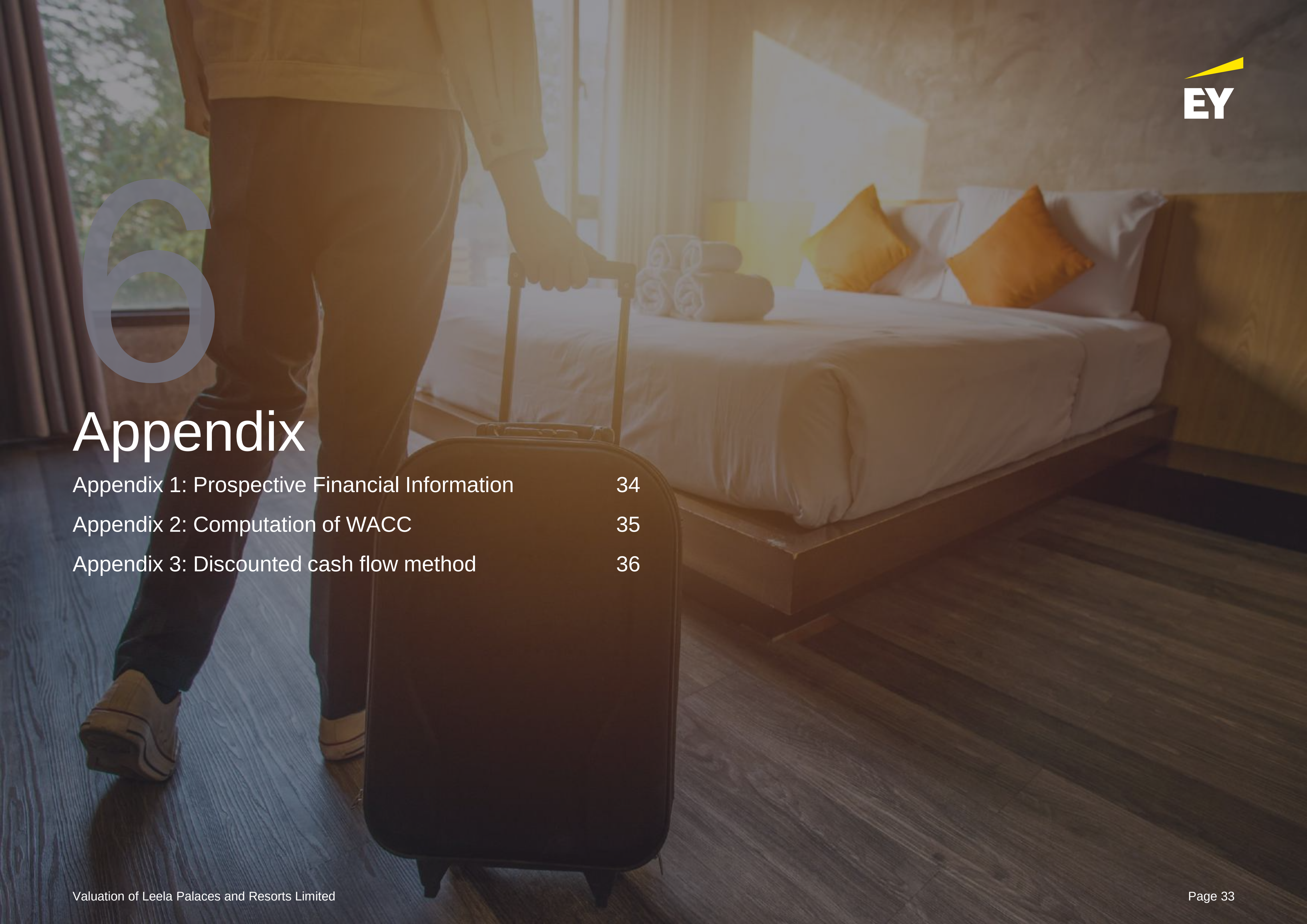
Net Asset Value method

Currency: ₹ mn	Mar24		Mar24	
	Book value	Book value	Fair value	Fair value
Net block of fixed assets		565		1,759
CWIP		15		15
Investments		-		-
Current assets				
Cash and bank balances	2.0		2.0	
Other current assets	5.1		5.1	
	7.1		7.1	
Current liabilities and provisions				
Trade payables	16.1		16.1	
Other current liabilities	0.5		0.5	
	16.5		16.5	
Net current assets (NCA)		**(9.4)**		**(9.4)**
Deferred tax assets		-		-
Loan funds				
Loan from related parties	21.0		21.0	
Interest on loan	1.2	**22.2**	1.2	**22.2**
Deferred tax liability		-		-
Net worth- unadjusted		**548**		**1,742**
Less: contingent liabilities		-		-
Net equity value - adjusted		**548**		**1,742**
Add: gross debt		21.0		21.0
Add: Interest on loan		1.2		1.2
Less: balances of cash and cash equivalents		(2.0)		(2.0)
Enterprise value		**569**		**1,762**

Source: Calculation

Fair value of the land parcel as derived on the previous page

- The equity value of the Company as at the Valuation Date as per NAV method is ₹ 1,742 Mn.
- As informed by the Management, there are (i) no surplus/ non-operating assets/ liabilities in Company and (ii) no material contingent assets / liabilities in Company as at Valuation Date other than those specially mentioned in this Report, which are expected to realize/ devolve into actual assets / liabilities.
- Values represented above should be read in conjunction with the 'Statement of limiting conditions'



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Appendix

Appendix 1: Prospective Financial Information

- The prospective MIS of the Company as provided by the Management is as follows:

Currency: ₹ mn	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
Audited/unaudited/forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	9	12	12	12	12	12	12
Net revenue							
Room revenue	-	-	-	179	593	774	903
F&B revenue	-	-	-	73	271	403	468
MOD revenue	-	-	-	17	55	71	82
Net revenue	**-**	**-**	**-**	**270**	**920**	**1,248**	**1,453**
Operating expenses							
Room expenses	-	-	-	(33)	(104)	(123)	(135)
F&B expenses	-	-	-	(46)	(153)	(196)	(217)
MOD expenses	-	-	-	(11)	(34)	(41)	(46)
Admin and General expenses	-	-	-	(26)	(79)	(89)	(96)
Sales and Marketing expenses	-	-	-	(24)	(77)	(91)	(98)
Heat, Light, Power	-	-	-	(26)	(79)	(92)	(102)
Repairs and Maintainance	-	-	-	(16)	(51)	(61)	(69)
Total expenses	-	-	-	(183)	(578)	(693)	(763)
Gross profit	**-**	**-**	**-**	**87**	**342**	**555**	**690**
Management Fees	-	-	-	(14)	(49)	(73)	(88)
Property tax and Insurance	-	-	-	(7)	(23)	(31)	(36)
Other fixed expenses	-	-	-	(5)	(15)	(16)	(16)
Operating EBITDA	**-**	**-**	**-**	**62**	**255**	**435**	**550**
Sales growth (%)	*na*	*na*	*na*	*na*	*241.1*	*35.7*	*16.4*
GOP margins (%)	*na*	*na*	*na*	*32.3*	*37.1*	*44.5*	*47.5*
EBITDA margins (%)	*na*	*na*	*na*	*22.9*	*27.7*	*34.9*	*37.8*
Occupancy (%)	*na*	*na*	*na*	*32.0*	*35.4*	*43.7*	*48.7*
ARR	*na*	*na*	*na*	*44,974*	*46,255*	*49,012*	*51,270*
RevPaR	*na*	*na*	*na*	*14,392*	*16,375*	*21,428*	*24,979*

Source: Management

Appendix 2: Computation of WACC

Cost of equity

Particulars	Notes	Value
Risk-free rate (%)	a	7.0
Beta	b	1.2
Equity market risk premium (%)	c	7.0
Additional risk premium (%)	d	2.0
Cost of equity capital (%)		***17.5***

Cost of debt

Particulars	Notes	Value
Debt borrowing rate (%)	e	9.0
Expected income tax rate (%)	f	25.2
After-tax cost of debt (%)		***6.7***

WACC

Particulars	Weights	Value
Cost of debt (%)	*33.3*	*2.2*
Cost of equity (%)	*66.7*	*11.7*
WACC (rounded)		***14.0***

Source: Calculation

Notes

a. Based on prevailing YTMs of Government of India Bonds with 10 years residual maturity (rounded) as at the Valuation Date
b. Refer Beta table alongside
c. Based on EYMB understanding of prevailing market risk premium in India
d. Currently, the Company is non-operational with a vacant land parcel. The Management has projected that the Company will construct a new hotel for which approvals are in process and commence operations in CY27. Recognizing the inherent uncertainties and risks associated with the above, we have considered an additional risk premium of 2.0%.
e. Based on expected borrowing rate of the Company as informed by Management
f. Based on the prevailing corporate tax rate in India

Beta Computation

Comparable companies	Equity beta
The Indian Hotels Company Limited	1.35
EIH Limited	1.54
TAJGVK Hotels & Resorts Limited	1.33
EIH Associated Hotels Limited	1.07
Oriental Hotels Limited	1.21
Royal Orchid Hotels Limited	1.58
Lemon Tree Hotels Limited	1.24
Chalet Hotels Limited	0.95
Benares Hotels Limited	0.65
Average	**1.21**

Source: S&P Capital IQ

- We have calculated the beta based on the equity beta of major listed companies operating premium category hotels in India, and the share prices of which show adequate correlation with the market (using the statistical measure R Squared). We have considered five years weekly equity beta as at 31 March 2024.
- The Beta coefficient has been calculated based on the equity beta of listed hotel companies in India. We have considered all the listed companies operating 4-star and 5-star hotels as their primary business. We have considered five years weekly equity betas as at 31 March 2024 for the aforementioned hotel companies.

Appendix 3: Discounted cash flow method

Currency: ₹ mn	Notes	Dec24	Dec25	Dec26	Dec27	Dec28	Dec29	Dec30	Terminal value
Number of months		9	12	12	12	12	12	12	
Net Revenue		**-**	**-**	**-**	**270**	**920**	**1,248**	**1,453**	
Operating expenses		-	-	-	(208)	(665)	(813)	(904)	
EBITDA		**-**	**-**	**-**	**62**	**255**	**435**	**550**	**610**
Depreciation and amortisation					(518)	(456)	(401)	(353)	
EBIT		**-**	**-**	**-**	**(457)**	**(202)**	**34**	**196**	
Tax expense		-	-	-	-	-	-	-	
Debt free net income		**-**	**-**	**-**	**(457)**	**(202)**	**34**	**196**	
Add: Depreciation and amortisation					518	456	401	353	
(Increase)/ Decrease in net working capital		-	-	-	(27)	(19)	108	10	
Less: Capital expenditure		(801)	(1,262)	(1,325)	(930)	(34)	(48)	(58)	
Debt free cash flow		**(801)**	**(1,262)**	**(1,325)**	**(895)**	**202**	**496**	**501**	
Discount rate (%)		14.0	14.0	14.0	14.0	14.0	14.0	14.0	
Present value factor- Mid year discounting		0.95	0.85	0.74	0.65	0.57	0.50	0.44	
Present value factor- Year end discounting		0.91	0.80	0.70	0.61	0.54	0.47	0.41	
Present value debt free cash flow		**(763)**	**(1,072)**	**(987)**	**(585)**	**116**	**249**	**221**	
Perpetuity multiple									18x
Terminal value									**10,985**

Present value factor for terminal year	0.41
Present value for explicit period	(2,820)
Present value of terminal period	4,536
PV of tax benefits (refer note below)*	47
Enterprise value	**1,764**
Less: loan from related parties	(21)
Less: Interest on ICD	(1)
Add: cash and cash equivalents	(2)
Equity value	**1,743**

Source: Calculation

*PV of tax benefits : (428 mn * 25.17% * 0.44) – 47 mn

*LRPL is expected to have unabsorbed tax losses amounting to INR 428 mn as at 31 December 2030. The present value of the same has been factored in the aforesaid valuation workings

Computation of Terminal Value:

- The terminal value has been calculated based on a perpetuity multiple on the stabilised EBITDA of LRPL. The table below represents computation of terminal value:

Notes	Currency: ₹ mn	Value	Remarks
(A)	CY30 Revenue	1,453	Refer CY30 Revenue in Appendix 2
(B)	Stabilised EBITDA margins (%)	42.0%	Basis discussions with Management, we understand that LRPL can achieve long term stabilised margins of 42.0%
	EBITDA	610	(A) * (B)
(C)	EV / EBITDA multiple (rounded)	18x	Refer Valuation Analysis
(D)	**Terminal value**	**10,985**	**(D) = (B) * (C)**
(E)	PVF factor (year-end discounting)	0.41	Refer DCF computation
	Present value of Terminal value	**4,536**	**(D) * (E)**

Source: Calculation

Ernst & Young Merchant Banking Services LLP

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