Tulsi Palace Resort Private Limited ('TPRPL')

Fair Valuation Report for compliance with FEMA Regulations

Valuation Date: 31st March 2023
Report Date: 08th May 2023

Rashmi Shah FCA
Registered Valuer (Securities or Financial Assets)
IBBI Registration No. IBBI/RV/06/2018/10240
R V Shah & Associates
Chartered Accountants
702, Shah Trade Centre, Rani Sati Marg, Malad East, Mumbai-400097
Mobile: +91 98202 99754
E-mail: rashmi@rvs-ca.com

Kind Attn:
The Directors
Moonburg Power Private Limited
C-605, Sushila Baug, 53A, SV Road, Santacruz West, Mumbai, Maharashtra - 400054

Fair valuation of Equity Shares of Tulsi Palace Resort Private Limited

We have been given to understand that existing resident shareholders of Tulsi Palace Resort Private Limited ('TPRPL' or 'the Company') intends to transfer equity shares to Moonburg Power Private Limited.

In this regard, Moonburg Power Private Limited ('Moonburg' or 'the Client') has approached R V Shah & Associates, Chartered Accountants ('RVS' or 'We') for undertaking the valuation under the provisions of Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2020 (second amendment rules) amending certain provisions of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and Foreign Exchange Management Act, 1999 ('FEMA Regulations') ('Valuation Purpose'). The valuation date as informed to us by the Management is on 31st March 2023 ('Valuation Date').

As per FEMA Regulations, equity shares may be valued as per an internationally accepted pricing methodology to determine arm's-length price of equity shares. For the purposes of determining the fair valuation of equity shares of the Company, we have adopted the 'Discounted Cash Flows' ('DCF') method, which is an internationally accepted valuation methodology. On the basis of our analysis discussed under 'Valuation Analysis' section, the fair value per equity shares of TPRPL is **Rs. 351.06/- per equity share** or a rounded off value of **Rs. 351.00/- per equity share**. Please find enclosed a narrative report explaining our recommendation of value, the methodology employed and the assumptions used in our analysis.

You have confirmed to us that you have provided us with all the relevant information, knowledge, supporting documents and confirmations completely and correctly and that no material information has been concealed or withheld or misrepresented by you and that you have checked to ensure that there are no factual errors in this report. It is our understanding that the results of our valuation will be used by management of Moonburg Power Private Limited ('the Management') for the said Valuation Purpose only.

Respectfully submitted,

For R V Shah & Associates
Chartered Accountants, Mumbai
Rashmi Shah FCA
Membership No. 123478
FRN: 133958W
Place: Mumbai
Date: 08th May 2023
ICAI UDIN: 23123478BGTULH9921

Contents

Engagement Background

Tulsi Palace Resort Private Limited was incorporated on 19th October 2012 with CIN U55101RJ2012PTC040443 under the Companies Act, 1956. The Company has its registered office at FE-18, Malviya Industrial Area, Malviya Nagar, Jaipur – 30217.

The Company was incorporated with an objective to carry on hotel business. The Company has a 5-Star rated hotel in Jaipur located at Jaipur-Delhi Highway, NH 11, Kukas, Jaipur - 302028, Rajasthan in the name of "The Leela Palace Jaipur".

The shareholders of the Company as of the valuation date are as below:

Name of Shareholder	No. of shares held	% shareholding
Mohan Sukhani	61,62,000	24.05%
Vikram Sukhani	7,70,000	3.10%
Gulshan Fashions Private Limited	16,00,000	6.04%
Aravali Square LLP	18,00,000	7.02%
Priyanka Sukhani	9,26,000	3.07%
Kamla Sukhani	13,17,000	5.02%
BSREP III Joy Two Holdings (DIFC) Limited	1,25,75,000	50.00%
Total equity shares	**2,51,50,000**	**100.00%**

We have been given to understand that existing resident shareholders of Tulsi Palace Resort Private Limited ('TPRPL' or 'the Company') intends to transfer equity shares to Moonburg Power Private Limited.

In this regard, Moonburg Power Private Limited ('Moonburg' or 'the Client') has approached R V Shah & Associates, Chartered Accountants ('RVS' or 'We') for undertaking the valuation under the provisions of Foreign Exchange Management (Non-debt Instruments) (Second Amendment) Rules, 2020 (second amendment rules) amending certain provisions of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and Foreign Exchange Management Act, 1999 ('FEMA Regulations') ('Valuation Purpose'). The valuation date as informed to us by the Management is on 31st March 2023 ('Valuation Date').

R V SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

Valuation Recommendation

Based on valuation procedures adopted by us and financial data provided to us by the Management, we recommend fair value per equity share of TPRPL is **Rs. 351.06/- per equity share** or a rounded off value of **Rs. 351.00/- per equity share** using the Discounted Cash Flows method, which is an internationally accepted valuation methodology.

Our valuation analysis is based on information as provided to us by the Management as of the valuation date.

Please refer to the 'Valuation Methodologies' section for discussion on some of the internationally accepted valuation methods and reasons for adopting DCF method to value equity shares of the Company.

Please refer to the 'Valuation Analysis' section for explanation on the various inputs and assumptions to determine the fair value of equity shares of the Company.

R V SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

Valuation Analysis

We have used the Discounted Cash Flows (DCF) method to determine the fair value of equity shares of Tulsi Palace Resort Private Limited. Our valuation recommendation has been determined using financial projections as provided to us by the Management. Additionally, we have obtained other information and explanations considered necessary for valuation purpose. The detailed working for valuation of equity shares of TPRPL is as below.

Fair valuation of equity shares of Tulsi Palace Resort Private Limited

Particulars (Amounts in Rs. Mn)		01-Apr-2023 to 31-Mar-2024	01-Apr-2024 to 31-Mar-2025	01-Apr-2025 to 31-Mar-2026	01-Apr-2026 to 31-Mar-2027	01-Apr-2028 to 31-Mar-2028	Perpetuity
Revenue		1,664.49	1,791.50	1,907.62	2,014.48	2,117.74	2,202.45
% y-o-y growth			*7.63%*	*6.48%*	*5.60%*	*5.13%*	*4.00%*
Earnings before Interest, Taxes, Depreciation & Amortisation (EBITDA)		800.28	866.62	926.32	980.85	1,034.52	1,075.90
% EBITDA		*48.08%*	*48.37%*	*48.56%*	*48.69%*	*48.85%*	*48.85%*
Cash inflows		**800.28**	**866.62**	**926.32**	**980.85**	**1,034.52**	**1,075.90**
Cash outflows							
Capital expenditure		66.58	71.66	76.30	80.58	84.71	
Income tax		179.48	198.96	216.31	232.02	247.23	
Incremental working capital		299.66	10.44	9.54	8.78	8.49	
Total cash outflows		**545.72**	**281.06**	**302.16**	**321.38**	**340.43**	
Net cash flows		**254.56**	**585.56**	**624.16**	**659.47**	**694.10**	
Discount rate	13.30%	93.95%	82.92%	73.19%	64.59%	57.01%	
Sum of present value of cash flows (A)	**2,003.19**	**239.15**	**485.54**	**456.79**	**425.98**	**395.72**	
Exit multiple	11.00						
Perpetuity value on Hotel component	11,834.93						
Present value of perpetuity (B)	**6,747.31**						
Enterprise value (A+B+C+D+E+F+G)	**8,750.50**						
Add: Cash and equivalents	528.97						
Less: Debt	(450.35)						
Total equity value (Rs. Mn)	**8,829.11**						
Number of equity shares	25,150,000						
Value per equity share (Rs.)	**351.06**						

R V SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

- As per DCF Method, value is defined as the present value of future cash flows that can be withdrawn from the company by its owners. The method incorporates all factors relevant to valuation (e.g. current and future competitive position, financial and business risks, etc.).
- To estimate the cash flows available to the owners, projected cash flows of the Company are analysed for certain future years (explicit forecast period). These estimates are based on financial assumptions that are derived from the integrated results of the economic outlook, industry outlook, project analysis, historical financial analysis, etc.
- The discount rate has been considered based on our understanding of business, size and scale of the Company and our understanding of the industry wherein it operates.
- For the explicit period, free cash flows from the business have been arrived at as follows:
    - Free cash flows from operations are considered as per the projections of the Company provided to us by the Management.
    - Fund requirements for projected incremental working capital have been reduced from cash earnings of the respective years.
    - Estimated tax liability has been reduced to arrive at the free cash flows from the business.
    - Estimated capital expenditure (capex) has been reduced to arrive at the free cash flows from the business.
- The cash flows of each year are then discounted at the discount rate of 13.30%.
- The projected profit and loss account spans from 01st April 2023 to 31st March 2028. It does not cover the entire period of the Company's existence. Any cash flow benefits after 31st March 2028 are incorporated in perpetuity / terminal value.
- After the explicit period, the business will continue to generate cash. In DCF method, therefore, perpetuity value is also considered to arrive at the business value.
    - We have considered perpetuity growth rate of 4% based on overall economic growth expected, our understanding of the industry and Company's operations and expected long-term inflation.
    - EBITDA margin for perpetuity is in line with the EBITDA margin of the last year of the explicit forecast period.
    - Working capital as a percentage of revenue is assumed to be based on the same levels as projected in the last year of explicit forecast period.
    - Management has provided us with an exit revenue multiple of 11.0x. We have applied the same to determine the exit / perpetuity value of the business.

R V SHAH & ASSOCIATES MRN 123478 MUMBAI-07 CHARTERED ACCOUNTANTS

- Tax has been computed based marginal tax rate of 25.17%.
- The discounted perpetuity value is added to the discounted cash flows for the explicit period to arrive at the enterprise value, which is then adjusted for cash / bank balance, amounts pertaining to debt, etc. to determine the value of equity shares of the Company.

The discount rate is indicative of the time value of money and the risk associated with projected future cash flows of the business. Weighted average cost of capital (WACC) is calculated to determine the appropriate discount rate which is applied to the free cash flows of the Company to determine the present value of the cash flows as of the valuation date. We have considered discount rate of 13.30% and have applied the same to the free cash flows to arrive at the present value of free cash flows. The computation of weighted average cost of capital (WACC) / discounting factor has been detailed below.

R.V. SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

Computation of weighted average cost of capital		
WACC Formula		
WACC = [E/(E+D)]*Ke + [D/(D+E)]*Kd*(1-t) Where, E = Total equity capital D = Total debt Ke = Cost of equity Kd = Cost of debt t = Tax rate		
Cost of equity		
The Capital Asset Pricing Model ("CAPM") is commonly used to determine the cost of equity of the business. We consider the risk-free rate, market risk premium and beta to calculate the cost of equity using CAPM. The CAPM suggests that the expected rate of return on a security is equal to the risk-free rate plus the security's beta times the market risk premium. The various components of cost of equity calculation are as below:		
Risk-free rate (Rf)	7.315%	Risk-free rate is the return expected by an investor with zero risk. This is thus the minimum return that an investor generally expects from an investment without risk. Practically, the rate of return from a high- quality government bond is considered as risk-free rate for determination cost of equity. We have considered the risk-free rate as the 10-Year Indian Government Bond yield as of 31st March 2023.
Market risk premium (MRP)	7.84%	Market risk premium is defined as the expected return of the market portfolio less the return of risk-free bonds. We have considered market risk premium based on the CAGR of stock market in India prevalent at the time of valuation.

H.V. SHAH & ASSOCIATES MRN 123478 MUMBAI - 97 CHARTERED ACCOUNTANTS

Beta (β)	0.67	Beta measures the coordinated movement of a stock with that of the market and measures the extent to which the stock covaries with the overall market. We have considered 3-year weekly relevered beta of listed comparable companies.
Cost of Equity (%) – Ke	**14.59%**	**Rf + MRP*β**
Cost of debt		
Cost of debt (Kd)	6.73%	Management has confirmed that the pre-tax cost of debt is 9.00%. We have adjusted the pre-tax cost of debt with tax shield at the marginal tax rate, post which the cost of debt is 6.73%.

Weighted average cost of capital (WACC)

Given the aforesaid, weighted average cost of capital, calculated based on the market debt:equity ratio is 20:80. Thus, WACC is computed at 13.30%.

Cost of equity	**Value**
Risk-free rate as of 31 Mar 2023	7.32%
Beta	0.67
Equity risk premium	7.84%
Additional risk premium	2.00%
Cost of equity	**14.59%**
Cost of debt	**Value**
Pre-tax average borrowing rate	9.00%
Less: Tax shield	25.17%
Tax shield	2.27%
Net cost of debt	**6.73%**
Debt to Equity ratio	20%
Weighted average cost of capital	13.28%
Weighted average cost of capital - rounded off	**13.30%**

R.V. SHAH & ASSOCIATES
MRN 173478
MUMBAI - 97
CHARTERED ACCOUNTANTS

Valuation Methodologies

There are various internationally accepted pricing methodologies which can be applied to arrive at the valuation based on the specifics of the case. These include:

Aspect	Income Approach	Market Approach	Cost / Asset Approach
Valuation principle applied	Discounts future cash flows to the present date	Values of companies operating in the same industry are correlated	A prudent investor will pay no more for a business than the amount for which he could replace / re-create it
Relevant parameters	Discounted Cash Flows (DCF) method	Market Multiples Method for unlisted companies	Net Asset Value method
Appropriate situations to which the method may be applied	DCF is commonly used to value businesses or equity interests. It is appropriate for use when the wealth generating capacity of the business is determinable, going concern assumption is valid and when forecasts are available.	Market Approach is used when maintainable profit can be estimated, a set of suitable comparable companies is available and going concern assumption is valid.	Net Asset Value method is mainly used when maintainable profit of the entity cannot be estimated accurately. It is more suitable for loss making entities or entities that do not have a business plan as of the valuation date.

R.V. SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

We have considered DCF method for valuation due the reasons mentioned as below:

- Cost approach determines the value of the company by considering the fair value of assets and liabilities as of the valuation date. Net Asset Value, the most commonly adopted valuation method under the cost approach is computed as the difference between the value of underlying assets less the value of liabilities. We understand that the book value of the assets of the Company may not reflect the true value of the replacement value or their earnings potential. We have therefore not considered the NAV method to determine the value of equity shares of the Company.
- Under the Market approach, the business / equity shares are valued considering the market price in comparison with other companies listed on stock exchanges. Since, TPRPL is not a listed company, we have not considered market approach for valuation. There are no *directly* comparable listed companies (comparable in size, scale and operations) with similar business profile as compared to TPRPL. We have therefore not considered market approach for valuation of equity shares of the Company.
- The Discounted Cash Flows method determines the value of a business based on the cash flows expected to be generated over a period of time by a prudent investor. This method assumes the going concern concept and discounts the free cash flows during the forecast period and perpetuity value using an appropriate discount rate. We have considered the DCF method as the going concern assumption is valid, cash flows are estimable for future period and relevant projections, inputs and assumptions are available for valuation. We have therefore considered DCF method for valuation.

R V SHAH & ASSOCIATES * CHARTERED ACCOUNTANTS * MRN 123478 MUMBAI - 97

Limiting Conditions

- The valuation is based on projections provided to us by the Management. The financial forecasts used in the preparation of the report reflects subjective judgement of the Client's Management, based on present circumstances and expected future circumstances, as to the most likely set of conditions and the course of action it is most likely to take. We understand that these forecasts represent estimates of Management as to the most likely performance of the business in foreseeable future. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecasts and as such differences may be material. The actual results may differ than the forecasts due to several factors (external as well as internal) and such differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of those forecasts.
- 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 valuation report was prepared for the purpose of complying with the said Valuation Purpose and is for the confidential use of the Client only. Its suitability and applicability of any other use has not been checked by us. Neither the valuation report nor its contents may be disclosed to any third party or referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, any public communication, loan agreement or other agreement or document given to third parties without our prior written consent. We retain the right to deny permission for the same.
- In accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
- We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the valuation subject's activities and the assets being valued at the Valuation Date. Therefore, we will accept no responsibility for any error or omission in the Report arising from incorrect or incomplete information provided by Management. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable. We may however in no way be held responsible for completeness, accuracy, etc. for the data provided to us.

- The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters -
  - Matters of a legal nature, including issues of legal title and compliance with local laws, and
  - Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Company.
- The valuation analysis and result are governed by concept of materiality.
- The opinion(s) rendered in the Report only represent the opinion(s) based upon information furnished by you and others on your behalf and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility to only to the directors of the company who have retained us and nobody else.
- We do not accept any liability to any third party in relation to the issue of this valuation report.
- The Report is not for anybody to make any investment into the valuation subject nor meant to assist anybody for any transaction purpose (for which expert opinion needs to be obtained) nor as to how the voting should be conducted in any meeting. The Report is purely for compliance with requirements of the said Valuation Purpose. This report has been prepared for a very specific purpose. Thus, this valuation report cannot be used for any other purpose apart from what is mentioned herein.
- We will not be held responsible to anybody in relation to this report. We understand that the contents of the report have been reviewed in detail before we issued the final signed report.
- We are not responsible to update this report subsequent to the date mentioned in this report because of any material event or any event that could have a bearing on our valuation analysis or transactions occurring subsequent to the date of this report.

R.V. SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS

Sources of Information

The following sources of information have been obtained from the Management of TPRPL and utilized in conducting the valuation:

- Unaudited financials for the year ended 31st March 2023
- Financial projections for hotel and office business for the explicit forecast period
- Shareholding pattern
- Discussions with the Management
- In addition to the above, we have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation.

It may be mentioned that the Management has been provided with an opportunity to review factual information in our report as part of our standard practice to ensure that there are no factual inaccuracies or omissions in our final signed report.

R.V. SHAH & ASSOCIATES
MRN 123478
MUMBAI - 97
CHARTERED ACCOUNTANTS