
**VALUATION REPORT OF
INSIDE INDIA RESORTS PRIVATE LIMITED**

Estimation of Fair Value of Equity Shares

13th November 2024

By Niki Shah
Chartered Accountant

To,
The Board of Directors,
Inside India Resorts Private Limited
A-324 Shastri Nagar,
Jodhpur, Rajasthan,
India - 342003.

Sub: Valuation of Inside India Resorts Private Limited.

Dear Sirs,

Refer to our Engagement letter dated 1st November 2024 with Inside India Resorts Private Limited ("the management" or "the buyer"), appointing us to assess the Fair Market Value of Inside India Resorts Private Limited as per the guidelines issued under Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019.

Based upon the information and the financial data provided and representations made by the management as well as the analyses performed, it is our opinion that the Fair value of Equity shares of Inside India Resorts Private Limited as on 30th September 2024 is reasonably stated as **INR 593/-** (Rupees Five Hundred and Ninety Three Only) as on the valuation report date.

According to the Company overview and based upon the data available on the public domain we have applied **Discounted Cash Flow** method to arrive at the Fair value of the Equity shares of Inside India Resorts Private Limited.

The Conclusions and opinions expressed in this report are contingent upon the qualifying factors mentioned in the statement of limiting conditions and throughout the report.

For S N & Co

Chartered Accountants

Firm Registration No. 128887W




CA Niki Shah
Partner

Place: Mumbai

Date: 13th November 2024

Membership No: 123409

UDIN NO - 24123409BKASMJ1432

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1. INTRODUCTION

S. No.	Particulars	Details
1.	Subject of Valuation	<i>Equity shares of Inside India Resorts Private Limited ("The Company")</i>
2.	Appointing Authority and purpose of valuation	<p>I have been appointed by the Management of Inside India Resorts Private Limited as independent Valuer to derive the Fair value of Equity Shares of Inside India Resorts Private Limited as per the guidelines issued under Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instrument) Regulations, 2019 for the purpose of transfer of shares as on 30th September 2024 ("the Valuation date").</p> <p>This report ("Valuation Report") sets out the findings of our exercise and has to be used only for the <i>purpose as mentioned above</i>.</p>
3.	Identity of the Valuer and any other experts involved	<p>I CA. Niki Shah, is involved in this valuation assignment.</p> <p>I have a rich experience of more than 15 years in valuation of companies in different sectors, at variant stages and for various purposes.</p>
4.	Important dates	<ul style="list-style-type: none"> • Date of Appointment: 28th October 2024 • Valuation Date: 30th September 2024 • Date of Valuation report: 13th November 2024
5.	Disclosure of Valuer's Interest/Conflict, if any	I acknowledge that I have no present or contemplated financial interest in the above mentioned transaction or the Company. My fees for this valuation are based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.
	Standard of Value	<p>Fair Market Value</p> <p>A value of a business enterprise determined between a willing Company and a willing Holder both in full knowledge of all the relevant facts and neither compelled</p>



7.	Premise of Value	Going Concern Value in continued use as an ongoing operating business enterprise.
8.	Valuation standards adopted	Internationally accepted valuation standards
9.	Inspection and/ or investigations undertaken	I have not undertaken any inspection and/ or investigation of the documents provided by the management of the Company for carrying out the valuation of the <i>Equity shares</i> .
10.	Sources of the information used or relied upon	<p>In connection with this exercise, I have used the following information about the Company, as received from the Management:</p> <ul style="list-style-type: none"> • Audited Financial Statement of Inside India Resorts Private Limited for the year ended 31st March 2023 • Provisional Financial Statements for the period ending 30th September 2024 • Projected Financial Statements for the period 1st Oct 2024 to 30th March 2033 • Information available in public domain and • Information and explanation given both verbal and written by the management of the company and its representative.
11.	Major factors that were taken into account	Please refer to detailed calculation and assumptions in Exhibits.
12.	Restrictions on use of reports	The Analysis is confidential and has been prepared exclusively for the specific purpose mentioned herein. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of CA. Niki Shah, Valuer other than the purpose for which it is prepared and for any regulatory or legal purpose. This report is only to be used in its entirety, and for the purpose stated in the report.



2. COMPANY BACKGROUND

Inside India Resorts Private Limited is a Private company incorporated on 19 April 2007. It is classified as Non-government company and is registered at Registrar of Companies, Jaipur. Its authorized share capital is Rs. 10,000,000 and its paid up capital is Rs. 10,000,000. Its NIC code is 551 (which is part of its CIN). As per the NIC code, it is involved in Hotels; camping sites and other provision of short-stay accommodation [Restaurant facilities operated in connection with the provision of lodging remain classified in this group. Also included are the operation of sleeping cars when carried on by separate units].

3. VALUATION METHODOLOGY

VALUATION INTRODUCTION

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and beyond my control. In performing my analysis, I made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Company. In addition, this valuation will fluctuate with changes in prevailing market conditions and prospects, financial and otherwise of the companies and other factors which generally influence the valuation of the companies and their assets.

The application of any particular method of valuation depends upon the purpose for which the valuation is being done. Although different values may exist for different purposes, it cannot be too strongly empathised that a valuer can arrive for one value for one purpose. My choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and my reasonable judgement, in an independent and bona fide manner based on my previous experience of assignments of similar nature.

This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

1. Industry to which the company belongs;
2. Ease with which the growth rate in cash flows to perpetuity can be estimated;
3. Extent to which industry and comparable company information is available;
4. Having arrived at an assessment of fair value, some adjustments that are typically considered in such an exercise are:



- a. Whether there is change of control and therefore a control premium is justified for a particular purchaser, if any.
- b. Whether the shares are marketable and frequently traded or there is a case for discounting on account of illiquidity, if applicable.

In developing our estimates, we have considered all three approaches to value the business and chose the most appropriate approach or approaches. Our conclusions rely on the approaches judged to be most appropriate for the purpose and scope of our analysis, as well as the nature and reliability of the data available to us. The three approaches to value are summarized as follows:

Income Approach

The income approach explicitly recognizes that the current value of an asset/ business is premised on the expected receipt of future economic benefits from the asset/ business. These benefits can be in the form of earnings, net income, cash flow, or other measures of profitability and should include the perpetuity value as well as cost savings and tax deductions. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the asset/ business. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the valuation date.

The discounted cash flow method of the income approach explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as cost savings, periodic income, or sale proceeds. Indications of value are developed by discounting future net cash flows available for distribution to their present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

Cash flow is an important element in the financial management of a corporation. The ability of an enterprise to create cash inflows, meet cash requirements, and provide for related financial and investing activities is an important determinant in the value of that enterprise. More specifically, cash inflows include earnings and reductions of net working capital. Cash outflows include investments in fixed assets and additions to working capital.

The discounted cash flow analysis focuses on the total cash returned to the owners of the business enterprise; this cash stream is subsequently available for dividend payments or reinvestment in the business.



In practice, the discounted cash flow analysis consists of estimating annual future cash flows and individually discounting them to present value. If the cash flow stream is to continue beyond the projection period, an estimate of the residual value of the business enterprise is developed (usually by capitalization) and discounted to present value. The summation of the discounted annual cash flows and the residual value after capitalization and discounting, plus non-operating assets, indicates the current fair value of the business enterprise.

There are two ways of arriving at the equity value:

1. Using Free Cash Flows to the Firm and discounting it by Weighted Average Cost of Capital (WACC).
Or
2. Using Free Cash Flows to the Equity and discounting it by Cost of Equity (Ke).

Discount Rate

Discount rate is the return a company requires to decide if an investment meets capital return requirements. A company's cost of equity represents the compensation the market demands in exchange for owning the asset and bearing the risk of ownership.

The cost of equity shall capture the risk premium that a holder of equity demands for investing in the company's equity. At the same time Weighted Average Cost of Capital (WACC) is considered as a Discount rate in case of Using Free Cash Flows to the Firm.

Terminal Value:

1. Generally, at the end of the Forecast Period, it is assumed that the net profits and hence the corresponding cash flows generated by the Valuation Subject will continue indefinitely.
2. The most common approach to calculating terminal value is to apply a constant growth model, utilizing the following formula:
3. $FV \text{ of terminal value} = [FCF_n] \times (1+g) / (K_e - g)$
4. $PV \text{ of terminal value} = FV \text{ of terminal value} / (1+K_e)^n$

The present value of the discrete period cash flows along with the terminal value represent the equity value of the Company. The Equity Value is divided by the total number of shares outstanding on a fully diluted basis to compute the Per Share Value.



Market Approach

The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets/businesses available as of the valuation date. The process is essentially that of comparison and correlation between the subject business and similar businesses that has been recently sold or is offered for sale in the market. The transaction or offering prices of the comparable assets/businesses are adjusted for dissimilarities in characteristics including location, operating history, size, and utility, among others. The adjusted prices of the comparable assets/ businesses provide an indication of value for the subject asset/ business.

Cost/NAV Approach

The NAV approach arrives at the value based on the financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The Net Asset Value (NAV) is generally used as the minimum break-up value of the subject company. This methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern. However, this is a methodology which is often used for distressed companies, shell entities, investment vehicles and entities with limited operations.

The valuation exercise may be carried out using the above generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business;
- Industry to which the entity belongs;
- Economic life cycle in which the industry or the company is operating;
- Extent to which industry and comparable company information is available; and

Past track record of the business and estimates of future profits



4. OUR VALUATION APPROACH & ASSUMPTIONS

Discounted Cash Flows Method:

In estimating the value of the Company, we have evaluated the suitability of the three approaches to value and considering the nature and stage of the Company, we have used Income approach (DCF method) to value the Company.

The specific methodologies applied in the valuation of the subject business are described below:

The value of the shares of the Company has been arrived at as follows:

In Discounting Cash Flows Approach (DCF) wherein I have used **Free Cash flows to the Equity** to measure the equity value of the Company based on the below assumptions/inputs:

1. **Risk Free Rate:** The Risk Free Rate of Return considered is 10 Year Indian Government Bond as of Valuation date, captured from <http://in.investing.com> which is 6.75%
2. **Free Cash flows:** The projected financials provided by the management has been considered for the preparation of the free cash flow to equity shareholders, please note that we have not carried out the audit or validation exercise of the projections provided but the same has been considered looking the companies' potential.
3. **Beta:** Reflects the sensitivity of expected excess asset returns to the expected excess market returns. Based on the unlevered beta of the selected guideline public companies and re-levered based on the applied capital structure. Industry Beta is assumed as 1.
4. Small Size Premium is considered as 3.00% and Limited Liquidity Premium is considered as 3.00%.
5. **Cost of Equity:** The CAPM model has been considered for calculating the cost of equity which is 19.39%. Also, the CAGR of BSE 500 for 20 years has been considered in calculation of Equity Risk Premium of 13.39%
6. **Terminal Value:** After the explicit period, the business will continue to generate cash. Therefore, perpetuity value is also considered to arrive at the enterprise value. For arriving at the perpetuity value, we have considered a growth rate of 3.00% *based on management estimate.*



5. CONCLUSION

According to the Company overview we have applied Discounted Cash Flow Approach to arrive at the Fair value of the Equity shares.

Hence, based on detailed valuation & analysis, the Fair market value of Equity shares of M/s Inside India Resorts Private Limited is RS. 593 /- (Rupees Five Hundred and Ninety Three Only for the valuation date of 30th September, 2024. (Please refer to exhibits for detailed analysis.)

The Conclusions and opinions expressed in this report are contingent upon the qualifying factors mentioned in the statement of limiting conditions and throughout the report.

6. CAVEATS

1. I, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.
2. I have not undertaken any inspection and or investigation of the documents provided by the management of the Company for carrying out the valuation of the business

Restrictions on use of reports

The Analysis is confidential and has been prepared exclusively for the specific purpose mentioned herein. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of CA. Niki Shah, Valuer other than the purpose for which it is prepared and for any regulatory or legal purpose. This report is only to be used in its entirety, and for the purpose stated in the report.

My report is subject to the scope of limitations detailed hereinafter.

1. The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
2. The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this Report.

This Report is issued on the understanding that the Management of the Company has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature.

4. My Valuation Analysis should not be construed as investment advice, specifically and I do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.
5. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Company. In no event shall I be liable to any loss, damage, cost or expense arising in any way from the fraudulent acts, misrepresentations or wilful default on part of Company, their directors, employees or management. However, within the terms of the engagement letter the company is bound to indemnify us against any liability which may result from carrying out this engagement.
6. The fee for the engagement is not contingent upon the results reported.
7. The valuation report is subject to the laws of India.

I am keen to work with you and look forward to future association.

For S N & Co

Chartered Accountants

Firm Registration No. 128887W



CA Niki Shah

Partner

Place: Mumbai

Date: 13th November 2024

Membership No: 123409

UDIN NO - 24123409BKASMJ1432



7. EXHIBIT 1: DISCOUNTED CASH FLOW METHOD

Equity share valuation of Inside India Resorts Pvt. Ltd. based on DCF method as on 30-09-2024

(in INR)

Year ended	1-10-2024 to 31-03-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2029	31-03-2030	31-03-2031	30-03-2032	30-03-2033
PAT	-43,87,886	-3,86,14,496	19,98,94,917	22,41,05,006	26,76,03,631	31,84,88,312	36,39,50,275	43,12,57,504	51,00,61,337
Add: Depreciation	9,01,271	91,37,752	3,30,01,372	3,80,11,330	3,68,70,991	3,57,64,861	3,46,91,915	3,36,51,158	3,26,41,623
Change in W/C		1,73,007	(3,28,04,896)	(54,98,076)	(64,42,644)	(75,49,378)	(80,82,742)	(1,02,36,462)	(1,19,95,646)
Capex	(55,00,00,000)	(50,00,00,000)	(20,00,00,000)	0	0	0	0	0	0
Free Cashflow to Equity	-55,34,86,614	-52,93,03,736	91,393	25,66,18,261	29,80,31,978	34,67,03,795	39,05,59,448	45,46,72,200	53,07,07,334
PV Factor	0.92	0.77	0.64	0.54	0.45	0.38	0.32	0.26	0.22
PV Free Cashflow to Equ	-50,65,45,183	-40,57,30,973	58,677	13,79,95,533	13,42,33,981	13,07,91,746	12,34,04,508	12,03,27,367	11,76,36,809

Sum of Present Values	-14,78,27,535
Terminal Value	73,91,44,419
Equity Value (I)	59,13,16,884
Add: Cash as on 30.09.24	16,83,116
Adjusted Equity value	59,30,00,000
No. of shares	10,00,000
Share price (INR)	593

Fair Market Value per equity share as per Discounting Cash Flows Approach shall be **RS. 593 /-**
(Rupees Five Hundred and Ninety Three Only per share)



8. Exhibit 2: Profit and Loss

	Profit and Loss Statement													(in ₹)
	Provisional						Projections							
Particulars	31 March 2023	31 March 2024	30 September 2024	31 March 2025	31 March 2026	31 March 2027	31 March 2028	31 March 2029	31 March 2030	31 March 2031	30 March 2032	30 March 2033		
INCOME														
Revenue from operations	-	-	-	-	-	-	76,20,75,800	80,08,52,717	1,04,15,89,347	1,21,80,55,709	1,42,46,72,672	1,66,56,24,095	1,94,99,89,764	
Other Income	-	4,653	-	-	-	-	-	-	-	-	-	-	-	
Total Income	-	4,653	-	-	-	-	76,20,75,800	80,08,52,717	1,04,15,89,347	1,21,80,55,709	1,42,46,72,672	1,66,56,24,095	1,94,99,89,764	
EXPENDITURE														
Direct Cost	-	-	-	-	-	-	5,33,45,306	6,23,59,550	7,29,31,254	8,52,63,904	10,49,16,460	12,27,36,707	14,36,04,862	
Admin & General	-	-	-	-	-	-	3,61,01,790	4,49,43,836	5,39,79,467	6,09,82,288	7,22,58,163	8,45,29,729	9,89,01,790	
Other Cost	6,37,500	16,03,750	14,03,281	14,03,281	56,33,124	9,14,49,096	10,09,02,526	12,49,96,722	16,63,66,192	17,30,09,779	20,23,91,940	23,68,01,375		
Property Operation & Maintenance	-	-	-	-	-	-	5,33,45,306	6,23,59,550	7,29,31,254	8,52,63,904	10,07,51,616	11,78,62,211	13,79,01,585	
Marketing	-	-	-	-	-	-	23,62,43,498	27,61,64,342	32,29,82,684	33,75,87,240	43,89,38,017	52,75,20,561	61,72,11,632	
Employee Cost	-	-	-	-	-	-	50,00,000	60,00,000	70,00,000	80,00,000	90,00,000	1,00,00,000		
Finance Cost	6,178	3,133	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	24,41,191	15,90,680	29,84,604	29,84,604	3,30,01,372	3,60,11,338	3,58,78,951	3,57,64,861	3,46,91,915	3,36,31,158	3,26,41,823	3,16,62,374		
Total Expenditure	30,85,169	32,03,563	43,87,886	43,87,886	3,86,14,496	51,54,98,326	59,51,99,675	68,85,50,256	79,78,86,432	94,45,27,191	1,09,76,82,705	1,27,70,85,598		
Profit Before Tax	-30,85,169	-31,98,910	-43,87,886	-43,87,886	-3,86,14,496	24,65,77,474	20,56,53,042	53,30,05,491	42,01,69,277	48,01,45,481	58,39,41,286	67,29,04,166		
Tax	24.20%	-	-	-	-	-	8,80,82,157	7,18,48,008	6,54,30,460	10,18,90,905	11,61,56,206	12,76,83,794	18,28,42,608	
Profit After Tax	-30,85,169	-31,98,910	-43,87,886	-43,87,886	-3,86,14,496	15,84,95,317	12,41,05,034	46,75,75,031	31,82,78,372	37,82,54,576	46,77,85,080	54,00,61,558		

Provisional and Projected Profit and Loss of Inside India Resorts Private Limited

