

**Recommendation of Fair Equity Share Exchange Ratio as consideration for the Proposed Amalgamation ('Proposed Transaction' / 'Amalgamation') of Moonburg Power Private Limited ('MPPL') ('Transferor Company') with Tulsi Palace Resort Private Limited ('TPRPL') ('Transferee Company') and their respective shareholders**

**Valuation Date: 31<sup>st</sup> August 2023**

**Report Date : 27<sup>th</sup> October 2023**

**Rashmi Shah FCA**

Registered Valuer (Securities or Financial Assets)

IBBI Registration No.: IBBI/RV/06/2018/10240

To,  
**The Board of Directors,**  
**Tulsi Palace Resort Private Limited**  
Ground Floor, Tower-2, Equinox Business Park, Kurla West, Mumbai - 400070

To,  
**The Board of Directors,**  
**Moonburg Power Private Limited**  
Ground Floor, Tower No.2, Equinox Business park CTS  
No.83,83/1 To 19 Of Kurla Village, Near L.B.S. Marg,  
Mumbai Maharashtra – 400070.

**Sub: Recommendation of fair equity share exchange ratio as consideration for the proposed amalgamation of Moonburg Power Private Limited ("MPPL") ("Transferor Company") with Tulsi Palace Resort Private Limited ("TPRPL") ("Transferee Company") and their respective shareholders ("Proposed Transaction" / "Amalgamation")**

Dear Sir(s)/ Madam(s),

We understand that the management of TPRPL and MPPL are contemplating a scheme of amalgamation under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 ("Act"), and Rules framed there under, whereby it is proposed to amalgamate MPPL with TPRPL, on a going concern basis ("**Scheme**") with Appointed Date as of 27<sup>th</sup> May 2023.

In this regard, Rashmi Shah FCA, Registered Valuer (Securities or Financial Assets) with IBBI Registration No.: IBBI/RV/06/2018/10240 (referred to as "Valuer" or "We" or "Us") has been appointed to recommend the fair share exchange ratio of equity shares for the Proposed Transaction of MPPL with TPRPL (hereinafter jointly referred to as "**Companies**") as required under the provisions of the Act and as required under various SEBI circulars including SEBI/HO/DDHS/PoD1/P/CIR/2023/108 dated 29 July 2022 and updated as on 30 June 2023, as amended for the Scheme involving companies listed on recognized stock exchanges in India.

Based on our valuation analysis, we recommend share exchange ratio as below:

***1 (One) fully paid-up Equity Share of TPRPL of Rs. 10 each for every 36 (Thirty-Six) Equity Shares of Rs. 10/- each to be issued to shareholders of MPPL***

This report is structured under the following broad heads:

- Background
- Information Sources
- Valuation Standards followed and Procedure adopted for Valuation
- Valuation Approached and Methodologies
- Scope Limitation and Disclaimers
- Share Issuance Ratio and Conclusion

## BACKGROUND

### Tulsi Palace Resort Private Limited

TPRPL was incorporated on 19th October, 2012 with CIN U55101RJ2012PTC040443 under the Companies Act, 1956. TPRPL has its registered office at Ground Floor, Tower-2, Equinox Business Park, Kurla West, Mumbai -400070.

TPRPL is engaged in the business of establishing, running and managing hotels, heritage hotels and resorts. TPRPL 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 shareholding pattern of TPRPL as of 31<sup>st</sup> August 2023 is as under:

Particulars	Total number of shares held	% shareholding
Moonburg Power Private Limited	1,25,75,000	50.00%
BSREP III Joy Two Holdings (DIFC) Limited	1,25,75,000	50.00%
<b>Total</b>	<b>2,51,50,000</b>	<b>100.00%</b>



### **Moonburg Power Private Limited**

MPPL, a subsidiary of BSREP III Joy Two Holdings (DIFC) Limited was incorporated under the provision of the Act on 07<sup>th</sup> June 2022, bearing CIN U70200MH2022PTC384178 and having its registered office at ground floor, Tower No.2, Equinox Business Park, Kurla Village, Mumbai 400070, India.

MPPL is in the business of hospitality consultancy services.

The shareholding pattern of MPPL as of 31<sup>st</sup> August 2023 is as under:

<b>Sr.no</b>	<b>Name of Shareholders</b>	<b>No of Shares</b>	<b>% of Shareholding</b>
1	BSREP III Joy Two Holdings (DIFC) Limited	9,999	99.99%
2	Project Ballet HMA Holdings (DIFC) Limited	1	0.01%
<b>Total equity shares</b>		<b>10,000</b>	<b>100.00</b>



## INFORMATION SOURCES

We have relied on the following sources of information and documents provided to us by the management:

- Unaudited financial statements of TPRPL for the period ended on 31<sup>st</sup> August 2023
- Unaudited financial statements of TPRPL for the year ended on 31<sup>st</sup> March 2023
- Unaudited financial statements of MPPL for the period ended on 31<sup>st</sup> August 2023
- Audited financial statements of MPPL for the period ended on 31<sup>st</sup> March 2023
- Projected financials of TPRPL for the period of 01<sup>st</sup> September 2023 to 31<sup>st</sup> March 2028
- Details of various fixed assets and fair values of land, building and other immovable assets recorded in the books of TPRPL along with the fair market value of immovable properties as provided by the Management
- Draft Scheme
- Latest shareholding details of MPPL and TPRPL as on 31<sup>st</sup> August 2023
- Our regular discussions with management representatives of the Companies.

We have also relied on published and secondary sources of data whether or not made available by the Companies.



## **VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION**

- We have performed the valuation analysis, to the extent possible, in accordance with ICAI Valuation Standards, 2018 ("IVS") issued by the Institute of Chartered Accountants of India. IVS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
  - Requested and received relevant data from the management
  - Discussions with the management on understanding of the businesses of the companies - business and fundamental factors that affect their earning capacity including historical performance, future plans and prospects, etc.
  - Obtained and analyzed data made available to us as well as in public domain, as considered relevant by us
  - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us
  - Determination of values of the equity shares of the companies, as relevant
  - Preparation and issuance of this valuation report



## VALUATION APPROACHES AND METHODOLOGIES

- As per the Scheme, the face value of shares of TPRPL is INR 10/- per equity share. In accordance with IVS, to arrive at the fair share exchange ratio, it is required to determine the fair value of equity shares of MPPL and the fair value of equity shares of TPRPL. These values are to be determined on a per share basis and are independently without considering the Proposed Transaction. The values are then to be assessed on a relative basis to determine the share exchange ratio.
- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which the seller is willing to sell, and the buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company implies using a combination of these methods.
- IVS 301 read with IVS 103 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
  - Cost Approach
  - Market Approach
  - Income Approach



### **Cost Approach – Net Asset Value (“NAV”) method**

- The value under the cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under the NAV method, total value of the business is based either on net asset value or realizable value or replacement cost basis. Adjusted NAV method determines the value of the business by replacing the book value of the assets with their fair values, to the extent applicable. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business.
- We have considered adjusted NAV method to determine the value of shares of TPRPL as TPRPL has recorded certain immovable assets (land, building, etc.), which are generally in nature. However, we understand that this method may not reflect the true earning potential of the business and assigned zero weightage to the value arrived using this method.
- Considering the quantum of business operations of MPPL, we have considered the adjusted NAV method, to determine the value of shares of MPPL. We have assigned 100% weightage to the value of equity shares of MPPL arrived at using the adjusted NAV method.





### **Income Approach – Discounted Cash Flows (“DCF”) method**

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFF or free cash flows to the firm (“FCFF”) represents the cash available for distribution to both the owners and the creditors of the business. The risk-adjusted discount rate or Weighted Average Cost of Capital is applied to free cash flows in the explicit period and that in perpetuity. The adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.
- We have considered the DCF method to determine the value of shares of TPRPL as the going concern assumption is valid, cash flows are estimable for future period and relevant projections, inputs and assumptions are available for valuation. Moreover, DCF method is more scientific in nature and hence has been considered for valuation.
- Considering the quantum of business operations of MPPL, we have not considered DCF method to determine the value of shares of MPPL for the said valuation purpose.

### **Market Approach – Market Price method**

- Under the Market Price method, the market price of an equity share as quoted on a recognized stock exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in case of amalgamation, where the value of shares of one company is required to be evaluated against the value of shares of another company, the volume of shares traded and available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- We understand that the equity shares of the Companies are not listed on any recognized stock exchange in India. We have therefore not used the Market Price method to determine the value of equity shares of the Companies.

### **Market Approach – Comparable Companies' Multiple ("CCM") method**

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The CCM Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. The relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.
- We understand from the management that there are no companies listed on stock exchanges operating in similar business line as TPRPL and MPPL, thus making the method ineffective for use for the said valuation purpose. By virtue of this, we have not considered the CCM method of valuation to determine the value of shares of TPRPL and MPPL.





## SCOPE LIMITATIONS AND DISCLAIMERS

- Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.
- We owe responsibility only to the management of the TPRPL that has retained us and to nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared for the Management of TPRPL solely for the purpose of the Proposed Transaction envisaged in the Scheme. This report should not be used for any other purpose.
- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- Neither we nor any of our affiliates are responsible for updating this report because of events or transactions occurring subsequent to the date of this report.
- We have considered and relied on the information provided to us by the management of TPRPL, including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the management of the Companies have informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation.
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.
- This report does not look into the business / commercial reasons behind the Proposed Transaction. We have no present or planned future interest in either of the Companies and the fee for this certificate is not contingent upon the values reported therein. Our valuation analysis should not be construed as an



investment advice. We do not express any opinion on the suitability of or otherwise of entering into any transaction with the Companies.

## SHARE ISSUANCE RATIO AND CONCLUSION

- The basis of share exchange ratio would have to be determined after taking into consideration all the factors and methods mentioned in this report. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair equity share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- The fair equity share exchange ratio has been arrived on the basis of a relative equity valuation of the Companies that is based on various approaches / methods explained herein earlier, various qualitative factors relevant to each company, the business dynamics, growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e., adjusted NAV method for MPPL and DCF method for TPRPL and arrived at the assessment of the value per equity share of TPRPL and MPPL.





- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report for the Proposed Transaction and upon the proposed scheme becoming effective, in our opinion, we recommend fair equity share exchange ratio for the amalgamation of MPPL with TPRPL as below:

Valuation approach	Tulsi Palace Resort Private Limited (Transferee)		Moonburg Power Private Limited (Transferor)	
	Value per share (INR)	Weight (%)	Value per share (INR)	Weight (%)
Asset approach - NAV method	NA	0.00%	10.00	100.00%
Income approach - DCF method	361.95	100.00%	NA	0.00%
Market approach - Market Price method	NA	0.00%	NA	0.00%
Market approach - CCM method	NA	0.00%	NA	0.00%
Relative value per share	361.95		10.00	
Share Exchange Ratio	36			
Fair share exchange ratio	1 share of TPRPL for 36 shares of MPPL			

***1 (One) fully paid-up Equity Shares of TPRPL of Rs. 10/- each for every 36 (Thirty-Six) Equity Share of Rs. 10/- each to be issued to shareholders of MPPL***

Yours faithfully,



**Rashmi Shah FCA**

Registered Valuer (Securities or Financial Assets)

IBBI Reg. No.: IBBI/RV/06/2018/10240

Place: Mumbai

Date: 27<sup>th</sup> October 2023

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