Valuation Report for the amalgamation of

Eulogia Inn Private Limited with Praveg Limited

Registered Valuer

Sagar Shah

Reg. No.: IBBI/RV/06/2020/13744
ICAI RVO Reg. No.: ICAIRVO/06/RV-P00155/2020-21

To,

The Board of Directors

Praveg Limited	**Eulogia Inn Private Limited**
214, Athena Avenue, Behind Jaguar	PLOT NO. 54/3, T.P. NO.32, SURVEY NO.
Showroom, S. G. Highway, Gota,	93/1/2/2, GOTA,
Ahmedabad, Gujarat 382481	Ahmedabad, Gujarat 382481

Subject: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Eulogia Inn Private Limited ("Eulogia") with Praveg Limited ("Praveg")

We refer to engagement letters dated 30 July 2023 of Sagar Shah, whereby we are appointed by Praveg Limited (hereinafter referred to as "Praveg") and Eulogia Inn Private Limited (hereinafter referred to as "Eulogia") respectively, for recommendation of fair equity share exchange ratio for the proposed amalgamation of Eulogia with Praveg on a going concern basis with effect from the Appointed Date (i.e. Effective Date) ("Proposed Amalgamation"), as more particularly provided for in the composite scheme of amalgamation among Eulogia and Praveg and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 ("Scheme").

Praveg and Eulogia are hereinafter jointly referred to as "Companies" or "Clients" and individually referred to as "Company", as the context may require.

Mr Sagar Shah is hereinafter referred to as "Valuer" or "we" or "us" in this report.

The fair equity share exchange ratio for this report refers to number of equity shares of Praveg Limited, which would be issued to the equity shareholders of Eulogia pursuant to the Proposed Amalgamation.

Yours Faithfully,

Sagar Shah

Registered Valuer - Securities and Financial Assets,
IBBI Registration No.: IBBI/RV/06/2020/13744
ICAI RVO Registration No.: ICAIRVO/06/RV-P00155/2020-2021

Date: 25/10/2023
Place: Ahmedabad

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Background

Praveg Limited

Praveg Limited was incorporated on February 28, 1995, and its Corporate Identification Number (CIN) is L24231GJ1995PLC024809.

The company is engaged in the business of providing services of hospitality, management, and organization of events and exhibitions.

The company is a public listed Indian company with the authorized share capital of ₹40,00,00,000.00 (₹40.00 Cr) and paid-up capital of ₹22,09,40,550.00 (₹22.09 Cr).

The registered office of Praveg Limited is located at 214, Athena Avenue, Behind Jaguar Showroom, S. G. Highway, Gota NA, Ahmedabad, Gujarat.

Eulogia Inn Private Limited

Eulogia Inn Private Limited was incorporated on July 27, 2023, and its Company Identification Number (CIN) is U55101GJ2023PTC143334.

The company is engaged in the Hospitality industry, offering exceptional Hotel accommodations and restaurant business.

The company is a private company with the authorized share capital of ₹12,00,00,000 (₹12 Cr) and paid-up capital of ₹12,00,00,000 (₹12.00 Cr).

The registered office of Eulogia is located at PLOT NO. 54/3, T.P. NO.32, SURVEY NO. 93/1/2/2, GOTA, Ahmedabad, Gujarat 382481.

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Proposed Transaction

We have been informed that the management of both companies are considering amalgamation of Eulogia Inn Private Limited into Praveg Limited.

The management believes that the amalgamation would benefit the companies and its stakeholders on account of following reasons:

- **Economies of Scale:** Combining the operations of the two companies will lead to economies of scale. This means that as the merged company grows larger, it can potentially reduce its per-unit costs of production, distribution, and operation. This can result in cost savings and improved profitability.
- **Market Expansion:** Merging of the two companies will provide access to new markets, customers, or distribution channels that were previously unavailable. This can lead to increased sales and revenue opportunities.
- **Diversification**: Merger will enable companies to diversify their service offerings.
- **Enhanced Competitive Position**: After the merger the combined company will gain a larger market share, increased bargaining power with suppliers, and a stronger competitive edge.
- **Synergies**: Merger will create synergies, where the combined company is more valuable than the sum of its parts. Synergies will arise from various sources, including cost reductions, revenue enhancements, and operational efficiencies.
- **Increased Innovation**: Combining the talents, resources, and expertise of the two companies may lead to increased innovation. A broader pool of knowledge and skills may result in the development of new products, services, or technologies.
- **Financial Strength**: Mergers can improve the financial strength of the merged company. This may lead to easier access to capital markets, better credit terms, and greater financial stability.
- **Risk Mitigation**: Divesification through a merger can help mitigate risks associated with economic downturns or industry-specific challenges. The merged company may have a more resilient business portfolio.
- **Improved Management and Governance**: A merger can bring in experienced and talented executives and managers from both companies, enhancing the overall management and governance of the organization.

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Scope and Purpose of the Report

- We understand that management of the above companies are considering entering a Scheme for merger of Eulogia Inn Private Limited and Praveg Limited under Section 230-232 and other applicable provisions of the Companies Act, 2013. In this regard, we have been appointed to recommend share exchange ratios in relation to the Scheme.

- We have been appointed to issue a report on the likely share exchange ratio for the Scheme as on report date.

- In view of the above background, we understand that the purpose of this report is to conduct a relative (and not absolute) valuation of equity shares of companies involved in the Scheme and report a fair share exchange ratios for the proposed amalgamation in accordance with ICAI Valuation Standards 2018 issued by ICAI.

- The fair value of shares and exchange ratio are to be determined with reference to the valuation date, which is Report date.

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Scope of Work & Limitation

Appointment date, Valuation date and Report date

- The appointment date of the Registered Valuer for the purpose of Valuation analysis is 3rd October, 2023.
- The appointed date of the scheme is 31st July 2023 or such other date as may be approved by the Regional Director or National Company Law Tribunal, Ahmedabad Bench, or any other appropriate authority.
- Valuation report date is 25th October 2023.

Identity of the Valuer

- Mr Sagar Shah is a Registered Valuer as required under the Companies (Registered Valuers & Valuation) Rules, 2017. He is registered with Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/06/2020/13744. Primary membership is registered with ICAI Registered Valuers Organization vide registration no. ICAIRVO/06/RV-P00155/2020-2021

Disclosure of Valuer Interest

- I have no present or prospective contemplated financial interest in the companies involved in the Scheme nor any personal interest with respect to the Promoters & Board of Directors of the companies involved in the Scheme. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement.
- My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

Restrictions on use of the report

- This Valuation Report is confidential and has been prepared exclusively for the companies involved and applicable regulators involved in implementing the Scheme (i.e. including Regional Director, Registrar of Companies, Official Liquidator, National Company Law Tribunal etc.). It is to be considered only for the purpose of determining the share exchange ratio for the Scheme. It should not be circulated or reproduced to any other person for any purpose other than as mentioned above, without the prior consent of the valuer. This Valuation report should not be construed as investment advice, specifically I do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

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- The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/ Board of Directors of the respective company and the work and the findings shall not constitute recommendation as to whether or not the Management / the Board of Directors ofthe Company should carry out the transaction.

Limitation

- It may be noted that valuation is a highly subjective exercise and the opinion on valuation may differ from valuer to valuer depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions. This valuation does not include the auditing of financial data provided to us, and therefore we do not take any responsibility for its accuracy and completeness of data provided to us.
- There are certain limitations which could have an impact on the valuation results. The limiting factors to this Valuation exercise are given below and the reader of the report must take cognizance of the same while formulating his opinion.
    - The valuation has been conducted based on the information and documents provided by the management. The Projected Financials provided are assumed to be reliable and nor any review or due diligence of the same has been conducted by me.
    - The valuation has been conducted for a specific purpose and may not be valid for any other purpose. Therefore, this valuation opinion is restricted for the purpose defined in the report.
    - The valuation opinion is subjective and based on information provided and relied upon. I have no liability whatsoever to any person who makes any decision based on results given in this report.
- Further, this valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the valuation of the Company. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.
- This report is not, nor should it be construed as our opinion or certifying the compliance of the proposed scheme of amalgamation with the provisions of any law or as regards any legal implications or issues arising from such proposed restructuring.

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- This report is furnished on strictly confidential basis. Neither this Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.

Disclaimer

- We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.
- This Report does not look into the business/commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.
- The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.
- The initial draft of the present report has been shared with the management of the company for their review and confirmation of the facts presented.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- The fee for the engagement is not contingent upon the results reported.
- We 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 Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.
- It is understood that this analysis does not represent a fairness opinion, This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose,

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Information Sources

For the purpose of this report, the documents and/or information published or provided by management have been relied upon. I have fully relied on the information provided by the company and do not vouch for the accuracy of the information as is provided to us by the management of the companies.

I have relied upon the following information:

a) Audited financial statements of Praveg and Eulogia for FY 2020-21, FY 2021-22 and FY 2022-23.;

b) Audited financial statements of Praveg and Eulogia for the period ended July 31, 2023;

c) Latest shareholding pattern of Eulogia and Praveg;

d) Financial Projections of Eulogia

e) Draft Scheme of Amalgamation; and

f) Such other information and explanations as we have requested, and which have been provided by the Management of respective companies.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the respective Company which may not have been perused by me in any detail, if not considered relevant for the defined scope.

We have provided the opportunity to review the draft report (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

Further, in connection with this exercise, we have also relied upon the market data as to market prices, volumes, comparable and other relevant information of the Company and its peers, deemed necessary, as available in the public domain.

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Procedure Adopted

In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:

- Requested and received financial and qualitative information.
- Used data available in public domain related to the companies and its peers.
- Discussions with the Management to understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
- Obtained and analysed market prices, volume data and other relevant information for Praveg Limited.
- Obtained and analysed Financial projection of Eulogia.
- Obtained and analysed data of peers available in public domain, as deemed relevant.
- Selection of internationally accepted valuation methodologyies, as considered appropriate by us.
- Arriving at relative valuation of Valuation Subjects in order to determine the fair equity share exchange ratio for the Proposed Amalgamation.

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Shareholding Pattern of Companies

1. Praveg Limited

Details of the shareholders of Praveg as on 31st July 2023 are as under:

SN	Name of Shareholders	Equity Shares	% of Shareholding
1	Paraskumar Maneklal Patel	35,56,945	16.10%
2	Vishnukumar Vitthaldas Patel	34,97,681	15.83%
3	Ashaben Vishnukumar Patel	23,92,287	10.83%
4	Sunita P Patel	12,77,965	5.78%
5	Pranay Paraskumar Patel	8,13,747	3.68%
6	Harsh Vishnubhai Patel	1,33,33	0.06%
7	Zalak Harsh Patel	3,000	0.01%
8	Vishnukumar Vitthaldas Patel HUF	20,640	0.09%
9	Patel Kamlaben Vitthalbhai	6,00,000	2.72%
10	Patel Vitthalbhai Dwarkabhai	5,00,000	2.26%
11	Rajesh K Patel	11,11,195	5.03%
12	Others	83,07,262	37.60%
	Total	**2,20,94,055**	**100%**

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2. Eulogia Inn Private Limited

Details of the shareholders of Eulogia as on 31st July 2023 are as under:

SN	Name of Shareholders	Equity Shares	% of Shareholding
1	Alpeshkumar Purshottambhai Patel	53,99,850	44.99%
2	Dharmendrakumar Purshottambhai Patel	54,00,000	45.00%
3	Tirth Rajnikant Patel	12,00,000	10.00%
4	Ketan Rasiklal Shah	25	0.00021%
5	Shrenik Rasiklal Shah	25	0.00021%
6	Hiteshkumar Rasiklal Shah	25	0.00021%
7	Shrikesh Prabhulal Mehta	25	0.00021%
8	Rajesh Khandubhai Patel	25	0.00021%
9	Jayeshbhaiishwarlal Patel	25	0.00021%
	Total	**1,20,00,000**	**100%**

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Judcial Pronouncements

In case of a valuation for Amalgamation, the emphasis is on arriving at the "relative" values of the shares of the merging companies to facilitate determination of the "share exchange ratio". Hence, the purpose is not to arrive at absolute values of the shares of the companies.

Judicial Pronouncements: -

Hindustan lever Employees' Union v/s Hindustan lever Limited and others (1995) 83 Company cases 30 (SC)

The jurisdiction of the Court in sanctioning a claim of merger is not to ascertain mathematical accuracy if the determination satisfied the arithmetical test. A company court does not exercise appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such a determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged.

The Hon'ble Supreme Court held "We do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds."

The **dominance of profits for valuation of share was emphasized in "McCathies case"** (Taxation, 69 CLR 1) where it was said that "the real value of shares in a company will depend more onthe profits which the company **has been making and should be capable ofmaking,** having regard to the nature ofits business, than upon the amount which the shares would realize on liquidation This was also re-iterated by the Indian Courts in Commissioner of Wealth Tax v. Mahadeo Jalan's case (S.C.) (86 ITR 621) and AdditionalCommissioner of Gift Tax v. Kusumben D. Mahadevia (S.C.) (122 ITR 38).

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment considering all the relevant factors. There will always be several factors, e.g., present, and prospective competition, yield on comparable securities, and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share.

Based on the facts of the case, we have undertaken the relative valuation of Eulogia and Praveg for the purpose of proposed amalgamation as per the Internationally Accepted Valuation Methodologies.

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Approach for Recommendation of Fair Share Exchange Ratio

- The proposed Scheme contemplates the Merger pursuant to a Scheme of arrangement. Arriving at the fair equity share exchange ratio for the proposed merger of Eulogia with Praveg would require determining the fair values of each company. These values are to be determined independently but on a relative basis, and without considering the effect of the proposed Merger.
- There are several methods of valuation, which are recognized as sound methods for arriving at the fair market value of the equity shares of the Companies. It is beyond doubt that no single method can be used in all situations.
- Several factors will have to be factored in before one arrives at the decision of using one or more methods of valuation. Some indicative illustrations are as under:
  - The nature of the business and the history of the enterprise from its inception.
  - History of asset creation and change in its market value as compared to book value.
  - Intangible assets either on or off the Balance Sheet.
  - Objective for which the valuation is carried out.
  - Comparison of profitability of the company inter-se and with industry average.
  - The market price of equity shares of listed companies engaged in the same or similar business segment

The Valuation approach adopted for Praveg and Eulogia are given in **Annexure 1 and 2** respectively.

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Valuation Analysis

- As detailed in Annexure 1, the Valuation of Praveg as per the Market Price Method (MPM) Method (based on volume-weighted average price for the last 90 trading days and 10 trading days from the relevant date ie 26 October 2023) has been undertaken and the same is worked out **at INR 554.52 per equity share of Praveg Limited**. Working of the same is given in **Anneuxre 1A.**
- Valuation of Eulogia as per the combined use of Discounted Cash Flow Method (DCF) (based on the audited balance sheet as at 31st July 2023) and Comparable Companies Method (CCM) has been undertaken and the same is worked out at **INR 80.06 per equity share**. Working of the same is given in **Anneuxre 2A and 2B.**
- Considering the above, the computation of fair Share Exchange Ratios as derived by us for the proposed amalgamation of Eulogia Inn Private Limited with Praveg Limited are as under:

Valuation Approach	**Eulogia Inn Private Limited**		**Praveg Limited**	
	Value per share	Weight	Value per share	Weight
Income Approach	79.12	50%	NA	-
Asset Approach	NA	-	NA	-
Market Approach	81.01	50%	554.52	100%
Relative value per share*	80.06		554.52	
Exchange Ratio (Rounded off)	**187 : 27**			

Conclusion

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following fair share exchange ratio of equity shares for the Proposed Scheme of Amalgamation:

- **27 (Twenty Seven)** fully paid Equity Share of Rs. 10/- each of **Praveg Limited** shall be issued and allotted for every **187 (One Hundred Eighty Seven)** Equity Shares of Rs.10/- each held in **Eulogia**.

Sagar Shah
Reg. No.: IBBI/RV/06/2020/13744
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Date: 25 October 2023
Place: Ahmedabad

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Scope Limitations, Assumptions and Disclaimers

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to

i. the purpose of valuation agreed as per the terms of this engagement;
ii. the date of this report;
iii. data detailed in the section- Sources of Information.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available up to the report date, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement but which will strongly influence the equity value of the Company.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Company till the report date and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair value is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair share exchange ratio of the proposed scheme based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data by the Management.
In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

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i. the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
ii. the accuracy of the information that was publicly available

We have neither carried out a due diligence or audit or review of the Company for the purpose of this engagement, nor independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Company is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/on behalf of the Management. The Management of the Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Company and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Company. However, nothing has come to my attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that my inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary; this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report neither look into the business/ commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is only restricted to the estimation of the fair share exchange ratio of the proposed scheme of amalgamation of Eulogia Inn Private Limited with Praveg Limited.

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The fee for the Engagement is not contingent upon the results reported. We owe responsibility only to the Board of Directors of Praveg Limited, who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability exceed the amount as agreed in our Engagement Letter.

Neither the value analysis report nor its contents be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of ascertaining the fair share exchange ratio of the proposed scheme without our prior written consent.

<<<< End of Report>>>>

Annexure 1: Approach to Valuation – Praveg Limited

Method of Valuation

There are several commonly used and accepted methods for determining the value of business/shares of the company, which would be applied to the present case, to the extent relevant and applicable, such as:

- Market Approach - Value based on Market multiples of Comparable listed companies (CCM) and Market Price Method
- Asset Approach - Net Asset value or Break up value based on the value of the assets and liabilities (NAV)
- Income Approach - Value based on the Discounted cash flow (DCF) method.

Market Approach – Market Price Method (MPM)

- The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth ofthe listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.
- Considering the fact that Praveg Limited is listed on Bombay Stock Exchange (BSE) and its shares are being frequently traded on the stock exchange, we have applied Market price Method to arrive at the fair value of equity share.

Asset Approach - Net Asset Value Method (NAV)

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value 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 or invest in the business as a going concern.
- Net Asset Value Method is also considered appropriate, where the future cash flows / commercial operations of the valued company cannot be reasonably ascertained.
- Considering the background of the transaction and objective of finding the fair value of equity shares of companies under evaluation for share exchange ratio, we have not used this method for our Analysis.

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Income Approach - Discounted Free Cash Flow Method (DCF)

- Under this method, the value of equity share of the Company is arrived at by analyzing the historical trends and the future financial projections of the Company. This method takes into account the future potential earnings of the Company and profitability of the Company. It discounts the future earning potential of the Company and arrives at the possible market price of the Company on the present day.
- The Discounted Free Cash Flow Method is one of the most rigorous approaches to valuation of business. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business.
- Considering the background of the transaction and in the absence of financial projections, we have not adopted this method to arrive at the fair value of shares of Praveg Limited.

Conclusion

Considering all the aforementioned, since the other valuation methods are not suitable for Praveg, we have considered the Market approach as the most appropriate approach.

Further, the relevant SEBI regulations provide that, issuance of shares under schemes in case of allotment of shares only to a select group of shareholders or shareholders of unlisted companies pursuant to schemes shall follow the pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

We have considered the prescribed regulation for conducting the Valuation analysis, details of the same are given in ensuing paras.

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Valuation Analysis

Chapter V of SEBI ICDR Regulation

As per Chapter V of SEBI ICDR Regulation, the price is to be determined as per the regulation 164(1) of SEBI (ICDR) Regulation.

Reg 164(1) of SEBI ICDR Regulations provides that

- If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be **not less than higher** of the following:
    - the **90 trading days** volume weighted average price of the related equity shares quoted on a recognised stock exchange preceding the relevant date; **or**
    - the **10 trading days** volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date,

Further, the SEBI Master Circular SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 provides that the 'relevant date' for the purpose of computing price shall be the date of Board meeting in which the scheme is approved.

Further, Reg 166A of SEBI ICDR Regulation provides that any preferential issue, which may result in a change in control or allotment of more than 5 per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer.

Given the fact that the Board meeting of Praveg Limited is scheduled on 26th October 2023 and hence, same will also be the relevant date for computation of price.

We have arrived at the price as per the prescribed regulation and the weighted average price for 90 days and 10 days has been worked out to INR 504.05 and INR 554.52 respectively. Higher of the same ie INR 554.52 has been considered as the market price of Praveg as prescribed in the Regualtion.

Conclusion

Given all the above, as per the analysis above, the fair value of equity shares of Praveg works out to **INR 554.52 per share.** The detailed working of the valuation analysis is given in **Annexure 1A**

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Annexure 1A - Praveg Limited

Reg 164(1)

Date	Open Price	High Price	Low Price	Close Price	WAP	No.of Shares	No. of Trades	Turnover
25-10-2023	520.5	551.45	508	516.6	524.53	55,140	1,136	2,89,22,550
23-10-2023	572.9	572.9	525	531.45	541.38	43,018	1,111	2,32,88,986
20-10-2023	575	587.95	561.1	565.8	571.60	26,548	545	1,51,74,707
19-10-2023	560	585	555.05	580.1	577.47	47,338	750	2,73,36,084
18-10-2023	574	588	552	564.2	574.66	45,922	961	2,63,89,420
17-10-2023	550	581.45	541	571.8	564.23	64,346	1,222	3,63,06,074
16-10-2023	544.9	553.9	536.5	540.55	544.99	19,020	458	1,03,65,634
13-10-2023	541	548.5	536.5	541.55	541.69	20,025	427	1,08,47,386
12-10-2023	552.4	552.4	541.7	546.8	546.87	19,807	362	1,08,31,828
11-10-2023	552.95	561.95	538	543.35	545.69	31,878	755	1,73,95,416
10-10-2023	546.15	559.8	545.3	553.55	553.28	16,559	446	91,61,685
09-10-2023	555	559	540.35	545.95	551.56	26,296	678	1,45,03,793
06-10-2023	567	573	560	566.95	566.30	31,113	856	1,76,19,149
05-10-2023	541	560	535.05	556.05	548.07	49,063	899	2,68,90,174
04-10-2023	564	564	534	537.3	548.85	78,881	1,731	4,32,94,075
03-10-2023	582	584	562.15	574.8	576.42	37,110	867	2,13,91,026
29-09-2023	554.95	587	535.1	578.3	556.97	1,18,259	2,152	6,58,66,685
28-09-2023	590	599	552.65	572.55	583.42	98,526	1,593	5,74,81,996
27-09-2023	554.65	595	548.6	582.3	572.84	1,03,564	1,825	5,93,26,053
26-09-2023	549.95	555.9	542.2	554.65	551.47	53,397	926	2,94,46,610
25-09-2023	530	549.75	525.25	545.45	538.96	54,571	1,075	2,94,11,647
22-09-2023	532	539.95	521	529.25	530.72	1,02,217	1,361	5,42,48,552
21-09-2023	512	570	512	529.9	532.44	4,99,410	3,391	26,59,08,071
20-09-2023	487	499	480	481.65	480.57	11,08,329	730	53,26,28,417
18-09-2023	486.55	496	482.45	487.4	488.38	50,428	365	2,46,28,000
15-09-2023	495.85	499	484.1	485.8	487.00	27,208	329	1,32,50,399
14-09-2023	498	498	486.1	490.6	490.18	12,651	187	62,01,322
13-09-2023	482.3	496.4	482.25	490.45	489.19	32,949	308	1,61,18,392
12-09-2023	504	504	485.1	489.5	489.77	31,946	396	1,56,46,220
11-09-2023	490.05	502	490	499.4	498.60	23,183	389	1,15,59,131
08-09-2023	499.85	499.85	480.1	492.4	488.84	23,272	465	1,13,76,391
07-09-2023	503.4	503.4	495.1	498.9	498.33	12,954	312	64,55,312
06-09-2023	507.9	510	495	496.55	499.05	20,709	332	1,03,34,786
05-09-2023	497.15	507.4	495	497.6	501.14	22,150	414	1,11,00,208
04-09-2023	487.95	499.4	480	497.15	491.20	46,143	647	2,26,65,386
01-09-2023	488	488	475.1	483.45	479.43	22,432	324	1,07,54,482
31-08-2023	480.3	490	478.1	487.45	483.66	22,739	411	1,09,97,930
30-08-2023	484	495	479.1	486.35	483.49	14,526	295	70,23,221
29-08-2023	478.4	488	475.1	480.15	480.22	17,378	277	83,45,199
28-08-2023	480	480	473	477.55	476.78	17,530	341	83,57,889
25-08-2023	475	478.65	472.6	473.8	475.58	17,384	213	82,67,467
24-08-2023	479.45	480	472	474.9	475.14	20,594	330	97,85,028
23-08-2023	479.8	487	475	479.15	481.87	19,209	340	92,56,252
22-08-2023	487.9	488	472	476.05	477.86	11,541	361	55,15,011
21-08-2023	472	486.9	470	484.05	475.70	33,993	443	1,61,70,333
18-08-2023	478	482	469.5	471.45	477.28	97,088	491	4,63,38,318
17-08-2023	482	488	475	476.95	479.34	20,416	441	97,86,159
16-08-2023	470.05	494	470.05	489.05	482.69	1,04,670	960	5,05,22,989
14-08-2023	496.05	505	485	494.75	495.66	35,815	405	1,77,51,924
11-08-2023	495.15	510.95	490	496.05	501.89	25,548	289	1,28,22,237
10-08-2023	501	513.5	500	502.85	507.04	21,083	356	1,06,89,853
09-08-2023	511	511	500.45	509.2	507.22	14,720	273	74,66,322
08-08-2023	516.5	518	503	510.5	511.25	32,544	508	1,66,38,139
07-08-2023	510.25	520	507	508.95	512.84	93,734	493	4,80,70,516
04-08-2023	515	515	500	506.35	507.35	1,37,475	623	6,97,47,552
03-08-2023	487.9	510	475	498.9	490.73	21,318	448	1,04,61,343

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02-08-2023	490.5	494.9	475.5	491.3	487.66	24,415	311	1,19,06,242
01-08-2023	486.2	494.95	480	490.55	491.01	30,805	411	1,51,25,559
31-07-2023	472.05	492	455.1	486.2	479.74	44,344	474	2,12,73,718
28-07-2023	479.5	479.5	469.05	477.05	475.28	25,396	271	1,20,70,201
27-07-2023	466	472.95	462	467.8	466.79	10,760	214	50,22,613
26-07-2023	460.05	471.95	460	465.5	465.13	26,909	448	1,25,16,289
25-07-2023	470	474	459	468.55	465.04	34,875	653	1,62,18,150
24-07-2023	471	482	467	470.4	471.27	13,267	250	62,52,377
21-07-2023	485.9	485.9	460.1	470.95	473.26	11,407	299	53,98,462
20-07-2023	478	482	457	479.8	476.24	16,332	326	77,77,907
19-07-2023	472	478	450	472.45	459.62	90,408	1,342	4,15,53,243
18-07-2023	491.6	491.6	465	471.25	475.91	24,972	609	1,18,84,301
17-07-2023	493	493	480.3	487.75	486.15	27,932	400	1,35,79,084
14-07-2023	479	494	473.5	486.35	482.99	88,118	436	4,25,60,334
13-07-2023	499.5	499.5	478	479.95	485.03	38,089	548	1,84,74,464
12-07-2023	499.95	499.95	484	490.05	491.60	24,872	355	1,22,27,139
11-07-2023	508	508	490	494.4	501.12	12,962	249	64,95,523
10-07-2023	499	500.2	491	499.05	498.93	28,891	288	1,44,14,563
07-07-2023	500	500	485.5	493.5	492.84	11,933	287	58,81,052
06-07-2023	498	500	489	496.65	494.27	17,363	437	85,82,014
05-07-2023	499	510	496.6	498.65	502.36	92,622	348	4,65,29,738
04-07-2023	500	510	499	499.4	501.55	33,581	540	1,68,42,600
03-07-2023	525	528.9	504.95	505.65	513.35	45,424	821	2,33,18,312
30-06-2023	504	517.95	492.05	517.35	511.92	84,847	1,002	4,34,34,908
28-06-2023	481.95	498.2	477.1	493.5	489.68	32,879	442	1,61,00,221
27-06-2023	474	483	470.7	475.05	474.55	37,701	337	1,78,91,061
26-06-2023	485.95	485.95	470.3	474.65	477.09	13,107	243	62,53,210
23-06-2023	488	488	476.1	480.05	480.52	13,513	209	64,93,240
22-06-2023	489	489	475.2	483.8	481.20	18,534	291	89,18,570
21-06-2023	472.5	495	469	478.95	477.97	3,21,945	583	15,38,80,385
20-06-2023	480	480	472.1	473.1	474.78	1,56,336	339	7,42,25,817
19-06-2023	494	494	472	478.7	482.67	61,276	458	2,95,76,228
16-06-2023	495	495.1	483.2	489	488.67	1,51,038	391	7,38,07,379
15-06-2023	492.7	498.3	491.1	493	493.98	1,00,947	278	4,98,65,693
Total						**56,23,467**		**2,83,44,90,326**
Volume weighted average price of 90 days								**504.05**

Annexure 1A - Praveg Limited

Reg 164(1)

Date	Open Price	High Price	Low Price	Close Price	WAP	No.of Shares	No. of Trades	Turnover
25-10-2023	520.5	551.45	508	516.6	524.53	55,140	1,136	2,89,22,550
23-10-2023	572.9	572.9	525	531.45	541.38	43,018	1,111	2,32,88,986
20-10-2023	575	587.95	561.1	565.8	571.59	26,548	545	1,51,74,707
19-10-2023	560	585	555.05	580.1	577.46	47,338	750	2,73,36,084
18-10-2023	574	588	552	564.2	574.65	45,922	961	2,63,89,420
17-10-2023	550	581.45	541	571.8	564.23	64,346	1,222	3,63,06,074
16-10-2023	544.9	553.9	536.5	540.55	544.98	19,020	458	1,03,65,634
13-10-2023	541	548.5	536.5	541.55	541.69	20,025	427	1,08,47,386
12-10-2023	552.4	552.4	541.7	546.8	546.86	19,807	362	1,08,31,828
11-10-2023	552.95	561.95	538	543.35	545.68	31,878	755	1,73,95,416
Total						**3,73,042**		**20,68,58,085**
Volume weighted average price of 10 days								**554.52**

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Annexure 2: Approach to Valuation – Eulogia Inn Private Limited

Selection of Valuation Methodology

There are several commonly used and accepted methods for determining the value of business/shares of the company, which would be applied to the present case, to the extent relevant and applicable, such as:

- Market Approach - Value based on Market multiples of Comparable listed companies (CCM) and Market Price Method
- Asset Approach - Net Asset value or Break up value based on the value of the assets and liabilities (NAV)
- Income Approach - Value based on the Discounted cash flow (DCF) method.

Market Approach - Comparable Company Multiples Method (CCM)

- Under the CCM Method, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies, that is, valuation based on multiples benchmarked to the multiples of similar assets in the industry. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.
- To make this comparison, we begin by identifying a valuation multiple (like Price to Book value, Enterprise value to sales multiple or earnings multiple etc.). This multiple is applied to the earnings/sales/book value figure of the company being valued to arrive at the fair valuation of the company after making suitable adjustments for size & liquidity. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company.

Given the fact that Eulogia is into Hotel business and there are few similar listed companie4s available, we have considered CCM approach as one of the appropriate approach to determine the fair value of Equity Shares of Eulogia.

Market Approach – Market Price Method (MPM)

- The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth ofthe listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are

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perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.

Considering the fact that Eulogia is not listed on any of the Stock Exchange, we have not applied Market price Method to arrive at the fair value of equity shares of Eulogia.

Asset Approach - Net Asset Value Method (NAV)

- The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value 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 or invest in the business as a going concern.
- Net Asset Value Method is also considered appropriate, where the future cash flows / commercial operations of the valued company cannot be reasonably ascertained.

Considering the facts of the case that Eulogia is a going concern and further the management can reliably provide the future financial projection, we have not considered this method for our analysis.

Income Approach - Discounted Free Cash Flow Method (DCF)

- Under this method, the value of equity share of the Company is arrived at by analyzing the historical trends and the future financial projections of the Company. This method takes into account the future potential earnings of the Company and profitability of the Company. It discounts the future earning potential of the Company and arrives at the possible market price of the Company on the present day.
- The Discounted Free Cash Flow Method is one of the most rigorous approaches to valuation of business. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business.
- Use of Discounted Free Cash Flows method involves determining the following:
    - Estimated future cash flows
    - Number of years cash flows used in the study
    - Appropriate Discount Rate to be applied to cash flows
    - The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period.
    - Value of Debt, if any.

- The value of the firm is obtained by discounting expected cash flows to the firm, i.e., the residual cash flows after meeting all operating expenses, reinvestment needs and taxes, but prior to any payments to either debt or equity holders, at the weighted average cost of capital, which is the cost of the different components of financing used by the firm, weighted by their market value proportions.

$$\text{Value of Firm} = \sum_{t=1}^{t=n} \frac{\text{CF to Firm}_t}{(1+\text{WACC})^t}$$

Where,

CF to Firm = Expected Cash flow to Firm in period t

WACC = Weighted Average Cost of Capital

- The weighted average cost of capital is the discount factor used to arrive at the value of the firm. Discounting free cash flow to the firm at the cost of capital will yield the value of operating assets of the firm. To arrive at the firm value, the value of non-operating assets will also have to be added. Non-operating assets include cash, marketable securities and holdings in other companies.
- Terminal value is the present value at a future point in time of all future cash flows when we expect stable growth rate forever. To arrive at the terminal value, the Perpetuity Growth Model is used which accounts for the value of free cash flows that continue into perpetuity in the future, growing at an assumed constant rate. Here, the projected free cash flow in the first year beyond the projection horizon (N+1) is used. This value is divided by the discount rate minus the assumed perpetuity growth rate. To = FCFn+1 / (k – g). To is the value of future cash flows at a future point in time which is immediately prior to N+1, or at the end of period N, which is the final year in the projection period, k being the discount rate and g being the perpetual growth rate. This equation is a perpetuity, which uses a geometric series to determine the value of a series of growing future cash flows.

Considering the background of the transaction and since the company is going concern and as the management can reliably estimate the future financial projections, we have considered the DCF method of Valuation.

Conclusion

Considering the factors mentioned above and following a meticulous assessment of available valuation methodologies, we have conducted a thorough valuation using two recognized methods, specifically the CCM and DCF Method.

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Valuation Analysis

1. Market Approach - CCM Working Analysis

CCM is one of the most widely used valuation methods where we look at ratios of similar companies and use them to arrive at the relative value of the company under evaluation. This method is a relative form of valuation. The following steps are followed in this method:

1. Find the right comparable companies

This is the first and probably the most subjective step in performing a comparable company analysis. In theory, a comparable company is one with cash flows, growth potential and risk similar to the company being valued. Screening of comparable companies is done based on criteria like Industry classification, geography, size, growth rate, margins and profitability.

We have undertaken an independent analysis to find similar Indian companies which are listed in the Indian Stock exchanges. In doing so, we came across few such companies which are comparable due to its similar line of business and industry alignment with Eulogia. Consequently, we have considerered this method to ascertain a fair value of the Equity shares.

The selection of such companies as a comparable compaies was guided by industry classification, with a primary focus on the alignment of their operations and line of business. We have considered the following companies as comparable due to their size of operations and similar line of business to that of Eulogia:

- KHFM Hospitality & Facility Mgt. Services Ltd
- Cindrella Hotels Ltd
- Vidli Restaurants Ltd
- Advani Hotels & Resorts (India) Ltd
- Best Eastern Hotels Ltd

2. Decide relevant multiples and calculate multiples

The next step is to arrive at a standardized set of ratios for comparison, commonly known as multiples. Multiples are a ratio of the enterprise value/equity value over different financial parameters like Revenue, Earnings before Interest, Tax, Depreciation and Amortization (EBITDA), Profit after Tax (PAT), Earnings per Share (EPS), book value etc., with some being preferred over the others. For different companies, different multiples are used for arriving at their valuation. Some of them are-

- Price to Earnings (P/E) Ratio – This ratio shows how much investors are willing to pay for each rupee of earnings.

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- EV/EBITDA - It is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).
- Market Capitalization to Sales – This ratio measures how a company's market value compares to its annual revenue.
- Price to Book (P/B) Value - P/B ratio measures the market's valuation of a company relative to its book value.

Given the fact that Eulogia is into Hotel business and their key asset is the property ie Hotel Building which leads us to conclude that P/B Value method would be the most appropriate method to assess the company's relative valuation. Internationally, for Hotel industry, P/B method is pivotal in providing a comprehensive view of relative valuation of Hotel compared to their peers.

By selecting the P/B Value as the primary metric, the key consideration is on the company's overall Value of Net Assets ie Book Value and its market valuation relative to its book value. This approach aids us in making informed and balanced decisions in the valuation process, emphasizing the significance of the book value of the company in this context.

3. Adjusting the multiples

As comparable company is a listed company having live market for investor to change hands as and when they require, offers higher amount of liquidity which private companies cannot offer and hence, adjustment for same is required which is called as Discount for Lack of Marketability (DLOM).

Considering the market trend, we have determined that it is appropriate to apply a 15% DLOM to the selected multiple. By applying a 15% DLOM, we aim to provide a more accurate representation of the company's valuation, aligning it with the specific factors that affect the marketability of its shares.

4. Using the adjusted multiple to value the company in question

The adjusted P/B of the comparable companies is taken and then applied to the respective multiplier of the target company i.e. Book Value.

In our valuation analysis, we have diligently chosen P/B to assess the value of the target company. This has been thoughtfully selected to provide a comprehensive and balanced view of the company's financial position.

Given all the above, as per working above, the fair value of Equity of Eulogia as per CCM Method works out to **INR 97,21,06,552 resulting into per share value of INR 80.01**. The detailed working of the valuation analysis is given in **Annexure 2A**.

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2. Income Approach - DCF Working Analysis

Financial Projection

For valuing the equity share of Eulogia, we have relied on the Financial Projections as prepared and provided to us by the Management of Eulogia.

The management has furnished us with the financial forecasts encompassing the latter part of the fiscal year 2023-24, beginning from August 1, 2023, to March 31, 2024 and for subsequent four fiscal years, spanning from Financial Year 2024-25 to Financial Year 2027-28.

We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Management Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us during the course of this engagement.

Discount factor

An important element of valuation using DCF is the selection of a discount rate that reflects the expected rate of return (adjusted for risks associated with the investment) to prospective investors in similar investment opportunities. As we are computing free cash flow to the firm, we are considering the cash flow for the Enterprise as whole. The weighted average cost of capital (WACC), which reflects the opportunity cost to company is used as the best indicator of the relevant discount rate.

The calculation of WACC has been elucidated below:

Determination of Cost of Equity

The cost of equity has been determined by using the Capital Asset Pricing model ("CAPM").

Cost of Equity = Rf + (Rm-Rf)*β

Rf = Risk-free rate of return

Rm = Return on diversified market portfolio

Rm-Rf = Market Risk premium

β = Systematic risk fator associated with the industry i.e. Beta.

Determination of Risk Free Rate and Market Risk Premium

Rf has been taken at 7.17% being YTM on long-term risk free central government securities based on yield of India 10-Year Government Bond as on date of valuation. Market Risk Premium is the premium earned on equities issued in India over and above the risk free return Rf earned i.e. Risk Premium = Rm-Rf. The average rate of return on Equity (Rm) is taken on the basis of the average equity market return of the NSE 500 over 10 years (2013-2023) is 14.49% (Rm). Accordingly, the Market risk premium has been arrived at is 7.32%.

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Determination of Beta

Beta is a measure of volatility or systematic risk of the return on a particular security to the return on a market portfolio. It is understandable that the Company is engaged in Hotel industry and accordingly we have taken the unlevered beta of listed companies, which are comparable to the Company in terms of nature of services and relevered using the debt-equity ratio of Eulogia. Accordingly, we have arrived the Beta of 0.92 and used the same for the purpose of valuation of Eulogia.

Company-Specific Risk Premium

Ke has been considered after adding company-specific risk premium of 2.50% on a reasonable basis.

Accordingly, Ke has been computed as follows:

Cost of Equity	
Risk free rate (Rf)	7.17%
Market Return (Rm)	14.49%
Beta	0.92
Company Specific Risk Premium	2.50%
Cost of Equity (Ke)	**16.43%**

Cost of Debt

The calculation of the effective cost of Debt has been elucidated below:

Cost of Debt	
Cost of Debt	9.50%
Tax Rate	25.17%
Effective Cost of Debt	**7.11%**

Calculation of WACC

Given all the above, WACC for Eulogia works out as under:

WACC	
Effective Cost of Debt	7.11%
Cost of Equity	16.43%
Weight of Equity	91.98%
Weight of Debt	8.02%
WACC	**15.68%**

The WACC i.e. 15.68% as determined above is taken into account to determine the present value of free cash flows arising to the enterprise from the explicit forecast period.

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Determination of Value in Perpetuity

The perpetuity value is the value of the business beyond the explicit forecast period and is the value of the maintainable annual cash flow divided by the Ke less growth factor. The perpetuity value is then discounted to the present value. We have considered 5% perpetuity growth considering the nature of the business model of Eulogia and the industry to which it caters. The sum of value during the explicit forecast period and perpetuity value gives the "Equity Value".

Free Cash Flow Buildup					
Projected Annual Forecast					
Period	**2024P**	**2025P**	**2026P**	**2027P**	**2028P**
	0.50	1.17	2.17	3.17	4.17
Unlevered FCFs	5,13,32,649	7,09,08,068	7,08,88,810	10,26,71,344	12,46,41,056
WACC	15.68%	15.68%	15.68%	15.68%	15.68%
Present value of FCFs	4,77,26,952	5,97,98,482	5,16,78,777	6,47,02,911	6,79,00,931
Sum of present values of FCFs	**29,18,08,053**				

Terminal Value	
Growth in perpetuity method:	
Long-term growth rate	5.00%
WACC	15.68%
Free cash flow (t+1)	13,08,73,108
Terminal Value	1,22,53,52,134
Present Value of Terminal Value	**66,75,37,276**

Equity Value Per Share	
Sum of present values of FCFs	29,18,08,053
Present Value of Terminal Value	66,75,37,276
Enterprise Value	**95,93,45,329**
Add: Loans, Advances and Deposits	24,41,248
Add: Cash	29,72,915
Less - Value of Debt	1,53,51,415
Total Equity Value	**94,94,08,078**

Given all the above, as per working above, the fair value of equity of Eulogia works out to **INR 94,94,08,078 resulting into per share value of INR 79.12.** The detailed working of the valuation analysis is given in **Annexure 2B.**

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Conclusion

As explained above, we have carried out a valuation using CCM and DCF Method to ensure a precise assessment of the fair value.

Taking into account the details of the case, we have evaluated both the methods and assigned equal weight to each method, i.e. a **50 % weightage for the CCM Method and the DCF Method**.

Consequently, the computation of the fair value of Eulogia's equity shares has been determined in the following manner.

Valuation Approach	Eulogia Inn Private Limited		
	Equity Value	Weight	Weight Adjusted Equity Value
Market Approach	97,21,06,552	50%	48,60,53,276
Asset Approach	NA	-	-
Income Approach	94,94,08,078	50%	47,62,20,048
Total Equity Value			96,07,57,315
Number of Shares			1,20,00,000
Value Per Share			**80.06**

Based on the detailed analysis and computation explained above, the total equity value of the Company works out to INR 96,07,57,315 resulting into per share value of INR 80.06.

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Annexure 2A – CCM Working

Given below is a sumaary of Price to Book (P/B) ratios of comparable companies as on 31st July 2023:

Sr. No	Comparable	P/B
1	KHFM Hospitality	1.7
2	Cindrella Hotels	1.8
3	Vidli Restaurant	6.5
4	Advani Hotels	8.4
5	Best Eastern Hotels	19.8
Median		**6.5**

Given the fact that aforementioned companies are listed and hence, shareholders have benefit of liquidity which is not the case for Eulogia as it is unlisted company, we have applied 15% as a Discount for Lack Of Marketability (DLOM) on the median arrived at:

Median	6.5
Less - DLOM	15%
Adjusted Multiple	**5.525**

Based on Eulogia's financials as of July 31, 2023, the book value of Eulogia has been derived to be 17,59,46,887. Pursuan to same, utilizing the adjusted P/B multiple obtained previously and the book value of Eulogia, the valuation of Eulogia according to the CCM method has been worked out as under:

BV of Eulogia	17,59,46,887
Adjusted Multiple	5.525
Valuation	**97,21,06,552**

Given all the above, as per working above, the fair value of equity of Eulogia as per CCM Method works out to **INR 97,21,06,552** resulting into per share value of **INR 80.01**.

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Annexure 2B: Eulogia - DCF Working

Free Cash Flow Buildup

	Projected Annual Forecast				
	2024P	**2025P**	**2026P**	**2027P**	**2028P**
Period	0.50	1.17	2.17	3.17	4.17
Total Revenues	10,62,12,446.3	17,16,85,838.7	22,24,36,700.1	28,26,28,754.5	35,20,43,244.9
EBITDA	4,24,84,978.5	7,28,99,770.1	9,88,97,900.1	13,13,12,550.8	17,06,04,181.6
EBIT	3,00,62,101.5	5,56,03,725.1	8,29,34,448.5	11,65,43,955.7	15,69,63,597.8
EBT	2,70,29,891.6	5,04,53,149.9	7,62,61,347.5	10,80,65,093.0	14,64,02,300.4
Taxable Income		1,10,51,964.4			
Tax rate	**25.17%**	**25.17%**	**25.17%**	**25.17%**	**25.17%**
EBIAT	**3,00,62,101.5**	**5,28,21,945.6**	**6,20,59,847.8**	**8,72,09,842.0**	**11,74,55,860.2**
Depreciation & Amortization	1,24,22,877.0	1,72,96,045.0	1,59,63,451.6	1,47,68,595.1	1,36,40,583.8
Accounts receivable	2,12,798.5	16,965.5	(8,482.8)	4,241.4	(2,120.7)
Other Current Asset	40,653.6	(23,105.8)	11,552.9	(5,776.4)	2,888.2
Advance From Customers	60,27,237.5	(13,44,685.3)	6,72,342.6	(3,36,171.3)	1,68,085.7
Accounts payable	1,28,54,825.3	(56,426.5)	28,213.3	(14,106.6)	7,053.3
Other Current Liabilities	8,96,601.1	23,59,076.2	16,44,216.5	18,46,115.4	20,03,253.1
Inventories	(10,82,713.6)	(1,61,746.6)	(6,75,696.0)	(8,01,395.9)	(9,24,183.2)
Capex	(1,01,01,732)	0	(88,06,635)	0	(77,10,365)
Unlevered free cash flows	**5,13,32,649**	**7,09,08,068**	**7,08,88,810**	**10,26,71,344**	**12,46,41,056**
WACC	*15.68%*	*15.68%*	*15.68%*	*15.68%*	*15.68%*
Present value of free cash flows	4,77,26,952	5,97,98,482	5,16,78,777	6,47,02,911	6,79,00,931
Sum of present values of FCFs	**29,18,08,053**				

Terminal Value

Growth in perpetuity method:	
Long term growth rate	5.00%
WACC	15.68%
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Terminal Value	1,22,53,52,134
Present Value of Terminal Value	**66,75,37,276**

WACC

Cost Of Debt	9.50%
Tax Rate	25.17%
Effective Cost of Debt	7.11%
Cost of Equity	16.43%
Equity Share Capital	17,59,46,887
Debt	1,53,51,415
Weight of Equity	91.98%
Weight of Debt	8.02%
WACC	**15.68%**

Cost of Equity

Risk free rate (Rf)	7.17%
Market Return (Rm)	14.49%
Beta	0.92
Company Specific Risk Premium	2.50%
Cost of Equity (Ke)	**16.43%**

Equity Value Per Share

Enterprise Value	95,93,45,329
Add: Loans, Advances and Deposits	24,41,248
Add: Cash	29,72,915
Less - Value of Debt	1,53,51,415
Total Equity Value	**94,94,08,078**
Diluted Shares Outstanding	1,20,00,000
Equity Value Per Share	**79.12**

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