

Valuation Analysis

Fair Value of Equity Shares:

THE BYKE HOSPITALITY LIMITED

ANURAG SINGAL

CA, MBA PGPX- IIM Ahmedabad, IBBI Registered Valuer (S&FA)

Valuation Report for ascertaining FMV of Equity Shares of The Byke Hospitality Limited.

Ref: VR/F24/079

Date:15th November, 2023

To,

The Byke Hospitality Limited

Plot No. 156-158, Shree Shakambhari Corporate Park,

J B Nagar, Andheri East,

Mumbai, Maharashtra - 400099

Dear Sir/Madam,

Sub: Valuation report on fair value of equity shares of the Company

This is with reference to our discussion between **The Byke Hospitality Limited (“TBHL” or “Company”)** and **Mr. Anurag Singal (“Registered Valuer”)**, we are pleased to submit the following valuation report (“the report”) summarizing our analyses pertaining **fair valuation of equity shares of TBHL** on a **minority, non-marketable** basis. Based on our discussions with the management of TBHL (“the management”), the effective date of this valuation is **September 30, 2023** (“valuation date”).

To comply with *Section 62 of the Companies Act, 2013*, whose purpose is to determine the fair value of equity shares, we have examined the provisional financial statements for the period 1st April, 2023 to 30th September, 2023 as well as projected cash flows / financial statements for the period 1st October, 2023 to 31st March, 2028. The valuation of shares has been done using all the three methods - the Discounted Cash Flow Method (DCF), Comparable Company Method (CCM) and the Net Asset Value method (NAV).

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Suite 2AB, Vivekanand House, 268/2/B/2 G T Road Kolkata 711204
anuragsingal@gmail.com +919088026252

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Fair value conclusion

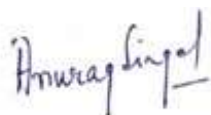
As per the computation, the fair value of the Equity shares as on 30th September, 2023, may be taken as:

Company	Equity Value (INR Crores)	Value per Share (INR)
The Byke Hospitality Limited	160.60	40.05

Total number of shares outstanding: 4,0097,800

The Valuation Report is attached to this certificate.

The Certificate is based on the information provided to us by the management. The work has been performed subject to the assumptions and limiting conditions described at the end of the report.



Anurag Singal

Registered Valuer – Securities & Financial Assets

Registration No. IBBI/RV/06/2022/14679

ICAI Membership Number 067099

UIDIN: **23067099BGWMNY3237**



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1. Scope and Purpose of this Report

Scope of the report

The scope of work is limited to the use of valuation approaches, methods and procedures to arrive at the value conclusion. The scope includes determining the fair value of equity shares of the Company as of the valuation date. Included in the scope are all necessary procedures required to arrive at the value conclusion including a review of the marketplace and industry in which the Company operates, research of guideline companies and the Company's expectation of future business operations.

Purpose of the report

The report, its underlying analyses and conclusions are to be used only in their entirety, by the management for determining the fair value of equity shares proposed to be issued in compliance with Section 62 of the Companies Act, 2013. This report is not intended to be used for any purpose other than stated above.

- 1.1. For the aforesaid purpose, the valuation report has been prepared to determine the fair value of the equity shares. We have considered weighted average of Discounted Cash Flow Method (DCF), Comparable Company Method (CCM) and Net Asset Value (NAV) as the valuation methodology.
- 1.2. Information Relied Upon.

We have based this opinion on information provided and represented by the management of TBHL. Our review and analysis included, but was not necessarily limited to, the following steps:

- Interviews with management concerning its assets, financial and operating history and forecasted future operations of the Companies.
- Management certified provisional financial statements for the period 1st April,2023 to 30th September,2023
- Projected cash flows / financial statements for the period 1st October,2023 to 31st March,2028

2. Background of the Company

2.1. About the Company

The Byke Hospitality Limited is an India-based company, which operates a hospitality brand. The Company is primarily engaged in hoteliering. The Company operates in Owned, Lease and Management contract business segment. Its object is to own construct, render technical

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advice in construction, furnishing and running of , manging, carrying of hotels, motel resort, restaurants, café, refreshment room, boarding and lodging, clubs in India and other parts of the world.

The Company has properties on lease, management contract, and owned across the world. It is a fast-emerging name in the hospitality sector with luxury resorts and boutique hotels under its banner. Equipped with years of experience, the group is committed towards quality and excellence, providing its patrons with the finest of holiday experiences. The Byke Hospitality Ltd. is one of India's fastest emerging hospitality group, having presence in 09 states and 16 cities with 21 Hotels. TBHL has been incorporated on 29th March, 1990 originally under the name of Kotawala Financial consultancy Private limited. Its Corporate Identification Number (CIN) is L67190MH1990PLC056009 and its registration number is 056009.

Following are the List of Directors of The Byke Hospitality Limited :

- Mr. Anil Patodia
- Mrs. Archana Patodia
- Mr. Pramod Patodia
- Mr. R. K. Bajaj
- Mr. Ramesh Vohra
- Miss Madhuri Dhanak

The shareholding pattern of the company is as given below:

Category (I)	Category of shareholder (II)	Nos. Of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. Of Partly paid-up equity shares held (V)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares
(A)	Promoter & Promoter Group	8	1,87,88,282		1,87,88,282	46.86%
(B)	Public	18460	2,13,09,518		2,13,09,518	53.14%
	TOTAL	18,468	4,00,97,800		4,00,97,800	100%

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2.2. Identity of the Valuer and any other Experts involved in the Valuation.

Anurag Singal is a Valuer registered with the Insolvency and Bankruptcy Board of India vide Registration number- IBBI/RV/06/2022/14679 under the Securities and Financial Assets category. He is also a member of the Institute of Chartered Accountants of India. He has also earned his MBA from IIM Ahmedabad.

No other experts have been involved in the valuation.

Though there are multiple valuation methodologies used for the purpose of valuation. The choice of methods is determined by the characteristics of the business to be appraised, the availability of reliable information requisite to the various methods, the function and use of the appraisal.

Based on the inferences drawn from the factors to be considered when applying a reasonable valuation method and our judgement, reliance has been placed on the weighted average valuation of the three valuation methods- Discounted Cash Flow Method, Comparable Company Method (CCM), Net Asset Value Method (NAV) to arrive at the value conclusion for TBHL.

3. Limitations and Disclaimers

3.1. Scope Limitation

This valuation report has been prepared based on discussions with the management of the Company and other publicly available information. The valuation exercise was carried out under the following limitations and assumptions:

- 3.1.1 The Valuation analysis of shares is based upon the information provided by the Company and various assumptions made by the Company and any change in these assumptions may have an impact on the conclusions of this report.
- 3.1.2 We have not made an appraisal or independent valuation of any of the assets or liabilities of the investee companies and have not conducted an audit or due diligence or reviewed/validated the financial data provided by the management. We assume no

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responsibility for technical information furnished by the Company. However, nothing has come to our attention to indicate that the information provided was materially misstated/incorrect or would not afford reasonable grounds upon which to base the report.

3.1.3 The scope of our work has been limited, both, in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There are matters, other than those noted in this report, which might be relevant in the context of the transaction and that a wider scope might uncover.

3.1.4 The determination of share value is not an exact science. The numbers arrived at are subjective and are based on individual judgment. Therefore, there is no single undisputed share value. Our valuation might differ from others.

4. Valuation Approach and Methodologies

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- whether the entity is listed on a stock exchange
- industry to which TBHL belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These approaches can be broadly categorized as follows:

1. Cost Approach
2. Market Approach
3. Income Approach

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4.1. Cost Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the Company, both tangible and intangible. The value of intangibles is referred to as the Company's goodwill, the difference in value between the Company's hard assets and its true value. The value arrived at under this approach is 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 is generally used as the minimum break-up value for the transaction since 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. Pursuant to accounting convention, most assets are reported on the books of the subject Company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

4.1.1. Market Approach

The value of a business is determined by comparing the company's accounting ratios with other companies of the same nature and size. This approach is used, where the value of a stock is estimated based upon its current price relative to variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales of various business of the same nature. Business appraisal includes comparative transaction method and publicly traded company method. Through this, it derives a relationship between performance, revenues and selling price.

4.2. Income Approach- Discounted Free Cash Flow Method (DCF)

4.2.1. Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital are discounted at the Weighted Average Cost of Capital ('WACC'). The sum of the discounted value of such free cash flows and the discounted value of a perpetuity is the value of the business.

4.2.2. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to profit before tax, (i) interest on loans if any, (ii) depreciation and amortizations (non-cash charge), and (iii) any non-

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operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements, and (iii) tax

4.2.3.WACC is considered as the most appropriate discount rate in the DCF Method since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of the company's cost of equity and debt.

4.2.4.To the value so arrived, appropriate adjustments have been made for loan funds and cash and cash equivalents after considering the tax impact wherever applicable to arrive at the equity value.

4.2.5.The value as arrived above is divided by the outstanding number of equity shares to arrive at the fair value per share.

Although each of these approaches may be used to indicate fair value of equity shares, the appropriateness of a particular approach varies with the type of business being valued. The selection and application of the methods require judgment.

Since, each of these approaches can be used to indicate the fair value of equity shares. Therefore, we have considered the weighted average of all the three methods - Discounted Cash Flow, Comparable Company and Net Asset Value method for valuing the said Company.

Valuation Premise

Premise of Value refers to the conditions and circumstances how an asset is deployed. Determining the business value depends upon the situation in which the business or a business interest is valued, i.e. the events likely to happen to the business as contemplated at the valuation date. In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted.

Standard of value

The standard of value used in the valuation of equity shares is fair value ("FV"). The term FV is defined by the Institute of Chartered Accountants of India ("ICAI") valuation standard 101: Definitions as follows: "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date".

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Premise of value

ICAI Valuation Standard 101 defines premise of value as “the conditions and circumstances how an asset is deployed”. It defines going-concern value as “...the value of a business enterprise that is expected to continue to operate in the future”. The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

Subsequent facts after the valuation date

The Valuation date is 30th September, 2023 and the Valuation Report is issued on 28th November, 2023. There are no subsequent material facts after the valuation date till the date of the valuation report.

Valuation standards

The Report has been prepared in compliance with the Valuation Standards issued by the Registered Valuers Organisation - Institute of Chartered Accountants of India- The detailed workings are attached to this Report.

Caveats

This Report is prepared exclusively on the request of the Company’s management, for the purpose of valuation of shares and must not be copied, disclosed, circulated, or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without my prior written consent. Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per the agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.

Our valuation is primarily from a business perspective and has not considered various legal and other corporate structures beyond the limited information made available to us. The valuation recommendation contained herein is not intended to represent the value at any time other than the date that is specifically stated in this report. The Value derived is at the date of the report and the same may change with changes in the market condition, volatility, or any other internal and external

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factors affecting the operations and market value of the company, post the date of valuation as per this report.

Although every effort has been made by us to verify and corroborate each document and to ensure that no inaccurate or misleading data, information, statement, or opinion appears in this document, we wish to reiterate that the responsibility for forecasts and the assumptions on which they are based is solely that of the management of the Company. We have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

Our analysis and review of the Company does not constitute an audit in accordance with Auditing Standards. Our fee for this valuation analysis is not contingent upon the values reported herein. Our valuation recommendation should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering any transaction with the Company.

5. Projected Operating Cash Flows

Valuation Methodology	Equity Value	IV per share	Weights	Weighted Average Equity Value (INR_CR)	Weighted Average IV per share (INR_Rs.)
Income Approach - Discounted Cash Flow Method	142.53	35.55	33.33%	47.51	11.85
Market Approach - Comparable Method	181.66	45.30	33.33%	60.55	15.10
Cost Approach - Net Asset Value Method	157.61	39.31	33.33%	52.54	13.10
			100.00%	160.60	40.05

5.1 Under Discounted Cash Flow Method

Calculation of NPV of Explicit Period						INR Crores
Particulars	Explicit Period	FY 2024(6 months)	FY 2025	FY 2026	FY 2027	FY 2028
EBIT	229.92	10.84	14.33	32.79	70.56	101.40
less:tax @ 25.17%	(12.33)	-	-	-	-	(12.33)
Add: Depreciation	173.50	15.65	35.49	43.01	40.73	38.62
less:Capex	(97.00)	-12.00	-85.00	0.00	0.00	0.00
less:Change in WC	(81.54)	(12.04)	(5.77)	(28.10)	(19.62)	(16.02)
Free Cash Flow for Project	212.55	2.46	(40.95)	47.70	91.67	111.67
Discounting factor using mid year convention		0.25	1.00	2.00	3.00	4.00
Present value of Discounting factor	27.71%	0.94	0.78	0.61	0.48	0.38
NPV of Explicit Period (INR)	43.50	2.31	(32.06)	29.24	44.01	41.98

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Calculation of Terminal Value	
Particulars	INR_Crores
Terminal year cash flow[FY 28*(1+g)]	113.35
Long-term growth rate	2%
WACC	0.28
Discounting Factor	0.38
Present Value of Terminal Value	162.57

Calculation of Enterprise and Equity Value	
Particulars	Amount (INR_Crores)
Present Value of Cash Flows of Explicit Period	43.50
Present Value of Terminal Value	162.57
Enterprise Value	206.08
Less: Total Debt as on 30.09.23	65.66
Add: Surplus Cash as on 30.09.23*	2.12
Equity Value	142.53
Number of Equity Shares outstanding on fully dilutive basis as on 30.09.23	4,00,97,800
Fair Market Value per Equity Share of INR 10/- each	35.55

Basis for WACC Calculation

Computation of WACC	
Cost of Debt	12.80%
Tax Rate	25.17%
Cost of Debt (post-tax)	9.58%
Debt %	29%
Equity %	71%
WACC	24.15%

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Calculation of Cost of Equity (Ke) and WACC		
Risk Free Rate	7.30%	10 year G-Sec as on 30.09.23
Relevered Beta	1.36	
Market Return	13.01%	10 year CAGR for Sensex between 2013 and 2023
Cost of Equity (Ke)	15.06%	Rf+Beta*Market Return
Company Specific Risk Premium	20%	
Cost of Equity (Ke)	35.06%	

5.2 Under Comparable Company Method

PARTICULARS	Kamat Hotels (India) Ltd.	Robust Hotels Ltd.	Royal Orchid Hotels Ltd.	Sayaji Hotels Ltd.	Average
EV/Sales	2.77	2.19	3.31	3.34	2.90
Price/Sales	1.65	1.66	2.90	2.99	2.30
Price/CFO	4.16	6.74	14.69	13.40	9.74
EV/EBITDA	8.06	9.48	11.78	12.21	10.38
EV/EBIT	9.54	29.37	15.59	17.01	17.88

Average EV/EBITDA	
Particluars	Amounts
EBITDA (₹ cr)	30.94
Average EV/EBITDA	10.38
Enterprise Value (₹ cr)	321.15
Less: Debt (₹ cr)	65.66
Add: Cash & Bank (₹ cr)	2.12
Equity value (₹ cr)	257.61

Average EV/EBIT	
Particluars	Amounts
EBIT (₹ cr)	9.39
Average EV/EBIT	17.88
Enterprise Value (₹ cr)	167.87
Less: Debt (₹ cr)	65.66
Add: Cash & Bank (₹ cr)	2.12
Equity value (₹ cr)	104.33

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Average EV/Sales	
Particulars	Amounts
Sales (₹ cr)	79.62
Average EV/Sales	2.90
Enterprise Value (₹ cr)	231.26
Less: Debt (₹ cr)	65.66
Add: Cash & Bank (₹ cr)	2.12
Equity value (₹ cr)	167.72

Average Price/Sales	
Particulars	Amounts
Sales (₹ cr)	79.62
Average Price/Sales	2.30
Equity Value (₹ cr)	183.16

Average Price/CFO	
Particulars	Amounts
CFO (₹ cr)	20.06
Average Price/CFO	9.74
Equity Value (₹ cr)	195.48

Market Multiples	Equity Value	Weights	Weighted Average Equity Value
Average EV/Sales	167.72	20%	33.54
Average Price/Sales	183.16	20%	36.63
Average Price/CFO	195.48	20%	39.10
Average EV/EBITDA	257.61	20%	51.52
Average EV/EBIT	104.33	20%	20.87
		100%	181.66
Number of Equity Shares outstanding on fully dilutive basis as on 30.09.23			4,00,97,800
Fair value per Equity share (Rs. INR)			45.30

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5.3 Under Net Asset Value Method

(Figures in INR Lakhs unless otherwise stated)

Sr. No.	Particulars	Amount
	book value of all the assets in the balance-sheet as reduced by,—	23,656.66
	(i) any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act	427.59
	(ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset	1.36
	Sub Total	428.95
A	Total	23,227.71
	book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—	23,656.66
	(i) the paid-up capital in respect of equity shares;	4,009.78
	(ii) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;	
	(iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;	12,179.90
	(iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;	-
	(v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;	-
	(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;	-
	Sub Total	16,189.68
L	Total	7,466.98
PE	Total amount of paid up equity share capital as shown in the balance-sheet;	4,009.78
PV	The paid up value of such equity shares	10.00
	Net Asset Value = (A - L)	15,760.73
	Fair value per Equity share = (A + B + C + D - L) * (PV / PE)	39.31

END OF REPORT