

CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

STRICTLY PRIVATE & CONFIDENTIAL

2nd November 2023

To,

**The Audit Committee and Board of Directors,
The Indian Hotels Company Limited**

Express Towers, 9th Floor,

Barrister Rajni Patel Marg,

Nariman Point, Mumbai – 400 021.

Sub: Report on recommendation of Fair Valuation of equity shares of PIEM Hotels Limited and The Indian Hotels Company Limited for the Proposed Transaction (defined hereinafter)

Dear Madam / Sirs,

I refer to my engagement letter dated 17th July 2023, whereby CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets (hereinafter referred to as “the Valuer” or “I”) has been appointed by the management of The Indian Hotels Company Limited [CIN : L74999MH1902PLC000183] (hereinafter referred to as “IHCL” or “the Company” or “the Acquirer Company”) to issue a report containing recommendation of fair valuation of equity shares of PIEM Hotels Limited [CIN : U55101MH1968PLC013960] (hereinafter referred to as “PIEM” or “the Target Company”) and the Company for the purpose of proposed preferential issue of equity shares of IHCL as consideration for the proposed further acquisition of equity shares of PIEM as detailed hereinafter.

I am a Registered Valuer as notified under section 247 of the Companies Act, 2013. I hereby further state that I have carried out the valuation exercise in my capacity as

Page 1 of 24

Phone No: +91 22 40144464
Cell No: +91 90043 57775
e-mail: harsh.ruparelia@yahoo.com
harsh@arch-associates.com

B/702, Jyoti Tower,
Kandivali Jyoti Park CHS Ltd,
Opp. Anand Ashram,
S.V. Road, Kandivali (West),
Mumbai – 400 067.

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

an Independent Valuer. I further state that I am not related to the Companies or their promoters or their directors or their relatives. As on the date of this report, I have no interest or conflict of interest with respect to the valuation exercise under consideration.

IHCL and PIEM are hereinafter collectively referred to as "Companies", as the context may require.

In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and exclusions to my scope of work.

The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Valuation Approach
5. Recommendation
6. Exclusions and Disclaimers

1. PURPOSE OF THIS REPORT

- 1.1 I understand that the management of IHCL is contemplating acquisition of 2,59,000 equity shares of PIEM Hotels Limited ("PIEM") from New Vernon Private Equity Limited ("New Vernon") and 10,718 equity shares from Tata Investment Corporation Limited ("Tata Investment"). The consideration for the proposed acquisition of shares of PIEM from New Vernon is to be discharged by IHCL partly by cash (~INR 12 crore towards acquisition of 24,281 equity shares) and partly through issuance of its shares on a preferential allotment basis for acquisition of balance 234,719 equity shares. The consideration for the proposed acquisition of shares of PIEM from Tata Investment will be discharged by IHCL through issuance of its shares on a preferential allotment basis ("Proposed Transaction").
- 1.2 In this connection, the Company is desirous of ascertaining the fair value of the equity shares of IHCL and PIEM in compliance with Regulation 163(3) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") and Section 62(1)(c) of the Companies Act, 2013 (*to the extent applicable*) and rules & regulations framed in this regard (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

statutory enactments framed in this regard, as may be required to be complied with for the Proposed Transaction.

- 1.3 In this regard, CA Harsh Chandrakant Ruparelia, Registered Valuer – Securities or Financial Assets has been appointed by the Company to issue a report on recommendation of Fair Value per Equity Share of the Companies for the purpose of Section 62(1)(c) of the Companies Act, 2013 (*to the extent applicable*) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations for the purpose of the proposed swap of shares for the Proposed Transaction, considering 30th September 2023, as the Valuation Date. The Relevant Date for the purpose of computation of Market Price of IHCL in terms of applicable SEBI regulations, as confirmed by the management of the Company is 2nd November 2023 (“Relevant Date”).
- 1.4 The present valuation exercise is undertaken in accordance with the Indian Valuation Standards issued by the Institute of Chartered Accountants of India (ICAI), wherever applicable as per the procedures laid down therein.

2. BACKGROUND

2.1 THE INDIAN HOTELS COMPANY LIMITED (“IHCL”)

2.1.1 IHCL was incorporated on 1st April 1902 in the Republic of India as a public limited company under the Indian Companies Act of 1882. The registered office of IHCL is currently situated at Mandlik House, Mandlik Road, Mumbai 400 001 in the State of Maharashtra.

2.1.2 The summarized equity shareholding pattern of IHCL as on 30th September 2023 is as under:

Sr. No.	Category of the Shareholder	No. of shares (FV INR 1)	Shareholding (%)
1.	Promoter & Promoter Group	54,24,25,341	38.19%
2.	Public & Other Shareholders	87,79,75,001	61.81%
Total		142,04,00,342	100.00%

Source: <https://www.bseindia.com>

2.1.3 IHCL owns, operates and manages hotels, palaces and resorts in India and abroad along with its subsidiaries, associates and joint-ventures. It primarily operates hotels under the Taj, SeleQtions, Vivanta and Ginger brand names. The equity shares of IHCL are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”).

(This space has been intentionally left blank)

2.2 PIEM HOTELS LIMITED (“PIEM”)

2.2.1 PIEM was incorporated on 13th March 1968 under the provisions of the erstwhile Companies Act, 1956. The registered office of PIEM is currently situated at Taj President, 90, Cuffe Parade, Mumbai – 400 005 in the State of Maharashtra.

2.2.2 The equity shareholding pattern of PIEM as on 30th September 2023 is as under:

Sr. No.	Name of the Shareholder	No. of shares (FV INR 10)	Shareholding (%)
1.	The Indian Hotels Company Limited	19,64,770	51.57%
2.	Mr. Sudhir L. Nagpal	5,09,757	13.38%
3.	Mr. Rajesh R. Nagpal	4,99,429	13.11%
4.	New Vernon Private Limited	2,59,000	6.80%
5.	Mr. Rajkumar M. Nagpal	2,46,088	6.46%
6.	Mrs. Subhadra R. Nagpal	1,99,418	5.23%
7.	Other Shareholders	1,31,538	3.45%
Total		38,10,000	100.00%

2.2.3 PIEM is a subsidiary of IHCL and operates seven hotels at various locations in India.

3. SOURCES OF INFORMATION

For the purpose of the recommendation of the fair value of the equity shares of the Companies, I have relied upon the following information:

- (a) Audited financial statements of the Companies, their respective subsidiaries and investee companies for the year ended 31st March 2023;
- (b) Limited reviewed / Provisional unaudited financial statements of the Companies, their respective subsidiaries and investee companies for the period 1st April 2023 to 30th September 2023, as provided by the management;
- (c) Projected Profit & Loss statement and projected financial information in relation to Investment in Capital Asset, Working Capital, etc. of the Companies for the period 1st October 2023 to 31st March 2024 and for financial years 2024-25 to 2027-28, as provided by the management;
- (d) Market price and volume information of IHCL as available on the Stock Exchanges;
- (e) Management representation on the outstanding number of equity shares of IHCL and PIEM as on the date of this report;
- (f) Other publicly available information relating to market comparables and other related information necessary for the valuation exercise;

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

- (g) Other relevant details of the Companies such as their history, past and present activities, future plans and prospects, and other relevant information; and
- (h) Such other information and explanations as required and which have been provided by the management of IHCL.

Besides the above information and documents, there may be other information provided by IHCL which may not have been perused by me in any detail, if not considered relevant for the defined scope. The management of IHCL has been provided with the opportunity to review the draft report as part of the standard practice to make sure that factual inaccuracy & omissions are avoided in the final report.

I have been informed that V.B. Desai Financial Services Limited ("Merchant Banker") has been appointed by IHCL to issue a valuation report on the fair value of the Companies, for their other regulatory compliance and evaluation purposes for the purpose of the Proposed Transaction. Further, at the request of IHCL, I have had discussions with the Merchant Banker mentioned above in respect of my valuation analysis. I and Merchant Banker (collectively referred as "Valuers") have been appointed severally and not jointly and have worked separately in their analysis. The Valuers have separately arrived at values per share of the Companies, however, to arrive at the consensus on the fair value of equity shares of the Companies for the Proposed Transaction, appropriate minor adjustments / rounding off has been done in the values arrived at by the Valuers.

4. VALUATION APPROACH

- 4.1. "Value is a word of many meanings". The term "value" can have different connotations depending upon the purpose for which it is intended to be used. The Valuation of equity shares of any company would need to be based on a fair value concept. The purpose of fair value is to enable valuer to exercise his discretion and judgement in light of all circumstances, in order to arrive at a value, which is fair to all parties.
- 4.2. For the purpose of the valuation exercise, generally the following valuation approaches are adopted:
 - (a) the 'Underlying Asset' approach;
 - (b) the 'Income' approach; and
 - (c) the 'Market' approach.
- 4.3. 'Underlying Asset' Approach
 - (a) In case of the 'Underlying Asset' approach, the value per equity share is determined by arriving at the Net Assets (Assets Less Liabilities) of the company. The said approach is considered taking into account fair value

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

of assets and liabilities, to the extent possible, the respective asset would fetch or liability is payable as on the Valuation Date. The following adjustments be made to arrive at the Fair Value per Share as per the 'Underlying Asset' Approach at Fair Values:

- The Fair Value of Quoted Shares/Securities held by the company, if any, be considered at Market Value of such shares;
- The Fair Value of Unquoted Shares/Securities held by the company, if any, in other entities be arrived at as per suitable approach to that entity to arrive at Fair Value of Investments held by the company;
- The Fair Value of Immovable properties, if any, held by the company be considered at Market Value / Ready Reckoner Value as on the Valuation Date, made available by the management of the company;
- Adjustments may be made to book value of any other assets for their recoverability on conservative basis after taking into account the management representations and their estimate of the recoverability of the same;
- Liabilities of the company be considered at their respective Book Values or their payable amounts as on the Valuation Date; and
- Potential Contingent Liability, if any, be considered based on the discussions with the management and their reasonable estimate of the outflow on account of the same.

- (b) Alternatively, the value may be determined considering the book value of the net assets (Assets Less Liabilities) of the company and/or replacement cost basis, to the extent possible.

I have not considered it appropriate to value PIEM and IHCL as per 'Underlying Asset' approach since the present valuation is proposed to be carried out on a going concern basis for the purpose of Proposed Transaction and actual realization of operating and/or non-operating assets is not contemplated pursuant to the Proposed Transaction. Further, assets of the Companies may not truly reflect the earning potential, nor asset base dominate earning capacity of the Companies. For the present valuation exercise, other methodologies may hold more relevance for the stated purpose of valuation.

Further, it may be noted that some of the subsidiaries of PIEM and/or IHCL, which have nominal profit or their values are based on their assets, the same have been considered at their respective values determined under the Underlying Asset Approach or carrying amounts in the books of PIEM and/or IHCL in the context of the present valuation exercise.

4.4. 'Income' Approach

Under the 'Income' approach, the equity shares of the company can be valued using Discounted Cash Flow (DCF) method – FCFF approach or FCFE approach or such other approaches.

DCF Method – FCFF Approach (for instance)

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

(ii) Using the DCF method involves determining the following:

- *Estimating the future free cash flows:*

Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital. The free cash flows under the FCFF method are determined by adjusting the Profit after tax for Depreciation and other Non-Cash Items, Interest, Incremental working capital requirements and capital expenditure.

- *Time Frame of such cash flows:*

The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.

- *Appropriate Discount rate (WACC):*

Under DCF-FCFF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. 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 generally the weighted average of the company's cost of equity capital and debt. Normally, in stable growth companies, the cost of equity is determined by using Capital Asset Pricing Model ('CAPM').

- *Exit Multiple:*

The Exit Multiple is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations. For the current valuation exercise, EV/EBITDA

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

multiples of broadly comparable companies are obtained to arrive at Exit Multiple.

- *Terminal or Perpetuity or Exit value:*

The Terminal value of an ongoing business is determined as present value of the estimated future free cash flows by capitalizing the free cash flows of the last year of the explicit projection period into perpetuity using an appropriate rate of return and perpetual growth rate OR the Exit Value of an ongoing business is determined as present value of the Projected EBITDA of the final year of the projection period multiplied by the Exit Multiple of the broadly Comparable Companies or of the Industry derived based on publicly available information.

- *Valuation of Investment in other entities*

The investment of the company in other entities is to be valued as per the valuation methodologies suitable to that entity.

- *Value for Equity Shareholders:*

The Value of Business so arrived considering the Net Present Value of the explicit period and terminal or perpetuity value is adjusted for net of cash & cash equivalents, fair value of investments, proposed dividend, debt, lease liabilities, etc. as on the valuation date to arrive at the value for equity shareholders as on the Valuation Date.

Considering the nature of the Business of PIEM and IHCL and based on review of projected financial statements prepared by the management considering the past performance and best estimates of the future performance and taking into considerations economic conditions, hospitality market and performance of PIEM and IHCL and made available to me, I am of the view that 'Income' approach may be appropriate for the current valuation exercise for arriving at fair value of PIEM and IHCL, as the assets may not provide true reflection of the earning capacity of PIEM and IHCL.

4.5. 'Market' Approach

(a) Market Price Method ("MP Method")

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 of the 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. However, as the stock markets and stock prices are subject to volatility, and as the equity shares of the Company has been frequently traded as per the definition provided under Chapter V - Preferential Issue of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and considering the proposed transaction, in my opinion, it is thought appropriate to arrive at the Market Price as per the Pricing Formula provided under Regulation 164(1) under Chapter V - Preferential Issue of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for frequently traded shares listed on a recognized stock exchange as on the relevant date.

“Frequently traded shares” means shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of the shares of the issuer.

The Regulations provide that the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than the higher of the following:

- i) the 90 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date; or
- ii) the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

The equity shares of PIEM are not listed or quoted on any recognized stock exchange and hence, market price method may not be applicable for valuation of equity shares of PIEM for the present valuation exercise.

(b) Comparable Companies Multiple (“CCM”) Method

Under the CCM method, the value of the equity share of a company is determined based on publicly available information of the market valuations of the comparable companies on the basis of multiples derived from such market information. The comparable companies as available in the Public Domain (IHCL: Lemon Tree Hotels Limited, Chalet Hotels Limited and EIH Limited AND PIEM: EIH Associated Hotels Limited, Oriental Hotels Limited,

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Royal Orchid Limited and TajGVK Hotels & Resorts Limited) have been selected based on the nature or size of operations, financial parameters, geographical areas in which it operates and risks associated with the markets in which the Company operates, etc. This method is applied on the premise that markets are perfect and have captured all the information and factors, which are reflected through their market valuations.

Under this method, I have considered it appropriate to apply the Enterprise Value ('EV') / Earnings before Interest, Taxes, Depreciation and Amortization ('EBITDA') of the Comparable Companies available in the Public Domain and apply the adjusted multiple of the Comparables to the Trailing Twelve Months ('TTM') EBITDA of the Companies as may be available for CCM. The Enterprise Value so arrived considering the EV / EBITDA multiple is adjusted for cash & cash equivalents, fair value of investments, proposed dividend, debt, lease liabilities, etc., wherever required, to arrive at the value for equity shareholders of IHCL and PIEM.

(c) Comparable Transaction Multiples ("CTM") Method

Under the CTM method, the value of the equity share of a company is determined considering the past transaction of similar companies as well as the market value of comparable companies that have an equivalent business model to the company being valued.

Further, based on the analysis and in our opinion, it may not be appropriate to consider CTM method for the current valuation exercise, since the present nature or size of operations, matrix of the proposed transaction, financial parameters, etc. of the Company may not reflect the true potential of business operations of the Company as that of the comparables.

- 4.6. The value so arrived at under any of the approaches is divided by the outstanding number of equity shares (as made available by the management) as on the Valuation Date to arrive at the value per equity share of the Companies.
- 4.7. It is universally recognized that the 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 nature of its business, overall objective of the transaction and the purpose of valuation.

(This space has been intentionally left blank)

5. RECOMMENDATION

- 5.1 It is recognized that valuation of any company or assets as a matter is inherently subjective and subject to various factors, which are difficult to predict and beyond control. Valuation exercise involves various assumptions with respect to the specific industry, general business and economic conditions, which are beyond the control of the companies. The assumptions and analysis of market conditions, comparables, and prospects of the industry as a whole and the Company, which influences the valuation of companies are subject to change over a period of time and even differ between the valuers at the given point of time.
- 5.2 In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment taking into account 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. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:
'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'
- 5.3 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein in this report (including exclusions and disclaimers, provided below), in my opinion and considering relevant SEBI ICDR Regulations, it is thought fit to consider value per equity share of IHCL determined as per 'Market Price Method', being higher than the value per share arrived at under the 'Income' approach – DCF method and 'CCM' method (*refer table below*), in the ultimate analysis, as the fair value per equity share of IHCL, which works out to **INR 400.06/- (Rupees Four Hundred and paise six only)** per equity share. The value per equity share under the aforesaid approaches is as under:

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Valuation Approach	IHCL	
	Value per Share of IHCL (INR)	Weight
Asset Approach – Net Asset Value Method (Refer Annexure A for computation)	58	0%
Income Approach (Refer Annexure B for computation)	398	0%
Market Approach – Market Price Method (i) (Refer Annexure C for computation)	400.06	100%
Market Approach – Comparable Companies Multiple Method (ii) (Refer Annexure D for computation)	386	0%
Market Approach – Comparable Transaction Multiple Method	NA	NA
Relative Value per Share [Considering (i)]	400.06	

NA stands for Not Applicable / Not Adopted

- 5.4 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined herein in this report (including exclusions and disclaimers, provided below), in my opinion, it is thought fit to consider fair value per equity share of PIEM by providing two-third weight to the value per share arrived as per 'Income' approach – DCF method and one-third weight to the value per share arrived as per 'Market' Approach – 'CCM', in the ultimate analysis, which works out to **INR 4,942/- (Rupees Four Thousand Nine Hundred Forty-Two only)** per equity share. The value per equity share under the aforesaid approaches is as under:

Valuation Approach	PIEM	
	Value per Share of PIEM (INR)	Weight
Asset Approach - Net Asset Value Method (Refer Annexure E for computation)	1,803	0%
Income Approach (Refer Annexure F for computation) (i)	4,918	2/3

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Market Approach – Market Price Method	NA	NA
Market Approach – Comparable Companies Multiple Method (ii) (Refer Annexure G for computation)	4,990	1/3
Market Approach – Comparable Transaction Multiple Method	NA	NA
Weighted Average Relative Value per Share [Considering (i) and (ii)]	4,942	

NA stands for Not Applicable / Not Adopted

- 5.5 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report (including disclaimer and exclusions & disclaimers given below), in my opinion, I recommend that the value per equity share of IHCL may be considered as **INR 400.06/- (Rupees Four Hundred and paise six only)** and value per equity share of PIEM may be considered as **INR 4,942 (Rupees Four Thousand Nine Hundred Forty-Two only)** for the purpose of swap of shares, pursuant to Regulation 163(3) of the SEBI (ICDR) Regulations.
- 5.6 Based on the aforementioned recommendation of fair value per share of IHCL and PIEM, in my opinion, I recommend that the fair equity share swap ratio for the Proposed Transaction towards non-cash component of the consideration, may be considered as fair and reasonable:

"12,353 (Twelve Thousand Three Hundred Fifty-Three) equity shares of IHCL of the face value of INR 1 each, fully paid-up for every 1000 (One Thousand) equity shares of PIEM of the face value of INR 10 each, fully paid-up.

6. EXCLUSIONS AND DISCLAIMERS

- 6.1 The report is subject to the exclusions and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 6.2 No investigation of the title of assets of the Companies has been made for the purpose of my recommendation and their claim to such rights has been assumed to be valid as represented by the management of IHCL. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.3 The recommendation is based on the estimates of future financial performance of PIEM and/or IHCL as provided to me by the management of IHCL, which represents their view of reasonable expectation at the point of time when they were prepared, after giving due considerations to the past performance and

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

best estimates of the future performance and taking into considerations economic conditions, hospitality market and performance of PIEM and/or IHCL. But such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the projected financial statements may vary from those contained in the statement and the variation may be material. The fact that I have considered the projections in this valuation exercise should not be construed or taken as I being associated with or a party to such projections.

- 6.4 A valuation of this nature involves consideration of various factors based on prevailing stock market, financial, economic and other conditions including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the management of IHCL has drawn my attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on my opinion, on the fair value of the shares of the Companies, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 6.5 The work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of the engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 6.6 This Valuation Report does not look into the business / commercial reasons behind the Proposed Transaction or address any potential synergies to the Companies and other parties connected thereto.
- 6.7 In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to me by the management of IHCL through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of IHCL and consequential impact on my recommendation. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me. Any inadvertent or typographical errors in the Report may be ignored by the reader of this Report.

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Further, the same may not have any impact on the recommendation of valuation exercise.

- 6.8 The report is not, nor should it be construed as me opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.
- 6.9 The information contained herein and the report is confidential. Any person/party intending to provide finance/invest in the shares/businesses of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with prior permission in writing.
- 6.10 The valuation analysis was completed as on the date of this report, a date subsequent to the Valuation Date and accordingly I have taken into account such valuation parameters and over such period, as I considered appropriate and relevant, up to a date close to such completion date.
- 6.11 This report is prepared exclusively for the Board of Directors of IHCL for the purpose of recommending the fair value per equity shares of the Companies for the Proposed Transaction. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.12 The decision to carry out the transaction (including consideration thereof) lies entirely with the management / Board of Directors of the Companies and the work and the finding shall not constitute recommendation as to whether or not the management / the Board of Directors of the Companies should carry out the transaction.
- 6.13 By its very nature, my work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulas used and numerous other factors. There is, therefore, no indisputable single or standard methodology / approach for arriving at my recommendation. Although the conclusions are in my opinion reasonable, it is quite possible that others may not agree.
- 6.14 CA Harsh Chandrakant Ruparelia, nor its employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,
Yours faithfully,

CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICMAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 2nd November 2023

Place: Mumbai

UDIN: 23160171BGQOFI4864

Annexure – A

Valuation of IHCL as per 'Underlying Asset' approach – Book Value
Method

As on 30th September 2023

Particulars	Amount in INR million
Book Value of all the assets	1,35,614
Less: Book Value of Liabilities (including non-controlling interest)	-52,778
<i>Book Value of equity shares</i>	<i>82,836</i>
No. of Equity Shares	1,42,04,00,342
Book Value per equity share	58

Note: Minor differences may occur on account of rounding-off of nos.

Annexure – B

Valuation of IHCL as per 'Income' approach – DCF Method

		INR in Million				
Particulars		1 Oct 23 to 31 Mar 24	31-03-2025	31-03-2026	31-03-2027	31-03-2028
PAT		6,685	11,786	13,903	16,492	18,996
Depreciation		1,827	3,890	4,210	4,693	4,793
Interest		638	1,214	1,193	1,168	1,161
Adjustments:						
Adjustments for Working Capital		-140	-1,293	-1,447	-1,644	-1,795
Additions to Fixed Assets (Net)		-4,342	-8,823	-8,113	-6,810	-6,373
Net Inflows/(Outflows)		4,668	6,775	9,746	13,898	16,782
Discounting Factor (WACC)	12.25%	0.97	0.89	0.79	0.71	0.63
Net Present Value of Inflows/(Outflows)		4,535	6,036	7,735	9,827	10,570

Calculation for Perpetuity		INR in Million
EBITDA for FY 2028		32,358
Exit Multiple		26.0x
Total Capitalised Value		8,41,318
Discount Factor		0.59
Present Value of Perpetuity		5,00,174

Equity Value of Company		INR in Million
Net Present Value of Explicit Period		38,703
Present Value of Perpetuity		5,00,174
FCFF		5,38,877
Add/(Less): Adjustments		
Net Cash/Bank balances and Fair Value of Investments as on 30 September 2023		47,800
Lease Liabilities as on 30 September 2023		(22,017)
Equity Value for Shareholders		5,64,660
No. of Equity Shares		1,42,04,00,342
Value per Share (INR)		398

Note: Minor differences may occur on account of rounding-off of nos.

Annexure - C

Market Price Method

A. 90 trading days Volume Weighted Average Price ("VWAP") of the equity shares of IHCL preceding the Relevant Date (Source: NSE)

Date	Volume	Turnover	Date	Volume	Turnover	Date	Volume	Turnover
01-Nov-23	25,70,151	99,66,69,287	15-Sep-23	56,23,551	2,37,10,92,857	03-Aug-23	14,44,757	56,98,94,860
31-Oct-23	23,00,685	88,19,13,723	14-Sep-23	29,21,406	1,22,51,11,236	02-Aug-23	36,68,591	1,45,28,52,352
30-Oct-23	53,08,844	2,01,76,55,030	13-Sep-23	49,41,740	2,03,78,05,115	01-Aug-23	18,62,465	74,05,08,094
27-Oct-23	81,13,269	3,07,89,45,859	12-Sep-23	33,76,588	1,43,45,20,901	31-Jul-23	24,23,957	95,41,73,806
26-Oct-23	66,79,568	2,51,58,74,087	11-Sep-23	25,95,165	1,11,53,08,022	28-Jul-23	59,86,681	2,31,55,02,846
25-Oct-23	50,99,593	2,00,02,96,745	08-Sep-23	23,26,946	1,00,10,90,920	27-Jul-23	36,89,432	1,42,62,30,731
23-Oct-23	45,80,694	1,83,20,74,529	07-Sep-23	39,75,992	1,70,60,83,095	26-Jul-23	23,07,085	90,64,30,124
20-Oct-23	30,27,378	1,22,95,05,087	06-Sep-23	45,75,749	1,96,48,39,377	25-Jul-23	24,50,471	95,96,40,702
19-Oct-23	20,55,651	84,89,38,807	05-Sep-23	19,17,747	81,01,78,731	24-Jul-23	31,30,735	1,22,46,74,994
18-Oct-23	25,77,691	1,06,93,29,247	04-Sep-23	33,93,492	1,42,84,59,652	21-Jul-23	28,56,935	1,12,68,59,186
17-Oct-23	22,07,161	92,77,04,522	01-Sep-23	35,52,699	1,49,86,37,416	20-Jul-23	45,67,515	1,82,72,37,454
16-Oct-23	21,35,138	89,07,38,656	31-Aug-23	81,76,611	3,44,83,06,692	19-Jul-23	43,18,029	1,70,86,92,761
13-Oct-23	27,15,674	1,12,53,68,502	30-Aug-23	1,35,72,441	5,58,58,37,225	18-Jul-23	27,28,824	1,05,94,15,136
12-Oct-23	24,55,507	1,02,41,12,800	29-Aug-23	11,75,670	46,35,42,107	17-Jul-23	26,77,870	1,04,55,57,017
11-Oct-23	25,37,529	1,06,26,33,479	28-Aug-23	25,70,095	1,01,29,06,837	14-Jul-23	25,23,610	98,10,13,954
10-Oct-23	10,22,044	42,63,25,918	25-Aug-23	22,42,422	88,57,54,449	13-Jul-23	39,48,469	1,54,93,24,484
09-Oct-23	27,68,044	1,15,27,98,575	24-Aug-23	32,31,012	1,30,52,87,302	12-Jul-23	47,04,057	1,85,53,83,978
06-Oct-23	25,77,983	1,08,85,08,734	23-Aug-23	76,85,814	3,08,47,26,742	11-Jul-23	58,66,374	2,29,53,27,870
05-Oct-23	30,93,788	1,28,71,57,442	22-Aug-23	30,50,549	1,17,86,90,483	10-Jul-23	18,88,465	72,62,11,285
04-Oct-23	29,06,086	1,18,45,24,355	21-Aug-23	37,83,544	1,43,67,31,097	07-Jul-23	43,22,916	1,66,88,92,963
03-Oct-23	33,33,713	1,37,55,66,803	18-Aug-23	33,80,576	1,28,81,13,491	06-Jul-23	29,65,148	1,13,63,61,956
29-Sep-23	27,22,052	1,11,41,51,792	17-Aug-23	22,55,954	86,62,76,833	05-Jul-23	35,91,448	1,36,74,99,939
28-Sep-23	22,24,890	91,10,69,067	16-Aug-23	26,73,943	1,02,24,29,386	04-Jul-23	23,55,595	90,80,43,485
27-Sep-23	24,58,909	1,01,55,29,639	14-Aug-23	15,15,586	58,00,59,403	03-Jul-23	15,22,979	59,48,33,634
26-Sep-23	19,63,642	80,80,75,094	11-Aug-23	17,07,604	65,97,57,319	30-Jun-23	48,04,430	1,89,31,22,876
25-Sep-23	36,01,670	1,46,00,37,852	10-Aug-23	16,30,569	62,52,94,280	28-Jun-23	73,11,704	2,86,79,06,748
22-Sep-23	24,78,833	1,00,65,97,084	09-Aug-23	26,99,907	1,04,22,02,867	27-Jun-23	35,55,619	1,35,79,06,864
21-Sep-23	24,60,210	1,00,99,78,188	08-Aug-23	23,62,513	91,79,95,786	26-Jun-23	22,61,966	86,50,36,409
20-Sep-23	23,29,586	97,62,49,314	07-Aug-23	11,06,933	43,73,44,896	23-Jun-23	39,02,114	1,48,65,40,595
18-Sep-23	18,21,991	75,76,43,868	04-Aug-23	27,99,723	1,11,52,52,204	22-Jun-23	32,44,877	1,25,47,80,874
Total Turnover							1,20,75,14,68,784	
Total Shares							30,18,33,633	
VOLUME WEIGHTED AVERAGE PRICE (In INR) - 90 TRADING DAYS							400.06	

Note: Minor differences may occur on account of rounding-off of nos.

Source: <https://www.nseindia.com>

B. 10 trading days Volume Weighted Average Price of the equity shares of IHCL preceding the Relevant Date (Source: NSE)

Date	Volume	Turnover
01-Nov-23	25,70,151	99,66,69,287
31-Oct-23	23,00,685	88,19,13,723
30-Oct-23	53,08,844	2,01,76,55,030
27-Oct-23	81,13,269	3,07,89,45,859
26-Oct-23	66,79,568	2,51,58,74,087
25-Oct-23	50,99,593	2,00,02,96,745
23-Oct-23	45,80,694	1,83,20,74,529
20-Oct-23	30,27,378	1,22,95,05,087
19-Oct-23	20,55,651	84,89,38,807
18-Oct-23	25,77,691	1,06,93,29,247
Total	4,23,13,524	16,47,12,02,403
VOLUME WEIGHTED AVERAGE PRICE (In INR) - 10 TRADING DAYS		389.27

Note: Minor differences may occur on account of rounding-off of nos.

Source: <https://www.nseindia.com>

Conclusion :

CA Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

Sr. No.	Particulars	Amount (INR per share)
A	90 trading days Volume Weighted Average Price of the equity shares (In INR per share)	400.06
B	10 trading days Volume Weighted Average Price of the equity shares (In INR per share)	389.27
(Higher of A or B)		400.06

Annexure – D

Valuation of IHCL as per 'Market' Approach – Comparable Companies
Method based on EV/EBITDA Multiples

Particulars	Amount in INR million
Adjusted EBITDA TTM September'23	16,332
Operating EV/EBITDA multiple	32.0x
Operating Enterprise Value	5,22,615
<i>Adjustments:</i>	
Net Cash/Bank balances and Fair Value of Investments as on 30 September 2023	47,800
Lease Liabilities as on 30 September 2023	-22,017
Equity Value for Shareholders	5,48,398
Number of Equity Shares	1,42,04,00,342
Value per Equity Share (in INR)	386

Note: Minor differences may occur on account of rounding-off of nos.

Annexure – E

Valuation of PIEM as per 'Underlying Asset' approach – Book Value
Method

As on 30th September 2023

Particulars	Amount in INR million
Book Value of all the assets	8,764
Less: Book Value of Liabilities	-1,896
<i>Book Value of equity shares</i>	<i>6,868</i>
No. of Equity Shares	38,10,000
Book Value per equity share	1,803

Note: *Minor differences may occur on account of rounding-off of nos.*

Annexure – F

Valuation of PIEM as per 'Income' approach – DCF Method

INR in Million

Particulars		1 Oct 23 to 31 Mar 24	31-03-2025	31-03-2026	31-03-2027	31-03-2028	TV
PAT		639	809	871	1,000	1,083	1,377
Depreciation		223	417	426	435	445	143
Adjustments:							
Adjustments for Working Capital		-33	-58	-61	-65	-68	-7
Additions to Fixed Assets (Net)		-434	-469	-328	-299	-387	-143
Net Inflows/(Outflows)		395	699	908	1,072	1,073	1,370
Discounting Factor (WACC)	14%	0.97	0.88	0.77	0.67	0.59	
Net Present Value of Inflows/(Outflows)		382	614	699	723	635	

Calculation for Perpetuity	INR in Million
FCFF	1,370
Growth Rate	5.00%
Total Capitalised Value	15,220
Discount Factor	0.59
Present Value of Perpetuity	9,011

Equity Value of Company	INR in Million
Net Present Value of Explicit Period	3,053
Present Value of Perpetuity	9,011
FCFF	12,064
Add/(Less): Adjustments	
Cash/Bank balances and Fair Value of Investments as on 30 September 2023	6,865
Proposed dividend pay-out subsequent to 30 September 2023	-191
Equity Value for Shareholders	18,739
No. of Equity Shares	38,10,000
Value per Share (INR)	4,918

Note: Minor differences may occur on account of rounding-off of nos.

Annexure – G

Valuation of PIEM as per 'Market' Approach – Comparable Companies
Method based on EV/EBITDA Multiples

Particulars	Amount in INR million
Adjusted EBITDA TTM Sep'23	1,252
Operating EV/EBITDA multiple	10.5x
Operating Enterprise Value	13,147
<i>Adjustments:</i>	
Lease Liabilities as on 30 September 2023	-809
Cash/Bank balances and Fair Value of Investments as on 30 September 2023	6,865
Proposed dividend pay-out subsequent to 30 September 2023	-191
Equity Value for Shareholders	19,013
Number of Equity Shares	38,10,000
Value per Equity Share (in INR)	4,990

Note: Minor differences may occur on account of rounding-off of nos.