

FAIRNESS OPINION REPORT ON 'SHARE ENTITLEMENT REPORT'  
AND 'VALUATION REPORT' ISSUED FOR  
PROPOSED COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT BETWEEN  
SAYAJI HOTELS LIMITED  
AND  
AHILYA HOTELS LIMITED  
AND  
SAYAJI HOUSEKEEPING SERVICES LIMITED  
AND  
SAYAJI HOTELS (PUNE) LIMITED  
AND  
SAYAJI HOTELS MANAGEMENT LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Prepared by



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September 19, 2018

For SAYAJI HOTELS LIMITED  
  
Authorised Signatory

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**Notice to Reader**


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This report is prepared by Saffron Capital Advisors Private Limited ("Saffron") solely for the purpose of giving a "Fairness Opinion" on "Share Entitlement Report" and "Valuation Report" issued in connection with the proposed "Composite Scheme of Amalgamation and Arrangement" (the Scheme) between Sayaji Hotels Limited and Ahilya Hotels Limited and Sayaji Housekeeping Services Limited and Sayaji Hotels (Pune) Limited ("SHPL") and Sayaji Hotels Management Limited ("SHML") and their respective shareholders and creditors. The fairness opinion report is required to be submitted to the stock exchanges to facilitate the companies under regulations 11, 37 and 94 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Securities Exchange Board of India ("SEBI") Circular No. CFD/DIL3/CIR/2017/21 dated 10<sup>th</sup> March 2017. This report is not to be used, circulated, and quoted otherwise than for the purpose stated herein. This report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without Saffron's written consent.

For the purpose of this assignment, Saffron has relied on the Share Entitlement Report dated September 12, 2018 prepared by Mahesh C. Solanki & Co., Chartered Accountants (Firm Registration No.: 06228C) and signed by CA Rajat Jain (Membership No. 413515) and Valuation Report dated September 17, 2018 prepared by Thadani & Co., Chartered Accountants (Firm Regn No.: 113639W) and signed by CA Suresh J Thadani (Membership No.: 33569) for the proposed "Composite Scheme of Amalgamation and Arrangement" between Sayaji Hotels Limited and Ahilya Hotels Limited and Sayaji Housekeeping Services Limited and Sayaji Hotels (Pune) Limited and Sayaji Hotels Management Limited and their respective shareholders and creditors and information and explanation provided to it, the accuracy whereof has not been evaluated by Saffron. Saffron's work does not constitute certification or due diligence of any past working results and Saffron has relied upon the information provided to it as set out in working results of the aforesaid reports.

Saffron has not carried out any physical verification of the assets and liabilities of the companies and takes no responsibility on the identification and availability of such assets and liabilities.

We hereby give our consent to present and disclose the Fairness Opinion in the general meetings of the shareholders and creditors meeting of Sayaji Hotels Limited and Ahilya Hotels Limited and Sayaji Housekeeping Services Limited and Sayaji Hotels (Pune) Limited and Sayaji Hotels Management Limited and to the Stock Exchanges, the Registrar of Companies, and to the National Company Law Tribunal and any other regulatory authority. Our opinion is not, nor





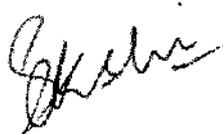


should it be construed as our opining or certifying the compliance of the proposed Composite scheme of Amalgamation and Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.

The information contained in this report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The report has been prepared solely for the purpose of giving a fairness opinion on Share Entitlement Report and Valuation Report issued for the proposed Composite Scheme of Amalgamation and Arrangement between Sayaji Hotels Limited and Ahilya Hotels Limited and Sayaji Housekeeping Services Limited and Sayaji Hotels (Pune) Limited and Sayaji Hotels Management Limited and their respective shareholders and creditors, and may not be applicable or referred to or quoted in any other context.

Management has been provided with an opportunity to review factual information in our report as part of our standard practice to ensure that factual inaccuracies/omissions/etc. are avoided in our final signed report.

For Saffron Capital Advisors Private Limited

  
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 Authorised Signatory




## Introduction and Scope of Assignment

1. **Sayaji Hotels Limited ('SHL'):**  
 Sayaji Hotels Limited ('SHL') was incorporated as Monali Land and Housing Company Private Limited on 5th April 1982 bearing registration number 5131 of 1982-83 with the Registrar of Companies, Ahmedabad under the provisions of the Companies Act, 1956. SHL was renamed as Sayaji Hotels Limited on 10th July 1987. SHL is a listed company bearing CIN: L51100TN1982PLC124332, primarily engaged in the business of owning, operating & managing hotels under multiple divisions namely: (i) Indore business, (ii) Baroda business, (iii) Pune business (iv) Housekeeping and Management business. The equity shares of SHL are listed on the BSE Limited ("BSE"). On 3rd September 2018, the registered office of SHL was shifted from Kala Ghoda, Sayaji Gunj, opposite Rajashree Talkies, Vadodra, Gujarat, India, 390005 to F1 C2, Sivavel Apartment, 2, Alagappa Nagar, Zamin Pallavaram, Chennai, Tamil Nadu, India, 600117.
  
2. We understand that the management of SHL is contemplating composite scheme of amalgamation and arrangement whereby it is proposed that Baroda business and Pune business, Housekeeping and Management business ("Demerged Undertakings") be demerged from SHL into SHPL and SHML respectively (collectively referred to as "Resulting Companies") and SHPL and SHML will issue, in consideration of the demerger, its shares to the shareholders of SHL. Currently, SHPL and SHML are wholly owned subsidiaries of SHL.
  
3. We, Saffron Capital Advisors Private Limited, a SEBI registered Category-I Merchant Banker, have been engaged by SHL to give a fairness opinion on Share Entitlement Report dated September 12, 2018 prepared by Mahesh C. Solanki & Co., Chartered Accountants (Firm Registration No.: 06228C) and signed by CA Rajat Jain (Membership No. 413515) and Valuation Report dated September 17, 2018 prepared by Thadani & Co., Chartered Accountants (Firm Regn No.: 113639W) and signed by CA Suresh J Thadani (Membership No.:33569) for the proposed "Composite Scheme of Amalgamation and Arrangement".



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### Exclusions and Limitations

1. Saffron has been requested by SHL to submit a report by giving a fairness opinion on Valuation Report and Share Entitlement Report issued for the proposed Composite Scheme of Amalgamation and Arrangement.
2. We have given the Fairness Opinion on the basis of the following information provided to us by the management / collated by us from publicly available sources:
  - a) Share Entitlement Report dated September 12, 2018 prepared by Mahesh C. Solanki & Co., Chartered Accountants (Firm Registration No.: 06228C) and signed by CA Rajat Jain (Membership No. 413515) and Valuation Report dated September 17, 2018 prepared by Thadani & Co., Chartered Accountants (Firm Regn No.: 113639W) and signed by CA Suresh J Thadani (Membership No.:33569) for the proposed "Composite Scheme of Amalgamation and Arrangement";
  - b) Audited financials of SHL for the year ended March 31, 2018;
  - c) Such other information and explanations as we have required and which have been provided by the management of SHL.
3. Our valuation exercise and conclusions reached by us are dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our report.
4. Our report will not be offered to any section of the public to subscribe for or purchase any securities in or assets or liabilities of any company or business valued by us. This report is prepared with a limited purpose/ scope as identified/ stated earlier and will be confidential being for use only to whom it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.



*[Handwritten Signature]*



### Recommendation of the Valuer

As per the Share Entitlement Report issued by Mahesh C. Solanki & Co. :

SHL and Resulting Companies i.e. SHPL and SHML have been incorporated with equity shares having face value of INR 10 per share and preference shares having face value of INR 100 per share.

Based on the above, management has proposed the following Share Entitlement Ratio:

For demerger of Baroda and Pune business:

"For every 23 equity share of face value of INR 10 (Rupees ten only) each held in SHL as on the record date, the equity shareholders of SHL shall be issued 4 equity shares of face value INR 10 (Rupees ten only) each credited as fully paid-up in SHPL."

"For every 125,000 preference share of face value of INR 100 (Rupees hundred only) each held in SHL as on the record date, the preference shareholders of SHL shall be issued 1 preference share of face value INR 100 (Rupees hundred only) each credited as fully paid-up in SHPL."

For demerger of Housekeeping and Management business:

"For every 23 equity share of face value of INR 10 (Rupees ten only) each held in SHL as on the record date, the equity shareholders of SHL shall be issued 4 equity shares of face value INR 10 (Rupees ten only) each credited as fully paid-up in SHML."

"For every 125,000 preference share of face value of INR 100 (Rupees hundred only) each held in SHL as on the record date, the preference shareholders of SHL shall be issued 1 preference share of face value INR 100 (Rupees hundred only) each credited as fully paid-up in SHML."

For merger of Sayaji Housekeeping services Limited into SHML:

The shareholding of ultimate beneficial owners of the 100% subsidiary company i.e. Sayaji Housekeeping Services Limited is a mirror image of the shareholding of the proposed demerged company i.e. Sayaji Hotels Limited. Hence there is no separate valuation report required for the proposed merger of these two entities. As per SEBI circular dated March 10, 2017, valuation in connection with this merger is not required.

Consequent to this demerger, the economic beneficial interest of the shareholders of SHL shall remain same. In the light of above, a fair valuation of equity shares of SHL or Resulting companies have not been carried out.

Extracts of the Valuation Report issued by Thadani & Co., Chartered Accountants:

Although the equity shares of Sayaji are listed, they are infrequently traded in. Consequently we have given a lower weightage to the value under the MP method. Between the CCM method and the DCF method, considering the fact that the value under the CCM method is representative of




market expectations and parameters, we have assigned a higher weightage to the value under the CCM method and a lower weightage to the value under the DCF method.

On the other hand, as mentioned earlier we have given full weightage to the value under the NAV method.

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report, in our opinion the fair equity share exchange ratio for the Proposed Merger of Ahilya into Sayaji as at the Valuation Date would be:

- 20 (Twenty) equity shares of Sayaji of Rs. 10/- fully paid up for every 73 (Seventy Three) equity shares of Ahilya of Rs. 10/- each fully paid up.

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#### **Conclusion and Opinion on Share Entitlement and Valuation Report**

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We have reviewed the Share Entitlement Report and the Valuation Report, and based on the information, material data made available to us, to best of our knowledge and belief, the Share Entitlement Report dated September 12, 2018 prepared by Mahesh C. Solanki & Co., Chartered Accountants (Firm Registration No.: 06228C) and signed by CA Rajat Jain (Membership No. 413515) and the Valuation Report dated September 17, 2018 prepared by Thadani & Co., Chartered Accountants (Firm Regn No.: 113639W) and signed by CA Suresh J Thadani (Membership No.:33569) for the proposed "Composite Scheme of Amalgamation and Arrangement" are Fair and Reasonable.



For SAYAJI HOTELS LIMITED

Authorised Signatory