ANNEXURE -3

NAVIN KHANDELWAL
REGISTERED VALUER–SECURITY OR FINANCIAL ASSETS (SFA)
Registration No. I B B I / R V / 0 5 / 2 0 1 9 / 1 0 7 7 9, FCA, DISA, IRP
Registered Valuer

STRICTLY PRIVATE AND CONFIDENTIAL

To,

4th December, 2021

The Board of Directors,
Sayaji Hotels Limited
F1 C2, in Sivavel Apartment, 2,
Alagappa Nagar, Zamin Pallavaram,
Chennai, Tamil Nadu, India, 600117.

The Board of Directors
Ahilya Hotels Limited
F1 C2, in Sivavel Apartment, 2,
Alagappa Nagar, Zamin Pallavaram,
Chennai, Tamil Nadu, India, 600117.

Dear Sirs,

Re: Recommendation of fair equity share exchange ratio for the proposed merger of Ahilya Hotels Limited into Sayaji Hotels Limited pursuant to a Composite Scheme of Amalgamation and Arrangement

This has reference to our terms of engagement and various discussions that we have had with and the information that we have received from the key executives and representatives of Sayaji Hotels Limited ('SHL') and Ahilya Hotels Limited ('AHL') from time to time in the above matter. (SHL and AHL are hereinafter individually referred to as the 'Client' / 'Company' and collectively referred to as the 'Clients' / 'Companies').

SCOPE AND PURPOSE OF THIS REPORT

We understand that the managements of the Companies are exploring the possibility of merger of AHL into SHL (the 'Proposed Merger'), with effect from the appointed date of 1st April, 2022 pursuant to a Composite Scheme of Amalgamation and Arrangement between Sayaji Hotels Limited ('SHL'), Ahilya Hotels Limited ('AHL'), Sayaji Hotels (Vadodara) Limited ('SHVL'), Sayaji Hotels (Pune) Limited ('SHPL') and Sayaji Hotels Management Limited ('SHML') and their respective shareholders and creditors under Sections 230 to 232 read with Sections 52 and 66 of the Companies Act 2013 including any statutory

modifications or re-enactments thereof (the 'Composite Scheme of Amalgamation and Arrangement' or 'Scheme').

SHVL has filed application with Registrar of Companies to rename the company as "Sayaji Hotels (Indore) Limited". The Application is pending with approval from Registrar of Companies.

In connection with the above, the Companies have requested us to render professional services by way of recommendation of the fair equity share exchange ratio for the Proposed Merger (the 'Ratio') as on the relevant date i.e. the board meeting in which the Scheme is proposed to be approved for consideration of the respective Boards of Directors of the Companies and as per the requirement of Master circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and any amendments thereof.

As requested we have carried out a relative valuation of the equity shares of SHL and AHL with a view to recommending a fair equity share exchange ratio of the equity shares of SHL for the equity shares of AHL in the event of the Proposed Merger. This report recommends, what in our opinion, is a fair and equitable equity share exchange ratio for the Proposed Merger and is our deliverable in respect of our recommendation of fair equity share exchange ratio for the Proposed Merger.

This report and the information contained therein is absolutely confidential. It is intended only for the sole use and information of the Companies, and only for the purpose of obtaining regulatory approvals in connection with the Proposed Merger. The results of the valuation and this report should not be used or relied upon by the Companies for any other purpose or by any other party for any purpose. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / business of the Companies shall do so after seeking their own professional advice and after carrying out their own due diligence to ensure that they are making an informed decision. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof other than by the Companies for the purpose set out earlier in this report, is not permitted. Neither this report, nor its contents may 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 by the Companies in connection with the Proposed Merger.

SOURCES OF INFORMATION

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The valuation exercise was undertaken on the basis of the following information relating to the Companies, furnished to us by the representatives of the Companies and information available in the public domain:

- Draft Composite Scheme of Amalgamation and Arrangement for the Proposed Merger
- Audited financials of SHL for the years ended 31st March 2020 and 31st March 2021
- Unaudited Financials of SHL for the half year ended 30th September 2021
- Audited financials of AHL for the year ended 31st March 2019, 31st March 2020 and 31st March 2021
- Audited Financial of AHL for the half year ended 30th September 2021
- Management Discussions
- Other relevant details

We have also received the necessary explanations, information and representations which we believed were relevant to the present valuation exercise from the representatives of the Companies.

BACKGROUND OF COMPANIES

SHL

SHL is primarily engaged in the business of owning, operating & managing hotels under multiple divisions namely: (i) Indore business, (ii) Baroda business, (iii) Pune business (iv) Management business and (v) Restaurant business. The equity shares of SHL are listed and traded on the BSE Limited.

The issued, subscribed and paid up equity share capital of SHL as at the Valuation Date is INR 175.18 million consisting of 17,518,000 equity shares of face value of INR 10/- each fully paid up. We have been informed that there has been no change in the number of outstanding shares subsequent to the Valuation Date.

AHL

AHL is an unlisted company which was set up with the objective to construct, run, render technical advice in constructing, furnishing and running of lodging and boarding activities. However, as at the Valuation Date the Company does not have any business operations. AHL holds 2,455,000 equity shares in SHL.

The issued, subscribed and paid up equity share capital of AHL as at the Valuation Date is INR 89.60 million consisting of 8,959,770 equity shares of face value of INR 10/- each fully paid up. We have

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been informed that there has been no change in the number of outstanding shares subsequent to the Valuation Date

RELATIVE VALUATION APPROACHES AND METHODOLOGIES

The Scheme envisages the Proposed Merger of AHL into SHL. In consideration thereof, equity shares of SHL will be issued to the equity shareholders of AHL. As mentioned in the Scheme, the equity share capital of SHL held by AHL shall stand cancelled.

Arriving at the ratio would require determining the relative fair value of the equity shares of the transferee company in terms of the relative fair value of the equity shares of the transferor company i.e. a relative valuation of the equity shares of the companies. There are several commonly used and accepted methods for determining the fair value of the equity shares of a company / business, which can be considered for such a relative valuation as in the present case, to the extent relevant and applicable, such as:

I. **Asset Approach:**
- Net Asset Value ('NAV') Method

II. **Market Approach:**
- Market Prices ('MP') Method
- Comparable Companies' Multiples ('CCM') Method
- Comparable Transactions' Multiples ('CTM') Method

III. **Income Approach:**
- Discounted Cash Flows ('DCF') Method

In the present case, as mentioned earlier, considering that AHL is an unlisted entity and does not have any operations as at the Valuation Date, the only method that can be applied is the NAV method. Consequently, we have used the NAV method under the asset approach for valuation of the equity shares of AHL.

In case of SHL, the equity shares are listed and they are frequently traded on stock exchange in terms of SEBI (SAST) Regulations, 2011. Consequently, we have considered the MP method considering the fact that the value under the MP method is representative of market expectations and parameters

I. ***Asset Approach:***

NAV Method

This valuation method 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. This valuation method is mainly used in a case where the firm is to be liquidated i.e. it does not meet the 'going concern' criteria or in a case where the asset base dominates earnings capability.

In the present case, we have considered and used the Net Asset Value method to value the equity shares of AHL. For this purpose, we have considered the audited balance sheet of AHL as at the Valuation Date, as provided to us by the Company, and made suitable adjustments as deemed appropriate for our valuation analysis. The realizable value of the investment held by AHL in SHL as at the Valuation Date has been considered at fair value. The managements of the Companies have also represented that there are no significant differences in accounting policies between both the Companies. The value per equity share was arrived at by dividing the value of the business for equity shareholders, arrived at above, by the number of equity shares of AHL.

Since the Company (SHL) is the listed company and is a going concern. Therefore, applying Asset Based Approach will not justify fair valuation.

II. Market Approach:

Under this approach the valuation is done on the basis of the quoted market price of the Company in case it is a publicly traded company, or publicly traded comparable businesses date is reviewed in order to identify a peer group similar to the subject company and then their multiples are applied to the entity being valued to determine the fair value.

Usually under the market based approach, the methods that maybe applied are Market Price Method, Comparable Multiple Method (CMM), Comparable Transaction Method (CTM) or Price of Recent Investment Method (PORI). Under CMM method various multiple like EV/Sales, EV/EBITDA, P/BV P/E, Price/Sales can be used to value a business depending upon the facts and circumstances of the cases.

Reason for choice of methodology adopted under the Market Approach:

Equity Shares of SHL are frequently traded on Stock Exchange in terms of SEBI (SAST) Regulations, 2011 hence Market method is considered suitable for the valuation.

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Market Price (MP) Method

In case of a company, the equity shares of which are listed, the market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in.

Accordingly, in the present case, the value of the equity shares of SHL under this methodology has been determined as per the formula prescribed in The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018.

Equity Shares of the AHL are not listed hence we have not followed Market Price method of valuation for AHL.

CCM Method

Under this method, the value of the equity shares of a company is measured by applying the derived market multiples - based on the market quotations of comparable listed companies possessing attributes similar to the business of the company that is being valued - to the company's metrics after making adjustments to such multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate factors relevant to valuation.

Since the comparable market data for the comparable transaction is not available hence this method was not considered for the purpose of valuation

CTM METHOD

Comparable Transaction Multiple Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparable (comparable transactions). The price paid in comparable transactions generally include control premium, except where transaction involves acquisition of non-controlling/ minority stake.

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Since the comparable market data related to the transaction of our Company is not available hence this method was not considered for the purpose of valuation

III. Income Approach:

DCF Method

The DCF method is considered the most theoretically sound approach and scientific and acceptable method for determination of the value of a company. Under this technique the projected free cash flows from business operations are discounted at the weighted average cost of capital to the providers of capital to the company, and the sum of the present discounted value of such free cash flows is the value of the company.

The future free cash flows are derived considering, inter alia, the changes in the working capital and investments in capital expenditure. They are an aggregation of the free cash flows during the explicit forecast period – prepared based on the business plans – and during the post explicit forecast period, estimated using an appropriate method, and are available to all providers of the company's capital - both debt and equity.

The discount rate i.e. weighted average cost of capital ('WACC'), which is applied to the free cash flows should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. Determining the WACC involves determining the Debt Equity ratio, Cost of Debt and the Cost of Equity.

To the value of the business so arrived at, the value of surplus / non-operating assets, debt and other assets / liabilities as appropriate, if any, have to be adjusted to arrive at the total value of the business for the equity shareholders of the company.

Since the shares of Sayaji Hotels Ltd. are listed in Bombay Stock Exchange (BSE) and the same is frequently traded on BSE. The market price of an equity share as quoted on a stock exchange is considered as the fair value of the equity shares of that company. Hence we have not followed DCF method of valuation.

AHL does not have any operations as at the Valuation Date Hence we have not followed DCF method of valuation.

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- **For AHL**

  Based on the documents provided by the management during our valuation process, Investments in SHL are valued at Fair value as at 30th September 2021. All other assets and liabilities are valued at Fair value as on 30th September 2021 using internationally accepted valuation methodologies.

SCOPE LIMITATIONS

Our report is subject to the scope limitations detailed in this report. The report is to be read not in parts, but in totality and in conjunction with the relevant documents referred to in this report. We had provided a draft of this report to the Companies. The report has been reviewed by the Companies and they have confirmed that the factual information contained in this report is correct.

It should be understood that the value at which investments are made / price paid in a transaction between a willing buyer and a willing seller may differ from the values indicated in this report due to factors such as the motivation of parties, negotiation skills of the parties, the structure of the transaction or other factors unique to the transaction. This report and the opinion / valuation contained herein is not, nor should it be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as agreed per terms of our engagement. It may not be valid for any other purpose or as at any other date. Valuation analysis and results are also specific to the date of this report.

This report is issued on the understanding that the Companies have drawn our attention to all the matters, of which they are aware concerning the financial position of the Companies and any other matter, which may have an impact on our recommendation of the Ratio, including any significant changes that have taken place or are likely to take place in the financial position of the Companies since the Valuation Date. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Our work does not constitute an audit, due diligence or certification or review of the historical financial statements of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

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In the course of the valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by the Companies through broad inquiry and analysis (but have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). The terms of our engagement were such that we were entitled to rely upon the information provided by the Companies without detailed inquiry. Also, we have been given to understand by the management of the Companies that they have not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. We assume no responsibility for any errors in the above information furnished by the Companies and their impact on the present exercise.

We express no opinion on the achievability of the budgeted / projected results of SHL as given to us by the Companies. These budgeted / projected results are the responsibility of the Companies. We are informed that the assumptions used in their preparation, are based on the Companies' present expectations of both - the most likely set of future business events and circumstances and the Company management's consequential course of action. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.

No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

Our report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, foreign exchange regulatory, accounting and taxation / transfer pricing laws / standards or as regards any legal, accounting or taxation implications or issues.

This report does not look into the business / commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Our report is not nor should it be construed as our recommending the Proposed Merger. Similarly, it does not address the relative benefits of the Proposed Merger as compared with any other alternative business transaction or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Companies regarding whether or not to proceed with the Proposed Merger shall rest solely with the Companies. In addition, we express no opinion or recommendation as to how the shareholders or creditors of the Companies

should vote at any shareholders' or creditors' meeting(s) to be held in connection with the Proposed Merger.

We owe responsibility to only the Board of Directors of the Companies that have retained us and nobody else, and to the fullest extent permitted by law, we accept no responsibility or liability to any third party in connection with this report.

RECOMMENDATION OF RATIO

The Ratio for the Proposed Merger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purpose of recommending a ratio of exchange it is necessary to arrive at a single value for the equity shares of each company. For this purpose, it is necessary to give appropriate weightages to the values arrived at under each methodology. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the equity shares of each company / business but at their relative values to facilitate the determination of a ratio.

As mentioned earlier, the equity shares of SHL are listed, they are frequently traded on BSE. Consequently, we have given a 100% weightage to the value under the MP method considering the fact that the value under the MP method is representative of market expectations and parameters.

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

Please refer Annexure A for summary of computation of the Ratio and Annexure B to C for relative valuation of the equity shares of AHL and SHL under various methodologies in detailed.

The Ratio has been arrived on the basis of a relative valuation of the shares of the Companies based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion and judgment taking into account all the relevant factors. Valuation is an art, not an exact science. There

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will always be factors which are not evident from the face of the balance sheets but which strongly influence the value of an asset, and that is where the valuer's judgment plays a part.

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 AHL into SHL as at the Valuation Date would be:

- 274 (Two Hundred Seventy Four) equity shares of SHL of INR 10/- fully paid up for every 1000 (One Thousand) equity shares of AHL of INR 10/- each fully paid up.

Thanking you,

Name – FCA Navin Khandelwal
IBBI/RV/05/2019/10779
Place: Indore
Date: 04.12.2021
UDIN: 21077687AAAAFZ4825

Annexure A: Computation of Fair share exchange ratio

Valuation Approach	SHL		AHL		Annexure reference
	Equity Value per share (INR)	Weight	Equity Value per share (INR)	Weight	
Asset Approach - Net Asset Value ('NAV') Method	**NA #**		65.89	100	B
Income Approach	**NA #**		NA @		
Market Approach - Comparable Companies Multiples Method - Market Prices Method	**240.85**	**100**	NA @		c
Relative Value per Share	**240.85**	**100**	65.89	100	
Exchange Ratio				0.2734	
Exchange Ratio (rounded off)				274/1000	

Fair Equity Share Exchange Ratio:

274 (Two Hundred Seventy-Four) equity shares of SHL of INR 10/- fully paid up for every 1000 (One Thousand) equity shares of AHL of INR 10/- each fully paid up.

NA = Not Applicable / Not Adopted

 # Note: Asset Approach was not used in case of SHL considering that the valuation is on a going concern basis with no intention to dispose of operating assets. Since the shares of Sayaji Hotels Ltd.

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are listed in Bombay Stock Exchange (BSE) and the same is frequently traded on BSE. The market price of an equity share as quoted on a stock exchange is considered as the fair value of the equity shares of that company. Hence we have not followed DCF method of valuation under Income Approach.

@ **Note:** Income Approach and Market Approach were not used in case of AHL since AHL does not have any business operations of its own and AHL is not listed on any stock exchange.

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Annexure B: Statement showing value per equity share of AHL under the NAV Method

Particulars	INR in million
Net-worth for equity shareholders	590.36
Adjustments	
Equity value (INR million)	590.36
Equity value per share (INR)	**65.89**

Annexure C: Statement showing value per equity share of SHL under MP Method

Particulars	INR per share
Average share price on BSE for 26 weeks (a)	240.85
Average share price on BSE for 2 weeks (b)	238.02
Higher of (a) or (b)	**240.85**
Equity value per share (INR)	**240.85**

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SHARE ENTITLEMENT RATIO REPORT

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To The Board of Directors SAYAJI HOTELS LIMITED F1 C2 Sivavel Apartment, 2 Alagappa Nagar, ZaminPallavaram Chennai, Tamil Nadu 600117, India	To The Board of Directors SAYAJI HOTELS (PUNE) LIMITED F1 C2 Sivavel Apartment, 2 Alagappa Nagar, ZaminPallavaram Chennai Tamil Nadu 600117, India	To The Board of Directors SAYAJI HOTELS (VADODARA) LIMITED F1 C2 Sivavel Apartment, 2 Alagappa Nagar, ZaminPallavaram Chennai, Tamil Nadu 600117, India	To The Board of Directors SAYAJI HOTELS MANAGEMENT LIMITED F1 C2 Sivavel Apartment, 2 Alagappa Nagar, ZaminPallavaram Chennai, Tamil Nadu 600117, India

We refer to our engagement letter dated 10th November, 2021 and subsequent discussions with the management of the companies for determination of share entitlement ratio for allotment of equity shares and preference shares of Sayaji Hotels (Vadodara) Limited ('SHVL") and Sayaji Hotels (Pune) Limited ("SHPL") to the shareholders of Sayaji Hotels Limited ("SHL") in connection with proposed demerger of Indore business, Baroda business and Pune business ('Business Undertaking') of SHL into SHVL and SHPL respectively, with effect from 01.04.2022 as the appointed date ('Appointed Date').

SHVL has filed application with Registrar of Companies to rename the company as "Sayaji Hotels (Indore) Limited". The Application is pending with approval from Registrar of Companies.

BUSINESS INTEREST, OWNERSHIP CHARACTERISTICS

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 10thJuly 1987. SHL is a listed company bearing CIN: L511033TN1982PLC124332, primarily engaged in the business of owning, operating and managing hotels under multiple divisions namely: (i) Indore business, (ii) Baroda business, (iii) Pune business (iv) Management business. The equity shares of SHL are listed and traded on the BSE Limited. On 03.09.2018, the registered office of SHL was shifted from Kala Ghoda,

Sayaji Gunj, opposite Rajshree Talkies, Vadodara, Gujarat, India, 390005 to F1 C2, Sivavel Apartment, 2, Alagappa Nagar, ZaminPallavaram, Chennai, Tamil Nadu, India, 600117.

We understand that the management of SHL is contemplating a composite scheme of amalgamation and arrangement between Sayaji Hotels Limited, Ahilya Hotels Limited, Sayaji Hotels (Vadodara) Limited, Sayaji Hotels (Pune) Limited and Sayaji Hotels Management Limited and their respective shareholders and creditors (hereinafter referred to as 'Composite scheme of amalgamation and arrangement' or 'the Scheme'), whereby it is proposed to demerge Indore business , Baroda business, and Pune business ('Demerged Undertakings') from SHL into SHVL and SHPL (collectively referred to as 'Resulting Companies') as provided under the Scheme. SHVL and SHPL will issue its shares to the shareholders of SHL as a consideration for demerger. Currently, SHVL and SHPL are wholly owned subsidiaries of SHL.

PURPOSE OF VALUATION

The demerger is proposed to be effected through the Composite scheme of amalgamation and arrangement under section 230 to 232 of the Companies Act, 2013 read with Section 52 and 66 and other applicable provisions of the Companies Act, 2013.

- In connection with demerger, the management of SHL has requested us to provide report on the ratio of allotment of equity and preference shares of the Resulting Companies to the shareholders of SHL based on information to be made available by the management.
- We understand that consequent to demerger, there will be no impact on the economic beneficial interest of the shareholders of SHL.
- **Procedures**

The procedure used in our analysis including substantive procedures as we considered necessary under the circumstances:

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i. Considered the audited financial statements of SHL for the year ended March 31, 2021 and unaudited financial statements for the half year ended September 30th, 2021.

ii. Considered the draft Composite scheme of amalgamation and arrangement for the proposed demerger

iii. Consider the existing shareholding pattern of SHL and the Resulting Companies; and the envisaged shareholding pattern of Resulting Companies

Share entitlement ratios

Management has informed us that SHL and Resulting Companies 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. Pursuant to Scheme and in order to comply with the intent of maintaining the economic interest of shareholders of SHL and to get listed on the stock exchange in India, we have proposed the following Share Entitlement Ratio:

For demerger of Indore 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 SHVL."

"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 SHVL"

The shareholding of the ultimate beneficial owners of SHVL would be a mirror image of the shareholding of the proposed demerged company i.e. Sayaji Hotels Limited. Hence, valuation report is not required for the proposed demerger of Indore business of SHL into SHVL. As per SEBI Master

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Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, valuation report in connection with such demerger is not required as there is no change in the shareholding pattern of the resultant company (i.e. SHVL).

a) 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."

The shareholding of the ultimate beneficial owners of SHPL would be a mirror image of the shareholding of the proposed demerged company i.e. Sayaji Hotels Limited. Hence, valuation report is not required for the proposed demerger of Baroda and Pune business of SHL into SHPL. As per SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 valuation report in connection with such demerger is not required as there is no change in the shareholding pattern of the resultant company (i.e. SHPL).

b) For merger of SHML into SHL:

The shareholding of theultimate beneficial owners of the 100% subsidiary company i.e. Sayaji Hotels Management Limited is a mirror image of the shareholding of the Sayaji Hotels Limited. Hence there is no separate valuation report required for the proposed merger of these two entitiesas per SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021.

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We have considered the outstanding number of equity shares of SHL post amalgamation of Ahilya Hotels Limited into Sayaji Hotels Limited and envisaged number of equity shares of the Resulting Companies as follows:

i. As of report date, the issued, subscribed and paid up capital of SHL consists of 17,518,000 Equity Shares of INR 10/- each and 1,000,000 10% Cumulative Redeemable Preference of INR 100 each. Further, post amalgamation the proposed outstanding number of equity shares of SHL will be 1,75,17,977 Equity Share of INR 10/- each and 1,000,000 10% Cumulative Redeemable Preference Shares of INR 100/- each.

ii. As of the report date, the initial issued, subscribed and paid up capital of SHVLis envisaged to consist of 50,000 Equity shares of INR. 10 each. The entire share capital of SHVL is held by SHL. The shares held by SHL in SHVL shall be cancelled as in integral part of the scheme.

iii. As of the report date, the initial Issued, subscribed and paid up capital of SHPL is envisaged to consist of 50,000 Equity shares of INR 10 each. The entire share capital of SHPL is held by SHL. The shares held by SHL in SHPL shall be cancelled as in integral part of the scheme.

iv. As of the report date, the Initial Issued, subscribed and paid up capital of SHMLis envisaged to consist of 50,000 Equity shares of INR 10 each. The entire share capital of SHML is held by SHL. The shares held by SHL in SHML shall be cancelled as in integral part of the Scheme.

v. The draft scheme provides the following in case of fractional entitlements in issue andallotment of such shares as aforesaid, the fractional entitlements of shares of any shareholders of SHL shall not be taken into account, but such shares representing fractional entitlements shall be consolidated and thereupon Resulting Companies will issue and allot shares in lieu thereof a trust authorized by the Board of Resulting Companies in this behalf upon trust, who shallsell them in the market at such price, within a period of 90

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days from the date of allotment of shares, as per the draft scheme submitted to SEBland distribute their sale proceeds (less expenses, if any) to the shareholders of SHL, who are entitled to such fractional shares

Pursuant to the Scheme, the Resulting Companies, in order to comply with the intent of maintaining the economic interest of shareholders of SHL and to get listed on the Stock Exchange, shall issue following shares to the shareholders of SHL:

SHVL: 3,046,605 equity shares of face value INR 10/- each to all the equity shareholders of SHL

8 preference shares of face value INR 100/- each to all the preference shareholders of SHL

SHPL: 3,046,605 equity shares of face value INR 10/- each to all the equity shareholders ofSHL

8 preference shares of face value INR 100/- each to all the preference shareholders of SHL

Caveats

We have relied upon the information, data and explanations in paragraph 2 and 3 above for the purpose of reporting on the ratio of allotment of the equity shares and preference shares of the Resulting Companies to the shareholders of SHL in connection with the proposed demerger.

For the purpose of opining on the share entitlement ratio we have used financial and other Information provided by the management, which we believe to be reliable and ourconclusions are dependent on such information 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 financial and other information provided by the management. We have, therefore, not carried out any due diligence review, independent

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audit or other test or validation of such financial and other information to establish the accuracy or sufficiency of the financial statements referred to above or of the information, explanations and representations provided to us. We have thus relied upon the audits carried out by K.L. Vyas & Co., Chartered Accountants, Statutory Auditors of SHL provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

*We*have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity of SHL.

The business of SHL is proposed to be demerged into Resulting Companies with effect from the Appointed Date and we have considered the Audited financial statements of SHL as at 31st March 2021 and unaudited Financial Statements of the half year ended on September 30th, 2021. The management has explained that the Business Undertaking would be carried on in due course of business till the Appointed Date and subsequently, till the Scheme is approved. The management has represented that financial statements of SHL as at 31st March 2021and unaudited Financial Statements of the half year ended on September 30th, 2021, provided to us, includes all disclosures necessary for a fair presentation of its financial position and results of operations in accordance with generally accepted accounting principles of India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject. The management has further represented that the management does not anticipate any changes in the financial position of the Business Undertaking, other than that in ordinary course of business till the Appointed Date.

Our scope of work is limited to expression of our view on the proposed share entitlement ratio and its impact on the economic Interest of the shareholders of the Specified Companies. Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed demerger of the Demerged Undertakings with the provisions of

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any law including companies, FEMA and taxation related laws or as regards any legal implications or issues arising from such proposed demerger.

While we have provided our view on the share entitlement ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion, you acknowledge and agree that you have the final responsibility for determination of the share entitlement ratio for the proposed demerger and factors other than our report will need to be taken into account in determining such ratios; these will include your own assessment of the proposed demerger and may include the input of other professional advisors,

Distribution of reports

This letter report is prepared for the Board of Directors of SHL and the Resulting Companies and to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the transaction.

In no event shall we liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the specified companies, their directors, employees,or agents. In no circumstances shall liability of Navin Khandelwal, Chartered Accountant, its partners, directors, employees relating to the services provided Inconnection with the engagement set 'out in this report exceed the amount paid to us In respect of the fees charged for these services.

Yours faithfully,

Name – FCA Navin Khandelwal
IBBI/RV/05/2019/10779
Place: Indore
Date: 04.12.2021
UDIN: 21077687AAAAGA2226

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