

FAIRNESS OPINION REPORT

FOR THE PROPOSED AMALGAMATION BETWEEN

EULOGIA INN PRIVATE LIMITED

(TRANSFEROR COMPANY)

AND

PRAVEG LIMITED

(TRANSFeree COMPANY)

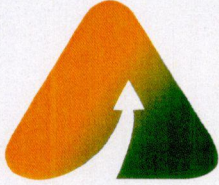
AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)

Date: - 26th October, 2023





GSTIN: 07AAICS6488H1ZS
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3DIMENSION CAPITAL SERVICES LIMITED

SEBI Registered (Category - I) Merchant Banker
SEBI Registration No. INM000012528

OUR PATH YOUR SUCCESS

To,
The Board of Directors
Eulogia Inn Private Limited
PLOT NO. 54/3, T.P. NO.32,
SURVEY NO. 93/1/2/2, GOTA,
Ahmedabad, Gujarat 382481

To,
The Board of Directors
Praveg Limited
214, Athena Avenue, Behind Jaguar Showroom,
S. G. Highway, Gota,
Ahmedabad, Gujarat 382481

Dear Sir/Ma'am,

Subject: Fairness Opinion on Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation of Eulogia Inn Private Limited (Transferor Company/ "EULOGIA") with Praveg Limited ("Transferee Company"/ "Praveg")

We, 3Dimension Capital Services Limited (SEBI Registered Category I Merchant Banker), have been appointed by Eulogia Inn Private Limited (Transferor Company/ "EULOGIA") and Praveg Limited ("Transferee Company"/ "Praveg"), to provide a Fairness Opinion on the Valuation report issued by Mr. Sagar Shah, Registered Valuer, dated 25th October, 2023, in connection with the proposed amalgamation of Eulogia Inn Private Limited (Transferor Company/ "EULOGIA") with Praveg Limited ("Transferee Company"/ "Praveg"), pursuant to a Scheme of Amalgamation under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") read with SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of 3Dimension Capital Services Limited, such consent will only be given after full consideration of the circumstances at the time. We are however aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, Hon'ble National company Law Tribunal ("NCLT") and notices to be dispatched to the shareholders and creditors for convening the meeting pursuant to the directions of Hon'ble NCLT and we provide consent for the same.

Trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully

For 3Dimension Capital Services Limited


[Authorized Signatory]



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CONTEXT AND BACKGROUND

The Transferor Company specializes in the hotel industry, where it primarily provides a wide range of hospitality services to its guests. On the other hand, the Transferee Company has a multifaceted presence in the realm of hospitality. In addition to offering hospitality services, it actively engages in event management, ensuring seamless events. Furthermore, the Transferee Company operates resorts, providing guests with exceptional vacation experiences in picturesque locations.

The Transferor Company and Transferee Company operate within the Hotels and Hospitality industry, sharing a common domain and customer base. While both companies cater to similar clientele, the Transferee Company boasts a broader spectrum of services in comparison to the Transferor Company. Additionally, the Transferee Company holds significant growth potential, owing to its utilization of advanced technology and innovation in the provision of hospitality services.

Accordingly, the management of the Transferor Company and Transferee Company believes that after this proposed merger, the Transferee Company shall be in a position to utilize the infrastructure of the Transferor Company in a more efficient and better way with its modern and advanced technology.

Furthermore, this Scheme of Arrangement for Amalgamation of the Transferor Company with the Transferee Company would result, inter-alia, in the following additional benefits:

- The Transferor Company is in the hotels and hospitality business in India and accordingly, it is decided to amalgamate the Transferor Company with Transferee Company because of the business line which presently compliments the business of the Transferee Company;
- The Amalgamation is in line with the Transferee Company's strategy to build a sustainable and profitable business in India;
- It would be advantageous to combine the activities and operations of the Transferor Company with Transferee Company (i.e., into a single company) for synergistic linkages and benefit of combined financial resources;
- Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, merger will enable optimal utilisation of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies. The merged entity will also have sufficient funds required for meeting its working capital needs and other purposes;
- Greater scale of economy and greater financial strength and flexibility for the Transferee Company, which would result in maximising overall shareholder value and will improve the competitive position of the combined entity;
- The Scheme will result in cost saving for both the companies as they are capitalising each other's core competency and market which is expected to result in higher profitability levels and cost savings for the Transferee Company;
- Transferor as well as Transferee Company share common fundamental philosophies viz. corporate transparency and better governance. The Companies also share common corporate values.

BRIEF ABOUT COMPANIES

- Eulogia Inn Private Limited** (hereinafter also referred to as 'EULOGIA' or 'Transferor Company'), bearing CIN U55101GJ2023PTC143334, was incorporated on July 27, 2023, under the provisions of Companies Act, 2013, with the name and style of Eulogia Inn Private Limited. The registered office of the Transferor Company is situated at Plot No. 54/3, T.P. No.32, Survey No. 93/1/2/2, Gota, Ahmedabad, Gujarat 382481, India.

The Transferor Company is primarily involved in the hotel industry, offering a comprehensive range of hospitality services, which includes not only accommodations but also a well-appointed restaurant. This restaurant is an integral part of the company's offerings, providing guests with a diverse culinary experience, making it an attractive destination for both travelers and diners seeking exceptional hospitality and dining services.

Eulogia's Balance Sheet as of 31st July, 2023:

Particulars	Amount in INR
Share Capital	12,00,00,000
Reserves and Surplus	5,59,46,887
Non-Current Liabilities	1,53,51,415
Current liabilities and provisions	1,21,57,853
Equity & Liabilities	20,34,56,155
Non-Current Assets	19,81,91,148
Current Assets	52,65,006
Total Assets	20,34,56,155

Eulogia's Statement of Profit & Loss for the 4 Months period ended 31st July 2023:

Particulars	Amount in INR
Revenue from Operations	2,37,93,187
Other Income	5,47,28,226
Total Revenue	7,85,21,413
Operating Expenses	2,25,98,497
EBITDA	5,59,22,916
Depreciation & Amortization	62,84,730
Finance Cost	5,03,959
Profit before Tax (PBT)	4,86,19,647

The Capital Structure of the Company as on 31st July, 2023:

Particulars	Amount (INR)
Authorized Share Capital	12,00,00,000
1,20,00,000 Equity Shares of Rs.10/- each	
Total	12,00,00,000
Issued, Subscribed, and Paid-Up Share Capital	12,00,00,000
1,20,00,000 Equity Shares of Rs.10/- each fully paid up	
Total	12,00,00,000

2. **Praveg Limited** (hereinafter also referred to as '**Praveg**' or '**Transferee Company**'), is a Listed Company bearing CIN L24231GJ1995PLC024809, was incorporated on February 28, 1995, under the provisions of Companies Act, 1956, with the registered office located at 214, Athena Avenue, Behind Jaguar Showroom, S. G. Highway, Gota NA, Ahmedabad, Gujarat, India.

The Transferee Company is listed and its shares are publicly traded on Bombay Stock Exchange (BSE).

The Transferee Company is primarily engaged in providing hospitality services and organizing events and exhibitions. It is a public-listed Indian company with an authorized share capital of ₹40,00,00,000.00 (₹40.00 Cr) and a paid-up capital of ₹22,09,40,550.00 (₹22.09 Cr).

Praveg Balance Sheet as of 31st July, 2023:

Particulars	Amount in INR
Share Capital	22,09,40,550
Reserves and Surplus	1,14,39,96,474
Non-Current Liabilities	35,39,709
Current liabilities and provisions	(11,05,63,497)
Equity & Liabilities	1,25,97,90,911
Non-Current Assets	66,84,89,429
Current Assets	59,13,01,482
Total Assets	1,25,97,90,911

Praveg Statement of Profit and Loss for the 04 Months period ended 31st July 2023:

Particulars	Amount in INR
Revenue from Operations	13,78,37,683
Other Income	60,85,658
Total Revenue	14,39,23,342
Operating Expenses	10,54,16,717
EBITDA	3,85,06,624
Depreciation & Amortization	2,55,22,733
EBIT	1,29,83,891
Finance Cost	6,05,360
Profit before Tax (PBT)	1,23,78,531

The Capital Structure of the Company as at 31st July, 2023:

Particulars	Amount (INR)
Authorized Share Capital	
4,00,00,000 Equity Shares of Rs. 10/-each	40,00,00,000
Total	40,00,00,000
Issued, Subscribed and Paid-up Share Capital	
2,20,94,055 Equity Shares of Rs. 10/-each fully paid up	22,09,40,550
Total	22,09,40,550

SHAREEXCHANGERATIO FOR AMALGAMATION

SHARE EXCHANGE RATIO FOR AMALGAMATION: -

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 requires the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format.

Valuation Approach	Methodology Applied	Eulogia Inn Private Limited (Transferor)			Praveg Limited (Transferee)		
		Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)	Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)
Asset	Adjusted Book Value	Nil	Nil	80.06	Nil	Nil	554.52
Market	Comparable Companies Multiples	50%	81.01		Nil	Nil	
	Market Price Method	Nil	Nil		100%	554.52	
Income	Discounted Cash Flow	50%	79.12		Nil	Nil	

Based on the above analysis, the share exchange ratio has been arrived at, and accordingly, the Transferee Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Transferor Company whose names are recorded in the Register of Members/ List of Beneficial Owners for shares of the Transferor Company on the Record Date.

Calculation Of Exchange Ratio		
Company Name	Praveg Limited (Transferee Company)	Eulogia Inn Private Limited (Transferor Company)
Equity Value Per Share (INR)	554.52	80.06
Exchange Ratio	27	187

“Praveg Limited” (Transferee Company) shall issue and allot 27 (Twenty-Seven) Equity Shares of Face Value of INR 10.00/- (Rupees Ten Each) each to Equity Shareholders of “Eulogia Inn Private Limited” (Transferor Company) for every 187 (One Hundred Eighty-Seven) Equity Share of Face Value of INR 10.00/- (Rupees Ten Each) each held by them in the Transferor Company.

Method of Valuation: There are three approaches to Valuation namely Income, Asset and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Adjusted Net Asset Value (NAV) Method	The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value.

		<p>In the current scenario, we have found it inappropriate to utilize the Net Asset Value (NAV) method for both companies. This decision stems from the method's inherent subjectivity, which make it less reliable in this context.</p>
Market	Comparable Companies Multiples (CCM) Method	<p>This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share, or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.</p> <p>With regard to the transferor Companyie Eulogia, which operates in the Hotel Industry, we have chosen to employ this methodology asin the Hotel Industry, the Price to Book Value multiple may reflect the Company's true value, as thismethod is pivotal in providing a comprehensive view of relative valuation of Hotel compared to their peers.</p> <p>In the case of the transferee companyiePraveg, it is publicly listed on the Bombay Stock Exchange (BSE) and experiences active trading. Therefore, in this case, we have deemed it appropriate to utilize the BSE's market price as the foundation for our valuation exercise, rather than relying on Comparable Multiples for the Transferee Company (VWAP of 90 days or 10 days).</p>
Income	Discounted Free Cash Flow (DFCF) Method	<p>DFCF method expresses present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that value of a business is measured in terms of future cash flow streams, discounted to present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to the Firm and discounting the same with the Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business. In this approach, appraiser estimates cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met.</p> <p>In the instant case, we have considered this methodology for the calculation of the equity value of transferor companyie Eulogia based on their future net cash flows. After considering their business plan, we have calculated the Equity value by adjusting their investment and cash balance on the date of valuation.</p>

CONCLUSION & OPINION

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

Judicial Pronouncements: -

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

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

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

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

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

Based on the facts of the case, we have valued **Eulogia Inn Private Limited (Transferor Company/ "EULOGIA")** and **Praveg Limited ("Transferee Company"/ "Praveg")** as per the Internationally Accepted Methodologies.

"Subject to the above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement for Amalgamation, the Valuation Report dated 25th October 2023 of Mr. Sagar Shah, Registered Valuer, with respect to the share exchange ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies".

CAVEATS

- We wish to emphasize that; we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Restructured Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in the Restructured Company/ies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.