

VALUATION ANALYSIS ISSUANCE OF EQUITY SHARES BLUE COAST HOTELS LIMITED



03rd September 2024

Strictly Private & Confidential



To,
The Board of Directors
Blue Coast Hotels Limited
S-1, D-39, N-66, Phase IV, Verna Industrial Estate,
Verna, South Goa, Goa, India, 403 722

Ref. No.: CPV/RV/2024-25/020

Subject: Valuation Analysis of Equity Shares of Blue Coast Hotels Limited ("Company") for the as per SEBI (ICDR) Regulations for the Issuance of Equity Shares

Dear Sir/Madam,

We, **Corporate Professionals Valuation Services Private Limited**, an Insolvency and Bankruptcy Board of India ("IBBI") Registered Valuer ("herein-after-referred as "Valuer") have been appointed as valuers by **Blue Coast Hotels Limited ("Company"/ "Client"/ "BCHL")** to assist in determination of the fair value of equity shares of the Company for allotment of Equity Shares.

The Company is listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and is not frequently traded on any recognized stock exchanges.

The underlying transaction is the issue of Equity Shares of the Company. **In accordance with Regulation 165 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018**, where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed. Accordingly, the Company has approached us to compute a valuation and other applicable laws.

Based on our valuation analysis of equity shares of **BCHL**, and subject to the notes and comments provided herein, we as Insolvency and Bankruptcy Board of India ("IBBI") Registered Valuer ("herein-after-referred as "Valuer"), hereby certify the equity value and value per equity share of the company at **INR (1,168.73) Million & INR (91.68) based on 30th June 2024 financials**.

In accordance to meet with the provisions of Companies Act, 2013, we recommend the value for issue of equity shares at its Face Value i.e. Rs. 10/- each.

This certificate is being issued for compliance with aforesaid regulatory purpose only and the value determined herein would be considered for determination of floor price for this purpose. We further undertake that we are an independent valuer having no present or future interest in any transaction of the Company.



Thanking you

Date: 03rd September 2024

Place: New Delhi

For Corporate Professionals Valuation Services Private Limited
(Registration No. IBBV/RV-E/02/2019/106)


Sanchit Vijay
(Director)



Enclosures:

Annexure I: Scope of Work

Annexure II: Valuation Approaches and Workings

Annexure III: Provisional Financial Statements ended June 30th, 2024

Annexure IV: Caveats

Annexure V: Fair Value per share of Blue Coast Hospitality Limited

Annexure VI: Fair Value per share of Golden Joy Hotel Private Limited

ANNEXURE I: SCOPE OF WORK

A. Purpose Of Valuation and Appointing Authority

Based on the discussions held with the Management we understand that the Company is proposing the issue of Equity Shares. The Company is infrequently traded company on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). In terms of Regulation 165 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ['SEBI (ICDR) Regulations'], where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies: Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

Thus, we, being a Registered Valuer, have been engaged as per the engagement letter 23rd August, 2024, we are issuing this certificate for compliance with Chapter V of SEBI (ICDR) Regulations.

B. Identity Of Client and Other Intended Users

Blue Coast Hotels Limited

S-1, D-39, N-66, Phase IV, Verna Industrial Estate,
Verna, South Goa, Goa, India, 403 722

C. Identity Of Valuer and Other Experts

Corporate Professionals Valuation Services Private Limited

Registered Valuer (IBBI)
Registration No. IBBI/RV-E/02/2019/106

D. Background Information of The Asset Being Valued

The Company was incorporated as a Public Limited Company on 27th July 1992 in Delhi and obtained Certificate of Commencement of Business on 07th September 1992. The Name of the Company was changed from Blue Coast Hotels and Resorts Limited to Blue Coast Hotels Limited with effect from 29th October 2009.

BCHL forayed into the Hospitality sector in 1996. Blue Coast Hotels as an Asset Manager oversees assets that are owned. Duties include implementation, negotiation and monitoring asset programs. The aim is to increase revenue and asset values through identified efficiencies and savings. Reports are prepared and then performed analysis to proactively identify potential delinquencies and revenue losses. Review and update of current policies is made from time to time.

E. DATES

- **Date of Appointment** – 23rd August 2024 as per Engagement Letter
- **Valuation Date** – Based on Provisional Financial Statements ended June 30th, 2024.
- **Date of Report** – 03rd September 2024
- **Base of value** – Fair Value
- **Valuation Currency** – INR



F. Procedures Adopted and Valuation Standards Followed

We have performed this valuation in accordance with the internationally accepted valuation standards and customary valuation practices in India for such purposes.

G. Nature And Sources of Information Used or Relied Upon

We have reviewed the following documents including but not limited to:

- Discussions with the KMPs.
- Provisional Financial Statements of June 30th, 2024
- Information in the public domain; and
- Management Representation

H. Extent Of Investigation Undertaken

We have taken due care in performing valuation procedures However, we would like to expressly state that though we have reviewed the financial data for the limited purpose of valuation assessment, but we have not performed an Audit and have relied upon the historical (P&L Account and Balance Sheet) as prepared and submitted to us by the management of the company



ANNEXURE II: VALUATION APPROACHES AND WORKINGS

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

Approach	Valuation Methodologies	Basis of Consideration
Asset	Net Asset Value (NAV) Method	<p>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. However, this methodology recognizes the historical cost of net assets only without recognizing its present earnings, the comparative financial performance of its peers and their enterprise values, etc. Therefore, in general, Net Asset Value only reflects the minimum proxy value of the company.</p> <p>In the instant case, the company is engaged in the Hospitality Industry and currently the Company does not have any operations and is incurring heavy losses. Since, the company have huge quantum of investment in securities and generating other income from those investment along with presence of fixed assets, we have considered this methodology for the Valuation to determine the fair value of the company based on its assets only.</p>
Market	Company Comparable Multiple (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>In the instant case, the Company does not have any operations and is incurring heavy losses with negative EBITDA and PAT margins, we deemed it suitable to avoid this methodology for the valuation exercise.</p>
Income	Discounted Free Cash Flow (DFCF) Method.	<p>The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the 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 the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex are being met.</p> <p>In the instant case, the Company does not have any operations and is incurring heavy losses, hence, making it difficult to ascertain its future course and outlook for the company. Therefore, in the absence of proper future projections, we deemed it suitable to avoid this methodology for the valuation exercise.</p>



Computation of Equity value**Asset Approach**

Net Asset Value (NAV) Method:

BLUE COAST HOTELS LIMITED	
Particulars	All Amount INR Million
Equity Share Capital	127.49
Reserves and Surplus	(1,372.15)
Net Asset Value as on 30.06.2024	(1,244.66)
Appreciation / (Diminution) of investment*	37.42
Appreciation / (Diminution) of Land **	38.51
Adjusted Networth	(1,168.73)
No. of Shares	12,748,457.00
Value per Equity share (INR)	(91.68)

***Appreciation/(Diminution) of investment:**

Particular	No of Units	Book Value	Fair Value	Appreciation/(Diminution)
INVESTMENTS (NON-CURRENT)				
A. Trade Investments				
Blue Coast Hospitality Ltd (Note 1)	50,000.00	0.50	38.42	37.92
Golden Joy Hotel Pvt. Ltd (Note 2)	50,000.00	0.50	-	(0.50)
B. Other Investments				
Dombvli Nagari Sehkari Bank Limited (Note 3)	4,020.00	0.20	0.20	-
C. Investments in Equity & ETF (At Market Value) (Note 4)				
Investments in Equity		3.30	3.30	-
Investments in ETF Fund		1.38	1.38	-
Appreciation in Investment		2.93	2.93	-
D. Investments in Mutual Funds (At Market Value) (Note 4)				
Axis Liquid Fund		3.12	3.12	-
Total		11.93	49.35	37.42

Notes:

1. Refer Annexure V for the fair value per share of Blue Coast Hospitality Limited
2. Refer Annexure VI for the fair value per share of Golden Joy Hotel Private Limited
3. As provided by the management, we have taken the Book Value of other investments in Dombvli Nagari Sehkari Bank Limited as its Fair Market Value.
4. The Market Value of Investments in Equity & ETF and Mutual funds has been provided by the management of the company.



****Appreciation / (Diminution) of Land:**

Particular	Book Value	Fair Value	Amount in INR Million
			Appreciation / (Diminution)
Land	1.16	39.67	38.51
Total	1.16	39.67	38.51

Fair Market Value (FMV) of land is provided by the Registered Valuer, named Himanshu Sharma (IBBI/RV/02/2023/15323, dated 27 August 2024, provided to us by the management of the company.

Based on our valuation analysis of equity shares of **BCHL**, and subject to the notes and comments provided herein, we as Insolvency and Bankruptcy Board of India (“IBBI”) Registered Valuer (“herein-after-referred as “Valuer”), hereby certify the equity value and value per equity share of the company at **INR (1,168.73) Million & INR (91.68)** based on 30th June 2024 financials.

In accordance to meet with the provisions of Companies Act, 2013, we recommend the value for issue of equity shares at its Face Value i.e. ~~Rs. 10/-~~ each.



Annexure III: Provisional Financial Statements ended June 30th, 2024Provisional Balance Sheet as of 30th June 2024:

Particulars	Amount in INR Million
Equity Share Capital	127.49
Other Equity	(1,372.15)
Total Equity	(1,244.66)
Non-Current Liabilities	332.00
Current Liabilities	985.65
Total Equity and Liabilities	72.98
Non-Current Assets	17.78
Current Assets	55.20
Total Assets	72.98

Provisional Profit and Loss Statement for 03 months period ending on 30th June 2024:

Particulars	Amount in INR Million
Revenue from Operations	-
Other Income	0.98
Total Income	0.98
Total Operating Expenses	3.28
EBITDA	(2.30)
Depreciation & Amortization	0.23
Finance Cost	10.38
Profit Before Tax (PBT)	(12.90)



Annexure IV: Caveats

- This Valuation Report has been issued on the specific request of “**Blue Coast Hotels Limited**” for determining the value of the Equity Share of the Company for the Issuance of Equity Shares in accordance with the SEBI (ICDR) Regulations. This Report is prepared exclusively for the above-stated purpose and must not be copied, disclosed, circulated, or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without our prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- In Accordance with the customary approach adopted in the Valuation exercise, we have summarized the Valuation Analysis of equity shares of the Company based on the information as was provided to us by the management of the Company both written, verbal, and other publicly available information. We do not assume any responsibility for the accuracy or reliability of such documents on which we have relied in forming our opinion.
- This Report does not investigate the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- We have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors, or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- Our valuation report should not be construed as investment advice; specifically, we do not express any opinion on the suitability of or otherwise of entering into the proposed transactions.



Annexure V: Fair Value per share of Blue Coast Hospitality Limited as on 30th June 2024

BLUE COAST HOSPITALITY LIMITED	
Particulars	All Amount INR Million
Equity Share Capital	0.50
Reserves and Surplus	(1.42)
Net Asset Value as on 30.06.2024	(0.92)
Appreciation / (Diminution) of Land*	39.34
Adjusted Networkth	38.42
No. of Shares	50,000
Value per Equity share (INR)	768.42

* *Appreciation / (Diminution) of Land:*

Particular	Book Value	Fair Value	All Amount INR Million
			Appreciation / (Diminution)
Land	20.40	59.74	39.34
Total	20.40	59.74	39.34

Fair Market Value (FMV) of land is provided by the Registered Valuer, named Himanshu Sharma (IBBI/RV/02/2023/15323, dated 27 August 2024, provided to us by the management of the company



Annexure VI: Fair Value per share of Golden Joy Hotel Private Limited as on 30th June 2024

Golden Joy Hotel Private Limited	
Particulars	All Amount INR Million
Equity Share Capital	0.50
Reserves and Surplus	(25.98)
Net Asset Value	(25.48)
Appreciation/(Diminution) of Investment	-
Adjusted Networkth	(25.48)
No. of Equity Shares	50,000
Value per Equity share (INR)	(509.70)*

*Kindly note that the Value per Equity Share has been calculated at **INR (509.70)/-**. However, due to the limited liability nature of equity shareholders, the Value per Equity Share cannot be negative, as the maximum loss a shareholder can incur is limited to their original investment. Given this limitation, it is impossible for shareholders to bear a loss exceeding their investment. Therefore, considering the principle of limited liability and ensuring an accurate representation of shareholder risk, we have determined that the Fair Value per Equity Share should be set at **Nil**.

