

**6<sup>th</sup> August 2024**

**CERTIFICATE ON FAIR MARKET VALUE OF EQUITY SHARES OF URBANEDGE HOTELS PRIVATE LIMITED UNDER RULE 11UA/11UAA OF INCOME TAX RULES, 1962 READ WITH SECTION 56(2)(X) and 50CA OF THE INCOME TAX ACT, 1961**

This valuation has been conducted for determining the fair market value of equity shares of **UrbanEdge Hotels Private Limited** ('the Company' or 'UHPL'), registered under the Companies Act, 1956 with Corporate Identification Number U55101TN2006FTC061377, having its registered office at Ground Floor, No. 4/1, Kapaleeswara Nagar Neelankarai Village, Kalaignar Karunanid, hi Salai, Chennai, Tamil Nadu, India, 600041 in accordance with Rule 11UA/11UAA of Income Tax Rules, 1962 read with Section 56(2)(X) and 50CA of the Income Tax Act, 1961.

The Company was incorporated on October 26, 2006. The Company is engaged in the business of owning and operating hotels under the brand name Aloft Whitefield.

We understand from the Management of UHPL (hereinafter referred to as 'the Management') that existing shareholders proposes to transfer the equity shares held in the Company to Ventive Hospitality Private Limited. It is in this regard, the parties to the transaction intend to determine the fair market value of equity shares as per Section 56(2)(X)/Section 50CA of the Income-tax Act, 1961 ('the Act') read with Rule 11UA/11UAA of Income-Tax Rules, 1962 ('the Rules') (hereinafter collectively referred to as 'the Regulations').

Section 56(2)(X) of Income Tax Act, 1961 provides that where a person receives any property (including shares and securities of the Company), the consideration for such transaction should not be less than fair market value of such property, which is to be determined in accordance with Rule 11UA of Income Tax Rules, 1962.

Section 50CA of Income Tax Act, 1961 provides that where consideration received or accruing as a result of the transfer by an assessee of a capital asset, being share of a company other than a quoted share, is less than the fair market value of such share determined in accordance with Rule 11UAA of Income Tax Rules, 1962, the value so determined shall, for the purposes of section 48, be deemed to be the full value of consideration received or accruing as a result of such transfer.

Further, Rule 11UA/11UAA of Income Tax Rules, 1962 provides the valuation methodology for the determination of fair market value of such property.



We have conducted the valuation in accordance with the valuation methodology prescribed under Rule 11UA/11UAA of the Income-Tax Rules, 1962 read with Section 56(2)(X)/Section 50CA of the Income-Tax Act, 1961 based on the unaudited provisional financial statements of the Company for the period ended 31<sup>st</sup> March 2024 and informed giving effect to the material events as informed by the management.

Accordingly, it is hereby certified that based on the aforementioned valuation method, in our opinion and based on the information and explanation given to us and documents produced before us and subject to the key assumptions stated as notes to the detailed workings, the fair market value of one fully paid up equity share of the Company having a face value of INR 10 computed in accordance with the aforesaid Regulations as at 31<sup>st</sup> March 2024 is **INR 12.79 (Rupees Twelve and Seven Nine Paise)** per equity share.

The computation of the fair market value in accordance with the provisions of Rule 11UA/Rule 11UAA of the Rules is attached as "**Annexure A**".

For Transaction Square LLP



Abdul Barrister  
Date: August 06, 2024



**Annexure "A"**

**Determination of Fair Market Value per Equity Share of Urban Edge Hotels Private Limited in accordance with Rule 11UA/Rule 11UAA of the Income tax Rules, 1962 read with section 56(2)(X)/50CA of the Income-tax Act, 1961**

**Based on unaudited provisional financial statements for the period ended 31<sup>st</sup> March 2024**

**Amount in INR Crore**

S. No.	Particulars	Mar-24
<b>A</b>	Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance-sheet	23.45
<b>Less:</b>	(i) any amount of income tax paid less the amount of income tax refund claimed, if any (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset	
	<b>Sub Total (A)</b>	<b>23.45</b>
<b>B</b>	Fair market value of any jewellery and artistic work on the basis of valuation report obtained from a registered valuer	-
<b>C</b>	Fair market value of shares and securities	
<b>D</b>	Value adopted by any authority or Government for purpose of stamp duty for immovable property	109.30
<b>L</b>	Book value of liabilities shown in the balance sheet excluding i) paid-up capital in respect of equity shares; ii) amount set apart for payment of dividend; iii) reserves and surplus; iv) provision for tax and other expenses; v) provision for meeting unascertained liabilities; vi) amount representing contingent liabilities	6.11
	<b>Net asset value (A+B+C+D-L)</b>	<b>126.63</b>
<b>PE</b>	Total amount of paid-up equity share capital as shown in balance sheet	99.01
<b>PV</b>	Paid-up value of equity shares (INR per share)	10
	<b>Fair market value per unquoted equity shares (A+B+C+D-L) *(PV)/(PE) (INR per share)</b>	<b>12.79</b>



**Notes:**

1. Section 56(2)(X)/Section 50CA of the Income-Tax Act, 1961, read with Rule 11UA/11UAA of the Income-Tax Rules, 1962, prescribes the valuation of shares as on the date of transfer. However, as the audited standalone financial statements as of the date of transfer were not available, we have conducted the valuation in accordance with the valuation methodology prescribed under the Regulations, based on the unaudited provisional financial statements of the Company for the period ended 31<sup>st</sup> March 2024, except where specifically provided under the notes.
2. The Management has represented that there are no amounts set apart for payment of dividends on shares of the Company.
3. The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair value under Rule 11UA for the Company.
4. The Management is in full agreement with the information provided to us regarding the Company from time to time, based on which we have performed the valuation analysis.
5. All the assets appearing in the books of accounts of the Company are realizable in the normal course of business and there are no write downs required in relation to the same.
6. All known liabilities have been recorded in the books of accounts of the Company and can be considered as such for the valuation exercise.
7. For, the purpose of determining the stamp duty of the immovable property, we have entirely relied on the stamp duty value workings provided by the Management for the purpose of arriving at the Fair Market Value of Equity Shares under Rule 11UA as per the stamp duty working given below;

Stamp Duty	Amount in INR
Building	79,93,11,114
Land	29,36,41,406
<b>Total</b>	<b>1,09,29,52,520</b>

8. As of March 2024, the Company reported various classes of Equity shares and Preference shares in the financial statement. However, as of the valuation date, the Company has converted all classes of Equity and Preference shares into Ordinary Equity shares. Accordingly, for the purpose of the valuation exercise, we have considered the following revised shareholding.

Name of shareholders	No. of shares	Share Capital	% holding
Balewadi Techpark Private Limited	9,77,18,215	97,71,82,150	98.69%
Auromatrix Hotels Private Limited	12,93,380	1,29,33,800	1.31%
Atul Chordia	1	10	0.00%
<b>Total</b>	<b>9,90,11,596</b>	<b>99,01,15,960</b>	<b>100.00%</b>

