

VALUATION REPORT
OF
CHEELIZZA PIZZA INDIA PRIVATE LIMITED
CIN: U15400MH2021PTC355218
VALUATION OF COMPULSORY CONVERTIBLE
PREFERENCE SHARES

PREPARED BY -
NITIN KHANDELWAL
REGISTERED VALUER
IBBI Reg. No: IBBI/RV/06/2019/II980
M. No: ICAIRVO/06/RV-P00I66/2019-20

To

The Board of Directors

CHEELIZZA PIZZA INDIA PRIVATE LIMITED

Cheelizza, GF, Ganesh Prints, Kothari Compd Opp.

Mahalaxmi Farsan JM Temple Rd Saki Naka,

Andheri East, Mumbai, Maharashtra- 400072, India

Subject: Valuation of Compulsory Convertible Preference Shares for the purpose of conversion of Compulsorily Convertible Debentures into Compulsory Convertible Preference Shares ("CCPS").

We refer to our engagement letter dated January 04, 2025 for carrying out the valuation analysis of Compulsory Convertible Preference Shares ("CCPS") of CHEELIZZA PIZZA INDIA PRIVATE LIMITED (here-in-after referred as "Company" or "CPIPL") for the purpose of conversion of existing Compulsorily Convertible Debentures ("CCD's") into Compulsory Convertible Preference Shares ("CCPS").

In accordance with the terms of the engagement, I am enclosing our report along with this letter.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of Company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of NITIN KHANDELWAL (Registered Valuer). Such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures 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

NKhandelwal



NITIN KHANDELWAL

Registered Valuer

IBBI Reg. No: IBBI/RV/06/2019/11980

ICAIRVO/06/RV-P00166/2019-20

Date: January 10, 2025

Place: Jaipur

UDIN:

2	5	4	1	4	3	8	7	B	M	G	Y	C	H	1	6	2	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

1. EXECUTIVE SUMMARY

a) Introduction:

Cheelizza Pizza India Private Limited is company registered under the Companies Act, 2013.

As informed by the management of CPIPL, the company is engaged in supply of food and beverages through its dine-in restaurants and take away/delivery orders.

Corporate Information

Company Name	CHEELIZZA PIZZA INDIA PRIVATE LIMITED
CIN	U15400MH2021PTC355218
ROC Code	RoC-Mumbai
Company Category	Company limited by Shares
Company Sub Category	Non-govt company
Class of Company	Private
Date of Incorporation	12-Feb-2021
Registered Address	Cheelizza, GF, Ganesh Prints, Kothari Compd Opp. Mahalaxmi Farsan JM Temple Rd Saki Naka, Andheri East, Mumbai, Maharashtra- 400072, India
Whether Listed or not	Unlisted
Website	https://www.cheelizza.com/

b) The Share Capital of the Company as on December 31, 2024 was as under:

Particulars	Amount in Lakhs
Authorized Share Capital	
13,900 Equity Share of Rs. 10/- Each	1.39
2,100 Preference Shares of Rs 10/- each	0.21
Issued, Subscribed & Fully Paid-up Share Capital	
11,765 Equity Shares of ₹10/- each fully paid up	1.18
1,346 CCPS of ₹10/- each fully paid up*	0.13

*As informed by the management of the company, the CCPS are convertible in Equity Shares in the ratio of 1:1.

c) The Shareholders of the company holding 5% of more Equity Shares as on December 31, 2024 are as under:

S. No.	Name of Shareholders	No. of Shares	% Shareholding
1	Animesh Lodha	9,624	81.80%
2	Rruchi Foods Plaza Pvt Ltd	1,765	15.00%
	Total	11,389	96.80%

None of the CCPS holders are holding 5% or more CCPS of the company as on December 31, 2024.



d) The Directors of the company as on December 31, 2024 were as under:

S. No.	Name of Directors	DIN	Date of Appointment
1	Animesh Lodha	06570308	12-Feb-2021
2	Aatish Lodha	09066573	12-Feb-2021

e) Financial Performance:

Particulars	Amount in Lakhs	
	Provisional December 31, 2024	Audited March 31, 2024
Share Capital	1.32	1.32
Reserves and Surplus	(519.03)	(170.44)
Fixed Assets	428.41	593.43
Revenue from Operations	1623.45	1812.63
Profit/Loss after Tax	(348.59)	(509.11)

2. PURPOSE OF VALUATION

Management of the company wishes to determine the Fair Value per CCPS of the company on diluted basis for the purpose of Conversion of existing CCD's into CCPS as per the provisions of the Companies Act, 2013.

3. APPOINTING AUTHORITY

I have been appointed by the Board of Directors of CPIPL to determine the Fair Value per CCPS of the company.

4. SCOPE OF WORK

Management of CPIPL appointed NITIN KHANDELWAL, IBBI Registered Valuer (RV) to undertake the valuation to determine the Fair Value per CCPS of the company as on valuation date.

5. DISCLOSURE OF VALUER INTEREST

I have no present or prospective contemplated financial interest in CPIPL and I have no personal interest with respect to the Promoters and/or Board of Directors of CPIPL. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement. My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

6. IDENTITY OF THE REGISTERED VALUER

NITIN KHANDELWAL is a Registered Valuer as required under The Companies (Registered Valuers & Valuation) Rules, 2017. NITIN KHANDELWAL is registered with Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/06/2019/11980.

Registered Valuer's primary membership is registered with ICAI Registered Valuers Organization vide registration no ICAIRVO/06/RV-P00166/2019-20.



7. VALUATION STANDARDS

The Fair Value has been arrived in accordance with the valuation standard adopted by ICAI Registered Valuers Organisation.

8. VALUATION DATE

The Fair Value has been arrived as on December 31, 2024 as per the data and information provided by the Company.

9. LIMITATION, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMER

- a) In the course of our analysis, we have relied on financial and operational data provided by management of CPIPL, together with information from public sources. While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of the company. We assume that management of CPIPL have not omitted or misstated any factors of relevance. Any such omissions or misstatements may materially affect our conclusions. We take no financial or legal responsibility for the completeness or accuracy of the information that this report is based on. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- b) The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There can therefore be no standard formulae to establish an indisputable value, although certain appropriate formulae are useful in establishing reasonableness. The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the face of the Balance Sheet but could strongly influence the value. There is, therefore, no indisputable single value. Whilst we consider our value to be both reasonable and defensible based on the information available to us, others may place a different value on the equity shares of the business.
- c) In furnishing the Report, we reserve the right to amend or replace the Report at any time. Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.
- d) **This Report does not look into 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.**



- e) Our conclusions are based on the assumptions and both written and verbal information given by or on behalf of CPIPL and reliance on public information. The Management of CPIPL has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis; results. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Accordingly, we assume no responsibility for any errors in the information furnished by CPIPL and their impact on the Report.
- f) The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein. 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 herein, which might be relevant in the context of the transaction and which a wider scope might uncover.
- g) We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion on the Valuation, **This Report is not a substitute for the third party's own due diligence; appraisal; enquiries; independent advice that the third party should undertake for his purpose.** The actual market price achieved may be higher or lower than our estimate of value depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which any agreement proceeds. **The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.**

10. APPROACH AND METHODOLOGY

It should be understood that the valuation of any company / business or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of CPIPL. Further, this Valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of CPIPL, and other factors which generally influence the valuation of companies and their assets.

There are various methods adopted for valuation of the Company. Certain methods are based on asset value of an entity while certain other methods are based on the earnings potential of the company. Each method proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the methods to be adopted for a particular valuation exercise must be judiciously chosen.



1. Valuation of Equity Shares:

The following are commonly used and accepted methods for determining the value of the equity shares of a company / business:

a) Market Approach-

i. Market Price Method

The market price of a share as quoted on a stock exchange is normally considered as the fair value of that company where such quotations are arising from the securities being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the share. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of that share, especially where the market values are fluctuating in a volatile capital market.

In the present case, the Market Price Method is not applicable, as the shares of the Company are not listed on any recognized stock exchanges as on valuation date.

ii. Comparable Companies Multiple (CCM) Method

Under this method, value of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc. between the circumstances.

Given this background, we have not adopted the CCM approach for the purpose of the Valuation.

b) Asset Approach - Replacement Cost Method

The asset-based valuation technique 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. Such value generally represents the support value in case of profit-making business and thus, has limited relevance in the valuation of the business of a going concern as it ignores the future return the assets can produce. This method is considered to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings

In the present case, the Company is proposing to convert the existing CCD's into CCPS as per the conversion terms mentioned in the CCD Subscription Agreement. Hence, we have not considered this method since the conversion price is calculated based on the agreement.

c) Income Approach - Discounted Cash Flows ('DCF') Method

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

The sum of the discounted value of such free cash flows for the explicit forecast period and the perpetuity value thereafter is the value of the firm.

In the present case, the Company is proposing to convert the existing CCD's into CCPS as per the conversion terms mentioned in the CCD Subscription Agreement. Hence, we have not considered this method since the conversion price is calculated based on the agreement.

2. Valuation of CCPS:

As per Section 62 of the Companies Act 2013 read with Rule 13 (3) of the Companies (Share Capital and Debenture) Rules 2014, the price of shares or other securities to be issued on preferential basis shall not be less than the price determined on the basis of valuation report of a registered valuer.

In valuing the CCPS's proposed to be issued by the company upon conversion of CCD's, the terms at which the CCPS's are proposed to be issued are relevant. As informed by the management, the company proposes to issue CCPS's having Face Value of Rs. 10/- each which are Compulsorily Convertible into Equity Shares in the pre-defined ratio of 1:1 i.e. for every 1 CCPS, the investor will get 1 Equity Share on or before the conversion date.

Particulars	Amount
Fair Value per Equity Share on Diluted Basis (As per Annexure I)	50186.80
CCPS to Equity Conversion Ratio	1:1
Fair Value per CCPS	50186.80

11. CONVERSION VALUE

The existing CCDs proposed to be converted was issued to the investors based on the CCD Subscription Agreement dated September 29, 2023 executed between the Company and Investors.

The relevant terms as defined in the said agreement is produced below:

“Series A CCD” shall mean compulsorily convertible debentures carrying interest of 0.01% per annum of INR 1 (Indian Rupees 1 only) per compulsorily convertible debentures of the Company to be subscribed by the CCD Investors as per the provisions of applicable law and terms of this Agreement.

“Series A CCPS” shall mean Series A compulsorily convertible preference shares of the Company to be issued by the Company upon conversion of the Series A CCDs during the Qualified Financing Round as per the terms of this Agreement.

“Share(s)” means Equity Shares, Series A1 CCPS, Series A2 CCPS, Series A3 CCPS and Series A CCPS and any other Securities as may be issued by the Company from time to time.

“Pre-Money Floor Valuation” of the Company for the purpose of Series A CCDs is INR 70,00,00,000 (Indian Rupees Seventy Crores).



“Pre-Money Cap Valuation” of the Company for the purpose of Series A CCDs is INR 140,00,00,000 (Indian Rupees One Hundred Forty Crores).

“Qualified Financing Round (QFR)” shall mean the subsequent investment round of at least USD 2,000,000 (United States Dollars Two Million), to be raised by the Company within 18 (eighteen) months from the Second Closing Date.

As per clause 7.1 of the said agreement, *the Series A CCDs (principal amount plus the accrued interest) shall be convertible into fully paid-up Series A CCPS of the Company at the Qualified Financing Round which shall be determined by the Discount Rate on the Conversion Price at which each Security is issued in the Qualified Financing Round of financing.*

Further as per clause 7.2 of the said agreement, *the Conversion of Series A CCDs into Series A CCPS shall be as per the table set out below:*

Timeline	Conversion Terms
If the Company raises the Qualified Financing Round within 18 (eighteen) months from the Second Closing Date	subject to the Pre-Money Cap Valuation and Pre-money Floor Valuation, 1% (One percent) discount per month on the Securities to be issued in the Qualified Financing Round
In case if the Company is unable to raise the Qualified Financing Round within 18 (eighteen) months from the Second Closing Date	CCD Investors shall be entitled to convert the Series A CCDs into Series A CCPS at Pre-Money Floor Valuation.

Also, Schedule 2.1 states that *“The Series A CCDs shall be convertible at the option of the holder as per the terms of this Agreement”*.

As informed by the management of the Company, they have not raised any funding since the Second Closing Date which could be classified under QFR and the Investor has requested to convert the existing CCDs to CCPS. Accordingly, the Company in its Board Meeting dated December 24, 2024 has approved for conversion of CCDs to CCPS.

Since the company has not raised any QFR since the second closing date and the investors has voluntarily requested for conversion of CCD to CCPS, the same shall be converted at floor valuation as defined in the CCD Subscription Agreement i.e. Rs. 70 Crores.



12. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON

For the purpose of this valuation, we have relied upon the under mentioned information and other data supplied by the management of the Company and other sources believed to be reliable:

- Audited Financial statement for year ended March 31, 2024.
- Management Certified Provisional Financials for the period ended December 31, 2024.
- Management Representation Letter dated January 06, 2025.
- CCD Subscription Agreement dated September 29, 2023.
- Terms of Issue of CCPS upon conversion of CCD's.
- Such other information and explanation as may be required by us and provided by the management. We have also placed reliance on the verbal explanations and information given to us by the Promoters/ Directors of the Company.

13. CONCLUSION

Based on the information provided by the Company, the valuation techniques adopted above and the CCD Subscription Agreement we conclude that-

- The Fair Value per CCPS of Face Value Rs. 10/- each fully paid up based on 1:1 conversion ratio comes to **Rs. 50186.80/-**.
- The CCDs are to be converted into CCPS that are further convertible in Equity Shares in the ratio 1:1. Hence, the CCD conversion price comes to **Rs. 50186.80/-**.

14. CONFIDENTIALITY

This report and the information contained herein are absolutely confidential and are intended for the sole use and information of the shareholders and the Board of Directors of CPIPL and for providing select information, only in connection with the purpose set out in the report. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued.

N. Khandelwal



NITIN KHANDELWAL
Registered Valuer
IBBI Reg. No: 15101/2019/11980
ICAIRVO/06/RV-P00166/2019-20
Date: January 10, 2025
Place: Jaipur

UDIN:

2	5	4	1	4	3	8	7	B	M	G	Y	C	H	1	6	2	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Annexure-I

Calculation of Fair Value per Equity Share on diluted basis

Particulars	Values
Conversion Value (Amt in Lakhs)	7000.00
Number of Equity Shares (Diluted) – Note 1	13948
Fair Value per Equity Share (in Rs.)	50186.80

Note 1: Calculation of Diluted Number of Equity Shares

Particulars	No. of shares	Diluted Shares
Equity Shares	11,765	11,765
ESOP	676	676
Compulsory Convertible Preference Shares	1,507	1,507
Total Diluted No of Equity Shares		13,948

