Valuation Report

Of

Business

Of

Ashwini Medical Centre

Prepared by

Navigant Corporate Advisors Limited

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SEBI Registered Category I Merchant Banker

SEBI Registration No: INM000012243

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Notice to Reader

This report is prepared by Navigant Corporate Advisors Limited (Navigant) solely for the purpose of estimating the indicative valuation of Ashwini Medical Centre ("AMC" / "Entity"). Navigant has been appointed by AMC. This report is not to be used, circulated and quoted otherwise than for the purpose stated herein. This report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. This report has been prepared solely for the purpose set out in this report and should not be reproduced (in part or otherwise) in any other document whatsoever without Navigant's specific written consent.

Navigant has relied on such data, information, etc. as was necessary deemed for the purpose of this assignment which has been made available to Navigant by the management of the AMC.

For the purpose of this assignment, Navigant has relied on the statements; information and explanation provided by the management of the AMC and has not tried to evaluate the accuracy thereof.

Navigant's work does not constitute certification or due diligence of the past working results of companies and Navigant has relied upon the information provided to it by the entity as set out in their audited/provisional financials and working results.

Navigant has not carried out any physical verification of the assets and liabilities of the entity and takes no responsibility on the identification, availability and valuation of such assets and liabilities.

The valuation of this entity has been carried out for the express purpose as mentioned in scope of assignment and may not be applicable or referred to or quoted in any other context.

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1. Overview of Entity

M/s Ashwini Medical Centre" is located in Anand. With this acquisition, we have expanded our footprints in Anand. As is with our past acquisitions, we look to leverage our knowledge, experience and business know how to grow into newer region and create value offerings. In addition, this hospital helps us to offer new super specialty department such as cardiology, urology, oncology and nephrology which expands our regional footprints.

Key financial and operational parameters in relation to the business operations of the proposed acquisition have been provided below:

Particulars	**Ashwini Medical Centre**
Track record (in years)	16 years
Number of doctors	6
Number of nursing staff	25
Number of beds	50 (including 11 ICUs)
Number of operational beds	25 (including 11 ICUs)
Number of modular operational theatres	2
Major Equipments	Laparoscopic and Arthroscopic equipments

2. Purpose of Valuation:

AMC has approached Navigant Corporate Advisors Limited ("Navigant/ Valuer") to provide a fair valuation of AMC for internal management purpose through Discounted Cash flow method on arm's length basis as on 31st December, 2024 (Valuation date).

3. About Valuer:

Navigant Corporate Advisors Limited (hereinafter referred to as "Navigant/valuer") is a Public Limited Company incorporated under the provisions of Companies Act, 1956 with the Registrar of Companies, Mumbai. Our Company is a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI), Mumbai with Registration No.: INM000012243.

4. Valuation Methodology:

General Principle for Valuation: There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

There are various methods adopted for valuation of the entity. Certain methods are based on asset value of an entity while certain other methods are based on the earnings potential of the entity. 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.

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4.1 NET ASSETS VALUE ('NAV') METHOD

The Net Assets Method represents the value with reference to historical cost of assets owned by the entity and the attached liabilities on the valuation date. 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. In the present case, the business of entity is intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Net Assets Method is not adopted for the present valuation exercise.

4.2 COMPARABLE COMPANIES MULTIPLE METHOD

The Comparable Companies Multiple Method arrives at the value of the entity 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, entity dynamics, etc. The Enterprise Value (EV) to Earnings before Interest Tax Depreciation and Amortization (EBITDA) Multiple of comparable listed companies are used for the present valuation exercise.

We have not considered this methodology in the Analysis as we understand that there is no Comparable Listed entity for the project at this stage.

4.3 DISCOUNTED CASH FLOW (DCF) METHOD

The Discounted Cash Flow (DCF) Method values the entity by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows to the Equity represents the cash available for distribution to owners of the entity. The free cash flows are discounted by Cost of Equity (Ke/ CoE).

The CoE represents the returns expected by the investors of equity. The present value of the free cash flows during the explicit period and the perpetuity value indicate the value of the entity.

Keeping in mind the context and purpose of the report, we have used the DCF method as it captures the growth potential of the business going forward. We have used this method to calculate the value of business of the entity based on the financial projections provided by the entity, appropriately pruned down by us in view the economic environment and uncertainty involved with future estimates.

4.4 MARKET PRICE ('MP') APPROACH

The market price of a share as quoted on a stock exchange is normally considered as the fair value of where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. In the present case, the Market Price Method is not Applicable, as the there is no shares of the entity that are not listed on any recognized stock exchanges as on date.

<u>Methodology adopted:</u>
For the purpose of the present valuation exercise, we have considered fit to use Discounted Cash Flow (DCF) Method for determining the fair value of business of the entity.

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5. Basis of Valuation:

Our valuation exercise is based on the following information received from the Management:

a) Financial statements for the period as on 31st December, 2024.

b) Projections of the entity comprising of Balance Sheet, Profitability statements from FY 2024-2025 to FY 2028-2029 as provided to us by the Management of AMC.

c) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook of the entity / industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.

d) Such other information and explanations as we have required and which have been provided by the Management.

6. Valuation Assumptions:

The value of business of the entity under DCF Approach has been arrived at as follows:

Valuation under DCF method is based on management certified financial statements for the period ended 31st December, 2024 and Projections of the entity comprising of Balance Sheet, Profitability statements from FY 2024-2025 to FY 2028-2029 ("explicit period") as provided to us by the Management.

For the explicit period, free cash flows from the owner fund have been arrived at as follows:

- Profits after Tax as per the projections have been considered.
- Depreciation & amortization on fixed assets have been added.
- Increase in borrowings have been added.
- Fund requirements for incremental working capital and capital expenditure have been reduced from the cash earnings of the respective years.

  - Cost of Equity is worked out using the following formula:
    - Risk Free Return + (Beta x Equity Risk Premium) + Additional Risk Premium;
    - The risk-free rate of return is taken at 6.87% based on Indian government bond rate for 10 years – *source, (https://countryeconomy.com/bonds/india?dr=2024-12).*
    - Industry unleveraged Beta is considered as 0.71.
    - Based on qualitative analysis of long term, Market risk premium is arrived – *source,* CAGR of BSE Sensex S&P 500 from 1st February, 1999 to 31st December, 2024 i.e. 7.85% - *Source: www.bseindia.com*;
    - Additional risk premium of 3.00% has been considered based on size of AMC and uncertainty on achievement of projected financials;
    - Based on the above, the Cost of Equity is determined to be 15.41%.

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- After the explicit period, the business will continue to generate cash. In DCF Method, therefore, perpetuity value is also considered to arrive at the enterprise value. For arriving at the perpetuity value, we have considered a growth rate of 2.00% *based on management estimate*.
- The discounted perpetuity value is added to the discounted cash flows for the explicit period to arrive at the gross value.
- Appropriate adjustments have been made for cash and cash equivalents to arrive at the Value.
- Since AMC is an unlisted entity, discount for lack of marketability has been considered at the rate of 20.00% on the business value.

7. Valuation & Conclusion:

In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined in this report, we have estimated the fair value of the business of entity to be ***INR 1400.00/- Lakhs*, **as Annexure to this report.

8. Limitation / Disclaimers:

8.1 Our report is subject to the scope 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.

8.2 Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While Navigant Corporate Advisors Limited has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.

8.3 Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.

8.4 The draft of the present report was circulated to the Management for confirming the facts stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

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8.5 No investigation on the entity's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.

8.6 Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the entity referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

8.7 In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the entity 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. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the entity. We assume no responsibility for any errors in the above information furnished by the entity and consequential impact on the present exercise.

8.8 Our recommendation is based on the estimates of future financial performance as projected by the management, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.

8.9 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the entity and any other matter, which may have an impact on our opinion, on the fair value of the business of the entity including any significant changes that have taken place or are likely to take place in the financial position of the entity. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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8.10 Any person/party intending to provide finance/invest in the business of the entity shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

8.11 The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the Management/ the entity and our work and our finding shall not constitute a recommendation as to whether or not the Management/ the entity should carry out the transaction.

8.12 Our report is meant for the purpose mentioned in Para 3 and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

8.13 Neither Navigant Corporate Advisors Limited, nor its partners/directors, managers, employees makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

For NAVIGANT CORPORATE ADVISORS LIMITED

NAVIGANT CORPORATE ADVISORS LTD. MUMBAI

Sarthak Vijlani
Managing Director
Date: 25.01.2025
Place: Mumbai

Annexure-I

Figures are in INR Lakhs

PARTICULARS	1.1.25 to 31.3.25	FY26	FY27	FY28	FY29	TERMINAL VALUE
PROFIT AFTER TAX	12.82	185.07	207.89	232.10	257.58	262.74
ADD: DEPRECIATION	5.00	20.00	16.00	12.80	10.24	10.44
LESS: CAPITAL EXPENDITURE	0.00	0.00	0.00	0.00	0.00	10.44
LESS: INCREMENT IN WORKING CAPITAL	-5.49	118.83	-0.00	0.00	0.00	0.13
ADD: INCREASE IN BORROWINGS	0.00	-50.93	0.00	0.00	0.00	0.00
ADD: PROVISIONS	0.00	0.00	0.00	0.00	0.00	0.00
FREE CASH FLOW TO EQUITY	23.31	35.31	223.89	244.90	267.82	262.61
DISCOUNTING PERIOD	0.13	1.13	2.13	3.13	4.13	
DISCOUNTING FACTOR	0.9822	0.8511	0.7375	0.6390	0.5537	0.5537
NET PRESENT VALUES	22.90	30.05	165.11	156.49	148.29	145.40

SUM OF PRESENT VALUES	522.84
TERMINAL VALUES	1,084.33
GROSS EQUITY VALUE	1,607.17
ADD: CASH AND CASH EQUIVALENTS	87.48
ADD: INVESTMENT	55.35
NET EQUITY VALUE AS ON 31st December, 2024	1,750.00
LESS: NON MOBILITY DISCOUNT	350.00
ADJ EQUITY VALUES	1,400.00

COST OF EQUITY	
Return on Index	14.72%
Dividend Yield	0.00%
Expected Return	14.72%
Calculation of Risk Premium	
Expected Return	14.72%
Risk Free Return	6.87%
Beta	0.71
Risk Premium	5.54%
Risk Free Rate of Return	6.87%
Risk Premium	5.54%
Additional Risk Premium	3.00%
Cost of Equity	15.41%

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