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Valuation Report

Of

Equity Shares

Of

GUJARAT KIDNEY AND SUPER SPECAILITY LIMITED AS AT 18th February, 2024

Prepared by:

SUBODH KUMAR (IBBI REGISTERED VALUER) Registration No: IBBI/RV/05/2019/11705

Date: 15th May, 2024



Date: 15th May, 2024

То

The Board of Director

GUJARAT KIDNEY AND SUPER SPECAILITY LIMITED

Plot No I. City Survey No 1537/A, Jetalpur Road, Gokak Mill Compount, Vadodara

Dear Sir,

Subject:-Report on Valuation of Fair Value of Equity Shares.

I, Subodh Kumar, Registered Valuer under the Companies Act, 2013 and having its IBBI Regn. No. IBBI/RV/05/2019/11705(hereinafter referred to as ("Registered Valuer") has been mandated by the Board of Directors on behalf of the Company, GUJARAT KIDNEY AND SUPER SPECAILITY LIMITED, a Company incorporated under the provisions of the Companies Act, 2013 and having its registered office at Plot No 1. City Survey No 1537/A, Jetalpur Road, Gokak Mill Compount, Vadodara (hereinafter referred to as "Limited Company") for valuation of its Equity Shares for the purpose of Issue of Compulsory Convertible Preference Share (hereinafter referred to as "the Issue") in accordance with the requirement of Sections 62 & 42 of the Companies Act, 2013 and for any other basis as required for determining the fair market price per share of the Companies Act, 2013.

The scope of services is to conduct the valuation of Equity Shares to determine the fair value in accordance with internationally accepted valuation standards/ICMAI Valuation Standards for the limited purpose of compliance under the Companies Act, 2013 and may not be used for any other purpose. Even though the Fair value proposed here is said to true and fair as per underlying guidelines of valuation but the valuation done here is not in accordance with rule IIUA of Income tax rules and it may be relied upon in any such Income tax matters with required modification as per said rules.

Based on the Discussion with the management, I have considered the valuation cut- off date as closure of business hours of 18th February, 2024 (Valuation Date).

Scope of the Report:

My scope of services under this letter is restricted to the services specified in scope of work as above and does not cover any other services including, illustratively, the following:

- Legal advice, opinion and representation in any form;
- Accounting and taxation matters, opinion and representation in any form;



• Any other certification services. Reliance would be placed on the information that may be provided by the Company. I will not independently verify the accuracy of data provided to me for review.

Company Background information:

GUJARAT KIDNEY AND SUPER SPECAILITY LIMITED ("GKSSL" / "Company") incorporated in December, 2019 vide Corporate Identification Number U85300GJ2019PTC111559 under the provisions of Companies Act, 2013 and rules made thereunder.

The registered office of the GKSSL is situated at Plot No I. City Survey No I537/A, Jetalpur Road, Gokak Mill Compount, Vadodara.

The Share Capital structure of the Company, on a fully diluted basis, as on 18th February, 2024 is as under:

SI. No.	Capital type	Amt in INR
1	Paid up Share Capital	20,00,000
	2,00,000 Equity Share of INR 10 each	

Sources of Information:

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

a) Provisional financial statements for the period ended February 15, 2024.

b) Projections of the Company comprising of Balance Sheet, Profitability statements for FY 2023-24 (42 days) to FY 2028-29 as provided to us by the Management of GKSSL.

c) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook of the Company / 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.

For the purpose of my value analysis, I have used the following information that is available in public domain:

- Risk Free Return + (Beta x Equity Risk Premium) + Company specific premium;
- The risk free rate of return is taken at 7.10% based on Indian government bond rate for 10 years – source, (<u>https://countryeconomy.com/bonds/india?dr=2024-02</u>).
- Industry unleveraged Beta is considered as 1.00.
- Based on qualitative analysis of long term, equity risk premium, equity risk premium is arrived – source, CAGR of BSE Index 500 from 1st February, 1999 to 18th February, 2024 i.e. 7.71% - Source: <u>www.bseindia.com</u>;
- Company specific premium of 2.50% has been considered based on size of GKSSL and past profit history of GKSSL;
- Based on the above , the Cost of Equity is determined to be 17.31%.



Procedure adopted and valuation method(s) followed for the assignment:

I. Approach Considered in my Value Analysis:

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.

Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the shares of the Company. There are a number of valuation methodologies to value companies / businesses using historical and forecast financials of the company. Commonly used valuation methodologies are as follows:

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on book value basis or realizable value basis or on replacement cost basis. The net asset value ignores the future returns the asset can produce and is calculated using historical accounting data. This valuation approach is mainly used in the case where the business is to be liquidated i.e. it does not meet the going concern criteria or in case where the assets base dominate earnings capability. It is a growing company and its substantial value lies in the future earnings. Therefore, in the present case, I have not used NAV Method for the valuation.

Discounted Cash Flow (DCF) Method

Under DCF Method, the projected free cash flows of the Company/ business are discounted at a discount rate which reflects perceived riskiness of the projected cash flows in order to arrive at their present value. Then, the terminal value of the Company/ business is calculated based on the free cash flow of the last year of the forecast period, which is based on the future long term growth of the revenues. This terminal value is then discounted to get the present terminal value. The present value of free cash flows for the projected period and present value of terminal value is added to arrive at the enterprise value. Thereafter, adjustment for non-operating assets/liabilities, surplus Cash and Cash Equivalents is made to arrive at the fair value of the Company/business.



Market Price Method

The market price of equity share quoted on a stock exchange is normally considered as the value of equity share of the Company, if such shares are frequently traded subject to speculative support that may be inbuilt in the value of such shares. Equity Shares of not traded on any stock exchanges and therefore, Market Price Method is not relevant for the present valuation exercise. Hence, I have not considered this method for the valuation.

4 Comparable Company Multiples (CCM) Method

Under CCM Method, value of equity shares of a company/business undertaking is arrived at using multiple derived from valuation of comparable companies as manifest through stock exchange valuation 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 the valuation. Relevant multiples need to be chosen carefully and adjusted for difference between the circumstances.

I have not found any listed peers which can be compared with other company for considering its projected business model in coming few years due to nature of business, geographical differences and comparable size of the business at valuation date. Therefore, this method is not suitable in the present case and accordingly we have not considered this method for my valuation exercise.

II. Basis for arriving at Fair Value of Equity Shares:

Based on the discussions in the preceding paragraphs w.r.t valuation methodologies as well as regulatory requirements, I have considered DCF Method for the evaluation of Equity Shares of considering it as most appropriate method in the present case and assigned 100% weightage to this approach.

III. Valuation of shares

I have formed an opinion on the Fair value of Equity Shares is INR 775.00 per share of INR 10 each.

The valuation is subject to the information as made available to me by the management and no specific audit has been carried on the same.



Disclaimer/Limitations on the Valuation of Equity Shares

My 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 made available to any other person, distributed, published or reproduced (in part or otherwise) in any other document whatsoever, without my written consent save and except for the limited purpose of this report.

For the purpose of clarity, the Company may share this report with Statutory Authorities, auditors, shareholders, advisors, and investment bankers in the normal course of its business. The Shareholders can also share this report with Statutory Authorities and also for internal purposes such as Audit etc.

My study did not include the following:-

- Any audit of the financial statements supplied by management and available at MCA site. Carrying out a market survey / technical and financial feasibility for the Business.
- Financial and Legal due diligence.
- Any other assurance advisory services in connection with the cash flow and valuation.

My valuation is based on the premise that the information provided to me being complete and accurate in all material aspect.

My value analysis is based on the information made available to me by the management of the Company and the information obtained by me from public domain as mentioned in the report. Any subsequent changes/modifications/revisions (either positive or negative) to the financial parameters and other information provided to me, may alter the result of value analysis set out in this report, positively or negatively.

My work did not constitute an audit in accordance with Indian GAAP/ International Financial Reporting Standards and all other applicable accounting practices and procedures and examination/review of internal controls or other attestation or review services. Accordingly, I do not express an opinion on the information presented.

It may be noted that in carrying out my work I have relied on the integrity of the information provided to me by the management of the Company and other than reviewing the consistency of such information, I have not sought to carry out an independent verification, thereof.



I have reviewed the information made available to me for overall consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by management of the Company.

I have not carried out any independent verification of the accuracy and completeness of all information as stated above. I have not reviewed any other documents of other than those stated above. I have not made any independent verification of the physical assets of and accept no responsibility for the same.

It should be noted that for the purpose of determining Fair Value of Equity Shares as on Valuation date, I have not considered the impact of any events on the valuation of which have occurred post the date of the valuation except mentioned in this report.

I understand that the management during my discussions with them, would have drawn my attention to all such information and matters, which may have had an impact on my valuation. In this report I have included all such information and matters as was received by me from the management.

This valuation report should not be regarded as a recommendation to invest in or deal in any form of securities of the Company.

The Management or related parties of the its Shareholders and its subsidiaries/ associates/ group companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.

I will receive a fee for my services in connection with the delivery of this Valuation Report from the Company and my fee is not contingent upon the result of proposed transaction and suitability of valuation to the company and other stakeholders.



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This report is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. I would not be responsible for any litigation or other actual or threatened claims.

In no event, valuer and its employees, will be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this engagement.



SUBODH KUMAR (Registered Valuer) IBBI Regn- IBBI/RV/05/2019/11705 Date: 15th May, 2024

Annexure I

The Fair Value of Diluted Equity Shares as per Discounted Cash Flow Method is as under:

	(E)	Estimated,	Figures	in	INR	Lakhs	except no of shares	

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	from 19th Feb to						
PARTICULAR	31st March 24	2024-25	2025-26	2026-27	2027-28	2028-29	TERMINAL VALUE
PROFIT AFTER TAX	13.28	134.93	155.17	178.45	205.21	254.42	269.69
ADD: DEPRECIATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: CAPITAL EXPENDITURE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LESS: INCREMENT IN WORKING CAPITAL	-152.35	-112.98	-13.28	-18.91	4.40	12.56	13.32
ADD: INCREASE IN BORROWINGS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ADD: PROVISIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FREE CASH FLOW TO EQUITY	165.63	247.91	168.45	197.35	200.81	241.86	256.37
DISCOUNTING PERIOD	0.12	1.12	2.12	3.12	4.12	5.12	
DISCOUNTING FACTOR	0.9818	0.8369	0.7134	0.6082	0.5184	0.4419	0.4419
PRESENT VALUES	162.62	207.48	120.18	120.02	104.10	106.88	113.30

SUM OF PRESENT VALUES	821.29
TERMINAL VALUES	1,001.74
GROSS EQUITY VALUE	1,823.03
CASH AND CASH EQUIVALENTS	0.00
INVESTMENT	0.00
EQUITY VALUE	1,823.03
NON MOBILITY DISCOUNT	273.45
NET EQUITY VALUE	1,549.57
No of shares	2,00,000
FAIR MARKET VALUE PER SHARE	775

COST OF EQUITY	
Return on Index	14.81%
Dividend Yield	0.00%
Expected Return	14.81%
Calculation of Risk Premium	
Expected Return	14.81%
Risk Free Return	7.10%
Beta	1.00
Risk Premium	7.71%
Risk Free Rate of Return	7.10%
Risk Premium	7.71%
Company Specific Premium	2.50%
Cost of Equity	17.31%

