VALUATION REPORT

of

Fair Value of Equity Shares

of

IGENETIC DIAGNOSTICS PRIVATE LIMITED

Prepared By:
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To,
Board of Directors
IGENETIC DIAGNOSTICS PRIVATE LIMITED
Transmission House, Compartment no. 82, Plot No.6/19
Marol Village, Marol Industrial Estate,
CTS No.443/6, Mumbai

Context and Purpose

Based on discussions with the management, the management requires the fair value of the Equity shares of the Company for the calculation of Swap ratio for the proposed Scheme of Arrangement for demerger of Pathology Undertaking from Igenetics Diagnostics Private Limited to Healthmap Diagnostics Private Limited. In this regard, management of the Company requires report carried out by a Registered Valuer in accordance with provisions of Companies Act, 2013.

The report has been prepared exclusively for specified purpose as mentioned above and hence should not be used for any other purpose, without obtaining the prior written consent from me. This opinion should not be considered, in whole or in part, as investment advice by anyone.

Summary of Findings

Based on my Valuation Analysis, in my assessment, the Fair Value of Equity shares of the Company as on March 31, 2022 is **INR 12,049.37 (Rupees Twelve Thousand Forty-Nine and Paise Thirty-Seven Only).** *Refer* **Annexure** of the report of even date.

I have based this opinion on information provided and represented by the management of the Company and have not independently verified the information provided to me and in that regard, the validity of the valuation depends on the completeness and accuracy of the information provided to me by the Company. I have applied valuation techniques and methods that conform to the generally accepted valuation practices.

1.0 Appointing Authority, Date of Appointment, Valuation Date and Date of Report

Appointing Authority	Board of Directors of Igenetic Diagnostics Private Limited
Date of Appointment	20th August 2022
Valuation Date	31st March 2022
Date of Report	22nd August 2022

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Particulars of the Subject Company – Igenetic Diagnostics Private Limited

Date of Incorporation:	12/12/2013
CIN:	U33111MH2013PTC250977
Registered Office:	Transmission House, Compartment no. 82, Plot No.6/19 Marol Village, Marol Industrial Estate, CTS No.443/6, Mumbai

Nature of business of the Subject Company:

Founded by a strong team of scientists and technologists with research mindsets, iGenetic Diagnostics offers clinically relevant differential diagnosis panels in addition to a highly accurate range of individual laboratory tests. With a well-designed, global quality compliant infrastructure, iGenetic Diagnostics offers a wide menu of pathology tests including advanced molecular diagnostics, cytogenetics, genetic sequencing and all commonly required routine tests.

Procedures adopted in carrying out the Valuation

- Receipt of proposal for valuation;
- Discussion with the management and acceptance of the proposal;
- Receipt of intimation about appointment and acceptance of proposal;
- Execution of valuation engagement letter and providing the checklist for required information, documents, Financial statement and records;
- Receipt of information, documents as per the checklist leading to preliminary study including analysis of business, etc;
- Cross verification of data and meeting with the concerned officials of the company for clarifications / explanations;
- Determining valuations approach, techniques and methods
- Analysis of publicly available data including economic factors and industry trends;
- Valuation synthesis & revisiting the assumptions and decision made;
- Report preparation and its validation.

2.0 Inspections / investigation undertaken

a) Similar Companies financial data and market price from financial sites.

b) Web Site of Ministry of Corporate Affairs (MCA) was inspected.

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3.0 Identity of the Valuer and Any other experts involved in the Valuation

Name of the Valuer	:	Nitish Chaturvedi
Address of the Valuer	:	Spaces, Kanakia Wall Street , Level 4, A-Wing, Andheri Kurla Road, Chakala, Andheri (E),Mumbai-400093
Qualifications	:	MBA & Registered Valuer - Securities or Financial Assets
Disclosure of Interest or Conflict	:	None
Any other expert involved	:	None

4.0 Nature and Sources of Data / Information used or relied upon

Nature of Underlying Data	Primary Data
Source of Data	Company's Management. The data provided was validated with information available in Public Domain.
Quality of underlying Data	Dependable

5. Documents /Information of Igenetic Diagnostics Private Limited used or relied upon:

i. Financial Projections from FY 2023 to FY 2026

ii. Provisional financial statements of the Company for the period 1.4.2021 to 31.03.2022.

iii. Various fillings by the company with MCA.

iv. Reliance has been placed on verbal explanations and information provided by the officials of the company.

v. It has been informed to that there are no material events and / or demand decisions - legal or otherwise against the companies which have arisen / will arise subsequent to the valuation date and are likely to affect materially the state of affairs as on date and / or its net assets.

6 LIMITATIONS, CAVEATS AND DISCLAIMER

6.1 While my 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

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of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the client. My 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.

6.2 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 is, therefore, no indisputable single value and I normally express my opinion on the value as falling within a likely range. However, as purpose requires the expression of a single value, I have adopted a value at the mid-point of valuation range. Whilst I consider my value to be both reasonable and defensible based on the information available to me, others may place a different value on the company.

6.3 An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

6.4 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.

6.5 Unavailability of information as of valuation date: Please note that the Fair Value of assets of the company have been performed as of an earlier date based on the provisional unaudited standalone balance sheet of company provided by management as of the valuation date.

6.6 In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me 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. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

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6.7 I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.

6.8 My report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.

7. VALUATION APPROACH AND MEHODOLOGY

7.1 Valuation Approaches

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

- Industry to which the Company belongs
- Extent to which industry and comparable company information are available
- Whether the entity is listed on a stock exchange
- Past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. There are several commonly used and accepted approaches for valuation. These approaches can be broadly categorized as follows:

A. Market Approach
B. Asset Approach
C. Income Approach

A. Market Approach

The value of a business is determined by comparing the company's relative valuation with that of other companies of the same industry, size and risk. This approach is used, where the value of a stock is estimated based upon its fundamental variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales and relative valuation given to recent transactions or similar companies of the same industry based on the same fundamental variable. Business appraisal includes 'comparative transaction method' and 'guideline public company method'.

The Market Approach is conceptually preferable to the other two approaches both because it uses direct comparisons to similar enterprises and because the analysis is based upon actual market transactions. Typically, the companies selected for comparison are subject to economic, political, competitive, and technological factors that correspond with those confronting the Company. However, comparable that fit perfectly rarely exist. Privately held companies are compared to publicly traded ones that are typically further along in their stage of development, have superior access to capital, and have common stock that is readily marketable.

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B. Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The Net Asset Value (NAV) arrived at under this approach is based on the financial statements of the business. Further, the balance sheet values are adjusted for any intangible assets and contingent liabilities that are likely to materialize. The NAV is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce. This approach to valuation is more commonly used in finance industry or industries that are required to have huge tangible assets on their balance sheets.

C. Income Approach

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DFCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). The result of a value calculation under the income approach is generally the fair market value of a controlling, marketable interest in the subject company, since the entire benefit stream of the subject company is most often valued, and the capitalization and discount rates are derived from statistics concerning public companies.

Valuation Approach	Valuation Methodology	Reason for regarding / discarding the methodology
Market Approach	○ Comparable Companies ○ Comparable Transactions ○ Market Price Method	Considering the nature of business of the company, it was difficult to find a similar peer in the listed space. Therefore, I have not adopted the Comparable Companies Approach for valuation of equity shares of the Company.
Asset Approach	○ Replacement Cost Method ○ Reproduction Cost Method	The Cost Approach is not used as the going concern concept is assumed in the valuation exercise.
Income Approach	○ Discounted Cash Flows (DFCF) Method ○ Earnings capitalization Method ○ Excess Earnings Method	I have considered the DFCF method as the going concern assumption is valid, cash flows are estimable for future period and relevant projections, inputs and assumptions are available for valuation. Moreover, DFCF method is more scientific in nature and hence has been considered for valuation.

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7.2 Valuation Methodology

Discounted Free Cash Flow Method (DFCF Method)

- Valuation of equity shares of the Company is based on the projected financial information as provided to me by the Management.
- As per DFCF Method, value is defined as the present value of future cash flows that are expected to be generated by the business during an explicit forecast period and in perpetuity. The method incorporates all factors relevant to an asset (e.g. current and future market conditions, company and industry specific risk factors, etc.).
- Management has provided with cash flow projections till FY 26 which as per management is a representative time frame of a business cycle of the Company.
- To estimate the fair value of the business, projected cash flows generated from the business are analyzed for certain future years (explicit forecast period). The estimates of cash flows during the explicit forecast period are based on the income and expenses associated with the business operations.
- Profit after Taxes is adjusted for depreciation, capex, working capital investment and changes in borrowings to arrive at the post-tax, free cash flows (FCFs) during the explicit forecast period.
- I have discounted the post-tax, free cash flows with an appropriate risk-adjusted discount rate to arrive at the present value (PV) of FCFs.
- For Calculation of Cost of Equity, I have used risk free rate as Yield of 10 Yr. Indian Govt. Securities as on date of valuation. Market Return is estimated by using CAGR of BSE 500 Index as on valuation date since its inception (Source: BSE 500 Data). Beta of Company is considered as market beta as there is no listed peer available in the similar space. Company specific risk is considered on account of lack of liquidity, size and cash flow risks.
- The terminal growth rate is the rate at which the cash flows of the company are expected to increase beyond the explicit forecast period and intermediate period, till infinity. A terminal growth rate of 6.00% has been considered.
- I have adjusted PV of Free cash flow with certain items like cash and cash equivalents to arrive at the equity value of the Company.
- The equity value so computed is divided by the fully diluted number of equity shares to calculate the fair value per equity share.

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8. VALUATION RECOMMENDATION

8.1 Valuation Opinion

Based on my Valuation Analysis as per the information provided by the management of Company, in my assessment, the Fair Value of Equity shares of the Company as on March 31, 2022 is **INR 12,049.37 (Rupees Twelve Thousand Forty-Nine and Paise Thirty-Seven Only).**

8.2 Standard of Value

Business valuation can be undertaken in a variety of contexts and for a variety of purposes. To begin with any valuation process, it is most pertinent to identify the type of value relevant to the transaction/ case as different standards of value would yield different valuation figure for same business interest. In the given context, **Fair Value is the appropriate standard of value**. Fair value is defined as:

"The fair value of an asset (or liability) is the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale."

8.3 Valuation Standards Followed

International Valuations methodology and relevant International Valuations Standards (popularly known as 'IVS') issued by IVSC have been followed for valuation and preparation of the report.

8.4 Premise of Value

The present valuation is undertaken on a **Going Concern Premise** i.e. on the premise that the Company will continue to operate in future after the valuation date and will earn cashflows.

Date: 22.08.2022

Place: Mumbai

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Annexure

DCF VALUATION OF IGENETIC DIAGNOSTICS PRIVATE LIMITED

Amount (INR Crs)

Particulars	**FY 23**	**FY 24**	**FY 25**	**FY 26**	**FY 27**	**Terminal Period**
PAT	-2.10	6.17	17.36	26.16	36.28	
Add: Dep.	2.00	1.80	1.62	1.46	1.26	
Less: Capex	-5.40	-	-	-	-	
Add/Less: Changes in Non Cash Working Capital	-5.01	1.77	-2.66	-1.14	-1.26	
Add/Less: Changes in Borrowings	10.41	-3.57	-6.84	-	-	
FCFE	-0.10	6.17	9.47	26.47	36.28	361.64
Discounting Factor	0.86	0.74	0.63	0.54	0.46	0.46
Discounted Cash Flows	-0.08	4.53	5.97	14.30	16.81	167.55
Sum of Discounted Cash Flows	209.08					
Add: Cash and Cash Equivalents	0.92					
Equity Value	**210.00**					
No. of Shares	1,74,283					
Value per Share (INR)	**12,049.37**					

Calculation of Cost of Equity	
Risk Free Rate	6.84%
Market Return	0.15
Beta	1
Cost of Equity	**14.63%**
Company Specific Risk Premium	2%
Adjusted Cost of Equity	**16.63%**