

Report on Fair Share Swap Ratio in relation to the 'Proposed Acquisition'

December 2024

Ref. No. : SD/Dec9-229/2024

December 9, 2024

To,

The Board of Directors
Metropolis Healthcare Limited
4th Floor, East Wing, Plot-254 B,
Nirlon House, Dr. Annie Besant Road,
Worli, Mumbai, 400030.

The Board of Directors
Core Diagnostics Private Limited
406 UDYOG VIHAR PHASE III, GURGAON,
Haryana, India, 122016.

Dear Sir(s)/ Madam(s),

Sub: Determination of Fair Share Swap Ratio in relation to the Proposed Acquisition

We, BDO Valuation Advisory LLP (**'BDO Val'** or **'We'** or **'Us'**), have been appointed vide letter dated November 28, 2024, bearing its reference number SD/Nov281/2024, to determine fair share swap ratio for the Proposed Acquisition of Core Diagnostics Private Limited (**"CDPL"** or **"Target Company"**) by Metropolis Healthcare Limited (**"MHL"** or **"Acquirer Company"**). Hereinafter CDPL and MHL are collectively referred to as **"Clients"** or **"the Companies"**.

This valuation report (**"the Report"**) will be used to comply with provisions of the Companies Act, 2013 (**"the Act"**) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**).

We are pleased to present herewith our report on the same.

We hereby confirm that we have no present or planned future interest in CDPL and MHL except to the extent of our appointment as a registered valuer for this Report.

We have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value' for estimating the value of CDPL and MHL. We hereby confirm that the valuation is carried out as per International Valuation Standards (**"IVS"**). Any change in the valuation base or the premise could have a significant impact on the outcome of the valuation exercise, and therefore, this Report.

We believe that our analysis must be considered as a whole. Selected portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.



This letter should be read in conjunction with the attached report.

Regards,

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103

A handwritten signature in blue ink, appearing to read 'Swanand', written over a horizontal line.



Swanand Kishor Deshpande

Partner

IBBI No.: IBBI/RV/05/2019/11148

VRN No.: IOVRVF/BDO/2024-2025/4431



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1. Brief Background of the Companies

Metropolis Healthcare Limited (“MHL” or “Acquirer Company”)

- 1.1. Metropolis Healthcare Limited (CIN: L73100MH2000PLC192798) is a public limited company domiciled in India. It was incorporated on November 10, 2000, under the provisions of the Companies Act, 1956.
- 1.2. MHL primarily operates in the healthcare and diagnostic services sector and provides a wide range of diagnostic testing services, including pathology and radiology tests, across multiple locations.
- 1.3. The equity shares of MHL are listed on the National Stock Exchange of India Limited (“NSE”) and the BSE Limited (“BSE”), in India.
- 1.4. The issued, subscribed and fully paid-up share capital of MHL as on September 30, 2024 is INR 1024.8 Mn comprising 51,241,629 fully paid-up equity shares of face value of INR 2 each.
- 1.5. The shareholding pattern of MHL as at September 30, 2024 is as below:

Shareholder's Name	% Holding
Promoter & Promoter Group	49.43%
Public	50.57%
Total	100.00%

Source: www.bseindia.com

- 1.6. We have been informed by the management and representatives of MHL that there has been no change in the above shareholding pattern till the date of issuance of this report.

Core Diagnostics Private Limited (“CDPL” or “Target Company”)

- 1.7. Core Diagnostics Private Limited (CIN: U85100HR2012PTC046376) was incorporated on June 28, 2012. CDPL is engaged in business of diagnostics and specializes in oncology related tests.
- 1.8. CDPL has set up a clinical laboratory focused on diagnostics for disease stratification and therapy selection in cancer.
- 1.9. The issued, subscribed and fully paid-up share capital of CDPL as on September 30, 2024 was INR 48.7 Mn comprising 48,739,331 fully paid-up equity shares of face value of INR 10 each.
- 1.10. The shareholding pattern of CDPL as on September 30, 2024 is as below:

Shareholder's Name	% Holding
Core Diagnostics (Mauritius) Private Limited	99.999998%
Others	0.000002%
Total	100.00%

- 1.11. We have been informed by the management and representatives of CDPL that there has been no change in the above shareholding pattern till the date of issuance of this report.

2. Purpose of Valuation

- 2.1. We understand that the management of MHL is contemplating 100% acquisition of equity shares of CDPL from existing shareholders of CDPL. The consideration for the proposed acquisition of shares of CDPL is proposed to be discharged by MHL through cash and/or by issuance of its equity shares on a preferential allotment basis (“**Proposed Transaction**”).
- 2.2. In this connection, the Companies are desirous of ascertaining the fair value of the equity shares of MHL and CDPL in compliance with Regulation 163(3) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), Section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and rules & regulations framed in this regard (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other statutory enactments framed in this regard, as may be required to be complied with for the Proposed Transaction (“**Purpose**”).
- 2.3. In this regard, we have been appointed by the Companies to issue a report on recommendation of Fair Value per Equity Share of the Companies for the purpose of Section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations for the purpose of the proposed swap of shares for the Proposed Transaction, considering September 30, 2024, as the Valuation Date for the Companies. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till December 6, 2024.

3. Terms of Engagement

Context and Purpose

- 1.1. BDO Val has been appointed to determine the fair equity valuation of CDPL and MHL and to recommend the fair share swap ratio as mentioned in Section 2 of this report. This valuation exercise and this valuation report are solely for the purpose mentioned in the Report.

Restricted Audience

- 1.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Clients only for submitting to the statutory authorities for compliance under section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations applicable to the Proposed Acquisition. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.
- 1.3. This Report will be placed before the Board of Director(s) and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this Report maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Transaction. We are not responsible to any other person or party, for any decision of such person or party based on this Report. Any person or party intending to provide finance/ invest in the shares/ business of the Companies or their holding companies, subsidiaries, associates, joint

ventures 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. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to BDO Val.

- 1.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 1.5. Without limiting the foregoing, we understand that the Clients may be required to share this Report with regulatory authorities including stock exchanges, SEBI, RBI, professional advisors of the Client, in connection with the Proposed Transaction (“**Permitted Recipients**”). We hereby provide consent to such disclosure of this Report, on the basis that we owe responsibility only to the Clients that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and/or filing with Permitted Recipients, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Clients.

4. Caveats, Limitations and Disclaimers

- 4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report date and (iii) based on the data detailed in the section - Sources of Information. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur up to the Report date.
- 4.3. We were provided with relevant information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.
- 4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.

- 4.5. Further, this valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Companies. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.6. We have no present or planned future interest in the Companies or any of their group entities.
- 4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.
- 4.8. This Report is subject to the laws of India.
- 4.9. The fee for this engagement is not contingent upon the outcome of the Report.
- 4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 4.15. We have arrived at a relative value based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.
- 4.16. Our scope is limited to recommendation of fair share swap ratio. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Transaction with the provisions of any law including the Companies Act 2013, Foreign Exchange Management Act, 1999,

taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Transaction.

- 4.17. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Companies will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.
- 4.18. This Report does not look into the business/commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Companies is sole responsibility of the investors of the Companies and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Companies.
- 4.19. Valuation and determination of a fair share swap ratio 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. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.
- 4.20. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material. Although we have read, analyzed and discussed the Companies' management business plan for the purpose of undertaking a valuation analysis, we have not recommended on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment.
- 4.21. Whilst we have conducted analysis of the financial projections for arithmetic and logical consistency, our review was not in the nature of an audit/ a due diligence. We do not express an opinion as to how closely the actual revenues, expenses, cash flows and position of assets and liabilities will correspond to these financial projections. There will usually be differences between predicted and actual results and those differences may be material. The Clients have provided us with a set of financial projections that are based on internal estimates including growth expectations of end user industries, cost estimations, etc. and represent their best estimate of the expected performance going forward. We take no responsibility for the achievement of the predicted results.

- 4.22. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 4.23. We owe responsibility to only the Board of Directors of the Clients and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Clients as laid out in the engagement letter, for such valuation work.
- 4.24. 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. 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.
- 4.25. This Report does not in any manner address the prices at which equity shares of MHL will trade following the announcement and/or implementation of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.
- 4.26. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 4.27. Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.
- 4.28. The Companies have been provided with the opportunity to review the draft Report as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final Report.

5. Sources of Information

- 5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Clients:
- Information Memorandum of CDPL;
 - Audited consolidated Financial Statements of MHL for Financial Year (“FY”) 2024 & 2023;

- Limited Review consolidated financial statement of MHL for the period ending September 30, 2024;
- Projected financial information of MHL and CDPL for the period FY 2025 to FY 2032;
- Audited Financial Statement of CDPL for FY24 & FY 23;
- Provisional Financial Statement of CDPL for the period ended September 30, 2024;
- Latest available assessment year income tax return of the Companies;
- Number of equity shares outstanding of the Companies as at the Valuation Date;
- Financial Statement of Centre For Digestive & Kidney Diseases (India) Pvt Ltd for FY 24;
- Information provided by leading database sources and other publicly available information;
- Management Representation Letter addressed to BDO Val;
- Relevant data and information provided to us by the management and representatives of the Companies either in written or oral form or in form of soft copy and information available in public domain.

6. Procedures Adopted

6.1. In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance of the Companies.
- Considered data available in public domain related to the Companies and its peers.
- Discussions (physical/ over call) with the management and representatives of the Clients to understand the business and fundamental factors that affect its earning-generating capability and historical financial performance of the Companies as available in public domain or provided to us by the Clients.
- Undertook Industry Analysis:
 - Researched publicly available market data including economic factors and industry trends that may impact the valuation;
 - Analyzed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the International Valuation standards published by the International Valuation Standards Council.

- Arrived at valuation of the Companies in order to conclude our analysis on Share Swap Ratio for the Proposed Transaction.

6.2. For the purpose of arriving at the valuation of the Companies we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have a significant impact on our valuation exercise, and therefore, this report.

7. Valuation Approaches & Methodologies

- 7.1. It is pertinent to note that the valuation of any company 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 several assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.
- 7.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.
- 7.3. It may be noted that BDO Valuation Advisory LLP is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards ("IVS") for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council ("IVSC") in carrying out the valuation exercise.
- 7.4. The valuation date is considered as December 6, 2024 ("Valuation Date"). We have been provided with the limited reviewed consolidated financials of MHL for the period ended September 30, 2024 and provisional financials of CDPL for the period ended September 30, 2024. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till December 6, 2024. Further, we have been informed that all material information impacting the Companies has been disclosed to us.
- 7.5. There are three generally accepted approaches to valuation:
- (a) "Cost" Approach
 - (b) "Income" Approach
 - (c) "Market" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

Cost Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment/asset holding companies or other types of assets or entities for which value is primarily a factor of the value of their holdings.

Income Approach

The income approach is widely used for valuation under the “Going Concern” basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow (‘DCF’) method, the value of the company is based on expected ‘cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

The discount rate is the Weighted Average Cost of Capital (‘WACC’), based on an optimal vis-à-vis actual capital structure. It is an appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business’s potential for further growth beyond the explicit forecast period. The “constant growth model” is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business’s future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-

operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of the equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of 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 between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('CTM') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge the current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

8. Conclusion on Valuation Approach for Fair Share Swap Ratio

- 8.1. For determining the valuation base in relation to valuation of CDPL and MHL, we have considered the IVS issued by IVSC.
- 8.2. The present valuation analysis exercise is being undertaken to arrive at the fair share swap ratio for the Proposed Transaction as mentioned above in the Report.

CDPL& MHL:

Cost Approach:

CDPL

- This valuation approach is mainly used in case where the asset base dominates the earnings capability. In a going concern scenario, net asset basis has a limited relevance than future earning potential of a company. Therefore, we have not considered Cost Approach for valuation of CDPL.

MHL

Similarly, in case of MHL, in a going concern scenario, net asset basis has a limited relevance than future earning potential of a company. Therefore, we have not considered Cost Approach for valuation of MHL.

Market Approach:

MHL

- In the present case the equity shares of MHL are listed on NSE and BSE. Hence, we have considered Market Price Method under the Market Approach for valuation of MHL.

- We have considered the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (last amended on May 17, 2024) (“ICDR Regulations”) which provide guidelines to estimate the market price. The Pricing Formula provided in Regulations 164(1) of Chapter V of the ICDR Regulations has been considered for arriving at the minimum value per equity share of MHL under the Market Price Method. The market price is considered as higher of following:

- a. the volume weighted average price for 90 trading days of preceding the relevant date; or
- b. the volume weighted average price for 10 trading days of preceding the relevant date.

For determining the market price, the volume weighted share price of MHL over an appropriate period up to December 6, 2024, has been considered in the current case.

Accordingly, we have considered the higher price on comparison of prices mentioned above as per the pricing formula.

- We have considered CCM method for valuation of MHL under Market Approach, whereby we have considered the appropriate multiples of the listed comparable company(ies) operating in India in

the pathology/diagnostics and related healthcare services industry which has significant presence in B2C market, for the present valuation exercise.

- We have not considered CTM method for valuation of MHL under Market Approach in the absence of adequate details about / paucity of comparable transactions in the similar business to that of MHL considering similar size, stage of business operations, etc.

CDPL

- Equity shares of CDPL are not listed on any stock exchange. Hence, we have not considered Market Price method.

- There are no listed comparable companies in India which are engaged in the business similar to that of CDPL considering the fact that CDPL is operating largely in B2B space, stage of business and size of business. Hence, we have not considered the CCM method for valuation of CDPL under Market Approach.

- In the absence of adequate details about / paucity of comparable transactions in the similar business model, we were unable to apply the CTM method under the market approach in the current case.

Income Approach:

MHL

- The true worth of MHL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.

CDPL

- The true worth of CDPL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.

9. Basis of Fair Share Swap Ratio

- 9.1. The basis of the fair share swap ratio for the Proposed Transaction would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair share swap ratio.
- 9.2. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the fair share swap ratio for the Proposed Transaction, rounding off has been done in the values/ratio.
- 9.3. The fair share swap ratio has been arrived at based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics

and growth potentials of the businesses, having regard to information base, key underlying assumptions and limitations.

10. Conclusion of Fair Share Swap Ratio

10.1. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible".

10.2. In the light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion the fair share swap ratio for the proposed acquisition of CDPL by MHL would be as follows:

Valuation Approach	Valuation Method	MHL		CDPL	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Income Approach	DCF Method ³	796.2	0%	51.6	100%
Market Approach	MP Method ¹	2,139.1	100%	NA	NA
	CCM / CTM Method ²	1,818.8	0%	NA	NA
Cost Approach	Summation Method ⁴	232.2	0%	3.3	0%
Value Per Share (Rounded off)		2,139.1		51.6	
Swap Ratio (Rounded off)		0.024			

NA= Not Adopted/Not Applicable

- In the present case the equity shares of MHL are listed on NSE and BSE. Hence, we have considered Market Price Method under the Market Approach for valuation of MHL. Equity shares of CDPL are not listed on any stock exchange. Hence, we have not considered Market Price method.*

2. *We have considered CCM method for valuation of MHL under Market Approach, whereby we have considered the appropriate multiples of the listed comparable company(ies) operating in India in the pathology/diagnostics and related healthcare services industry which has significant presence in B2C market, for the present valuation exercise. We have not considered CTM method for valuation of MHL under Market Approach in the absence of adequate details about / paucity of comparable transactions in the similar business to that of MHL considering similar size, stage of business operations, etc.*
There are no listed comparable companies in India which are engaged in the business similar to that of CDPL considering the fact that CDPL is operating largely in B2B space, stage of business and size of business. Hence, we have not considered the CCM method for valuation of CDPL under Market Approach. In the absence of adequate details about / paucity of comparable transactions in the similar business model, we were unable to apply the CTM method under the market approach in the current case.
3. *The true worth of MHL's & CDPL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.*
4. *This valuation approach is mainly used in case where the asset base dominates the earnings capability. In a going concern scenario, net asset basis has a limited relevance than future earning potential of a company. Therefore, we have not assigned any weightage to Cost Approach for valuation of CDPL and MHL.*

Recommendation:

The following is the recommended Fair Share Swap ratio:

24 (Twenty Four) fully paid equity shares of face value INR 2.0 each of MHL, for every 1,000 (One Thousand) fully paid equity shares of face value INR 10.0 each held in CDPL.

This Report and Fair Share Swap Ratio is based on the equity share capital structure of MHL and CDPL as mentioned earlier in this report. Any variation in the equity capital of the Companies may have material impact on the Fair Share Swap Ratio.

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Supplementary Report on Fair Share Swap Ratio in relation to the 'Proposed Acquisition'

January 2025

Ref. No. : SD/Jan10-248/2025

Date: January 10, 2025

To,

The Board of Directors
Metropolis Healthcare Limited
4th Floor, East Wing, Plot-254 B,
Nirlon House, Dr. Annie Besant Road,
Worli, Mumbai, 400030.

The Board of Directors
Core Diagnostics Private Limited
406 UDYOG VIHAR PHASE III, GURGAON,
Haryana, India, 122016.

Dear Sir(s)/ Madam(s),

Sub: Supplementary Report - Determination of Fair Share Swap Ratio in relation to the Proposed Acquisition

We, BDO Valuation Advisory LLP (**'BDO Val'** or **'We'** or **'Us'**), have been appointed vide addendum engagement letter dated January 06, 2025, bearing its reference number SD/Jan62/2025, to determine fair share swap ratio for the Proposed Acquisition of Core Diagnostics Private Limited (**"CDPL"** or **"Target Company"**) by Metropolis Healthcare Limited (**"MHL"** or **"Acquirer Company"**). Hereinafter CDPL and MHL are collectively referred to as **"Clients"** or **"the Companies"**.

This supplementary valuation report (**"the Report"**) is in continuation to the valuation report dated December 09, 2024 bearing reference no. SD/Dec9-229/2024 and will be used to comply with provisions of the Companies Act, 2013 (**"the Act"**) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"SEBI ICDR Regulations"**).

We are pleased to present herewith our report on the same.

We hereby confirm that we have no present or planned future interest in CDPL and MHL except to the extent of our appointment as a registered valuer for this Report.

We have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value' for estimating the value of CDPL and MHL. We hereby confirm that the valuation is carried out as per International Valuation Standards (**"IVS"**). Any change in the valuation base or the premise could have a significant impact on the outcome of the valuation exercise, and therefore, this Report.

We believe that our analysis must be considered as a whole. Selected portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily amenable to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

Regards,

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103



Swanand Kishor Deshpande

Partner

IBBI No.: IBBI/RV/05/2019/11148

VRN No.: IOVRVF/BDO/2024-2025/4525

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1. Brief Background of the Companies

Metropolis Healthcare Limited (“MHL” or “Acquirer Company”)

- 1.1. Metropolis Healthcare Limited (CIN: L73100MH2000PLC192798) is a public limited company domiciled in India. It was incorporated on November 10, 2000, under the provisions of the Companies Act, 1956.
- 1.2. MHL primarily operates in the healthcare and diagnostic services sector and provides a wide range of diagnostic testing services, including pathology and radiology tests, across multiple locations.
- 1.3. The equity shares of MHL are listed on the National Stock Exchange of India Limited (“NSE”) and the BSE Limited (“BSE”), in India.
- 1.4. The issued, subscribed and fully paid-up share capital of MHL as on September 30, 2024 is INR 1024.8 Mn comprising 51,241,629 fully paid-up equity shares of face value of INR 2 each.
- 1.5. The shareholding pattern of MHL as at September 30, 2024 is as below:

Shareholder's Name	% Holding
Promoter & Promoter Group	49.43%
Public	50.57%
Total	100.00%

Source: www.bseindia.com

- 1.6. We have been informed by the management and representatives of MHL that there has been no change in the above shareholding pattern till the date of issuance of this report.

Core Diagnostics Private Limited (“CDPL” or “Target Company”)

- 1.7. Core Diagnostics Private Limited (CIN: U85100HR2012PTC046376) was incorporated on June 28, 2012. CDPL is engaged in business of diagnostics and specializes in oncology related tests.
- 1.8. CDPL has set up a clinical laboratory focused on diagnostics for disease stratification and therapy selection in cancer.
- 1.9. The issued, subscribed and fully paid-up share capital of CDPL as on September 30, 2024 was INR 48.7 Mn comprising 48,739,331 fully paid-up equity shares of face value of INR 10 each.
- 1.10. The shareholding pattern of CDPL as on September 30, 2024 is as below:

Shareholder's Name	% Holding
Core Diagnostics (Mauritius) Private Limited	99.999998%
Others	0.000002%
Total	100.00%

- 1.11. We have been informed by the management and representatives of CDPL that there has been no change in the above shareholding pattern till the date of issuance of this report.

2. Purpose of Valuation

- 2.1. We understand that the management of MHL is contemplating 100% acquisition of equity shares of CDPL from existing shareholders of CDPL. The consideration for the proposed acquisition of shares of CDPL is proposed to be discharged by MHL through cash and/or by issuance of its equity shares on a preferential allotment basis (“**Proposed Transaction**”).
- 2.2. In this connection, the Companies are desirous of ascertaining the fair value of the equity shares of MHL and CDPL in compliance with Regulation 163(3) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“**SEBI ICDR Regulations**”), Section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and rules & regulations framed in this regard (including any statutory modifications, re-enactment or amendments thereof) and other capital market laws and other statutory enactments framed in this regard, as may be required to be complied with for the Proposed Transaction (“**Purpose**”).
- 2.3. In this regard, we have been appointed by the Companies to issue a report on recommendation of Fair Value per Equity Share of the Companies for the purpose of Section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations for the purpose of the proposed swap of shares for the Proposed Transaction, considering September 30, 2024, as the Valuation Date for the Companies. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till January 09, 2025.

3. Terms of Engagement

Context and Purpose

- 3.1. BDO Val has been appointed to determine the fair equity valuation of CDPL and MHL and to recommend the fair share swap ratio as mentioned in Section 2 of this report. This valuation exercise and this valuation report are solely for the purpose mentioned in the Report.

Restricted Audience

- 3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Clients only for submitting to the statutory authorities for compliance under section 62(1)(c) of the Companies Act, 2013 (to the extent applicable) and in accordance with Regulation 163(3) read with other relevant regulations of the SEBI ICDR Regulations applicable to the Proposed Acquisition. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.
- 3.3. This Report will be placed before the Board of Director(s) and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this Report maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Transaction. We are not responsible to any other person or party, for any decision of such person or party based on this Report. Any person or party intending to provide finance/ invest in

the shares/ business of the Companies or their holding companies, subsidiaries, associates, joint ventures 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. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to BDO Val.

- 3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.
- 3.5. Without limiting the foregoing, we understand that the Clients may be required to share this Report with regulatory authorities including stock exchanges, SEBI, RBI, professional advisors of the Client, in connection with the Proposed Transaction (“Permitted Recipients”). We hereby provide consent to such disclosure of this Report, on the basis that we owe responsibility only to the Clients that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and/or filing with Permitted Recipients, in connection with the Proposed Transaction, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Clients.

4. Caveats, Limitations and Disclaimers

- 4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.
- 4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report date and (iii) based on the data detailed in the section - Sources of Information. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur up to the Report date.
- 4.3. We were provided with relevant information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.
- 4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the

Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.

- 4.5. Further, this valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Companies. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
- 4.6. We have no present or planned future interest in the Companies or any of their group entities.
- 4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.
- 4.8. This Report is subject to the laws of India.
- 4.9. The fee for this engagement is not contingent upon the outcome of the Report.
- 4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.
- 4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our Report.
- 4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.
- 4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.
- 4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.
- 4.15. We have arrived at a relative value based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.

- 4.16. Our scope is limited to recommendation of fair share swap ratio. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Transaction with the provisions of any law including the Companies Act 2013, Foreign Exchange Management Act, 1999, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Transaction.
- 4.17. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Companies will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.
- 4.18. This Report does not look into the business/commercial reasons behind the Proposed Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transaction as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Companies is sole responsibility of the investors of the Companies and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Companies.
- 4.19. Valuation and determination of a fair share swap ratio 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. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.
- 4.20. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material. Although we have read, analyzed and discussed the Companies' management business plan for the purpose of undertaking a valuation analysis, we have not recommended on the achievability and reasonableness of the assumptions provided to us save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of the assignment.
- 4.21. Whilst we have conducted analysis of the financial projections for arithmetic and logical consistency, our review was not in the nature of an audit/ a due diligence. We do not express an opinion as to how closely the actual revenues, expenses, cash flows and position of assets and liabilities will correspond to these financial projections. There will usually be differences between predicted and actual results and those differences may be material. The Clients have provided us with a set of financial projections that are based on internal estimates including growth

expectations of end user industries, cost estimations, etc. and represent their best estimate of the expected performance going forward. We take no responsibility for the achievement of the predicted results.

- 4.22. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.
- 4.23. We owe responsibility to only the Board of Directors of the Clients and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Clients as laid out in the engagement letter, for such valuation work.
- 4.24. 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. 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.
- 4.25. This Report does not in any manner address the prices at which equity shares of MHL will trade following the announcement and/or implementation of the Proposed Transaction and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Transaction.
- 4.26. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).
- 4.27. Any discrepancies in any table/ annexure between the total and the sums of the amounts listed are due to rounding-off.
- 4.28. A draft of the report was shared with the Client, prior to finalization of report, for confirmation of facts, key assumptions, and other Client representations.

5. Sources of Information

5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Clients:

- Information Memorandum of CDPL;
- Audited consolidated Financial Statements of MHL for Financial Year (“FY”) 2024 & 2023;
- Limited Review consolidated financial statement of MHL for the period ending September 30, 2024;
- Projected financial information of MHL and CDPL for the period FY 2025 to FY 2032;
- Audited Financial Statement of CDPL for FY24 & FY23;
- Provisional Financial Statement of CDPL for the period ended September 30, 2024;
- Latest available assessment year income tax return of the Companies;
- Number of equity shares outstanding of the Companies as at the Valuation Date;
- Financial Statement of Centre For Digestive & Kidney Diseases (India) Pvt Ltd for FY24;
- Information provided by leading database sources and other publicly available information;
- Management Representation Letter addressed to BDO Val;
- Relevant data and information provided to us by the management and representatives of the Companies either in written or oral form or in form of soft copy and information available in public domain.

6. Procedures Adopted

6.1. In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance of the Companies.
- Considered data available in public domain related to the Companies and its peers.
- Discussions (physical/ over call) with the management and representatives of the Clients to understand the business and fundamental factors that affect its earning-generating capability and historical financial performance of the Companies as available in public domain or provided to us by the Clients.
- Undertook Industry Analysis:
 - Researched publicly available market data including economic factors and industry trends that may impact the valuation;

- Analyzed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
 - Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the International Valuation standards published by the International Valuation Standards Council.
 - Review of ICDR regulations for the purpose of Preferential Allotment.
 - Arrived at valuation of the Companies in order to conclude our analysis on Share Swap Ratio for the Proposed Transaction.
- 6.2. For the purpose of arriving at the valuation of the Companies we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have a significant impact on our valuation exercise, and therefore, this report.

7. Valuation Approaches & Methodologies

- 7.1. It is pertinent to note that the valuation of any company 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 several assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.
- 7.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature & ICDR regulations.
- 7.3. It may be noted that BDO Valuation Advisory LLP is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards ("IVS") for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council ("IVSC") in carrying out the valuation exercise.
- 7.4. The valuation date is considered as January 09, 2025 ("Valuation Date"). We have been provided with the limited reviewed consolidated financials of MHL for the period ended September 30, 2024 and provisional financials of CDPL for the period ended September 30, 2024. We have taken into consideration the current market parameters in our analysis and have made adjustments for

additional facts made known to us till January 9, 2025. Further, we have been informed that all material information impacting the Companies has been disclosed to us.

7.5. There are three generally accepted approaches to valuation:

- (a) "Cost" Approach
- (b) "Income" Approach
- (c) "Market" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

Cost Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment/asset holding companies or other types of assets or entities for which value is primarily a factor of the value of their holdings.

Income Approach

The income approach is widely used for valuation under the "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow ('DCF') method, the value of the company is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

The discount rate is the Weighted Average Cost of Capital ('WACC'), based on an optimal vis-à-vis actual capital structure. It is an appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of the equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('CCM') method, the value is determined on the basis of 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 between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('CTM') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge the current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

8. Conclusion on Valuation Approach for Fair Share Swap Ratio

- 8.1. For determining the valuation base in relation to valuation of CDPL and MHL, we have considered the IVS issued by IVSC.
- 8.2. The present valuation analysis exercise is being undertaken to arrive at the fair share swap ratio for the Proposed Transaction as mentioned above in the Report.

CDPL& MHL:

Cost Approach:

CDPL

- This valuation approach is mainly used in case where the asset base dominates the earnings capability. In a going concern scenario, net asset basis has a limited relevance than future earning potential of a company. Therefore, we have not considered Cost Approach for valuation of CDPL.

MHL

Similarly, in case of MHL, in a going concern scenario, net asset basis has a limited relevance than future earning potential of a company. Therefore, we have not considered Cost Approach for valuation of MHL.

Market Approach:

MHL

- In the present case the equity shares of MHL are listed on NSE and BSE. Hence, we have considered Market Price Method under the Market Approach for valuation of MHL.

- We have considered the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (last amended on May 17, 2024) (“ICDR Regulations”) which provide guidelines to estimate the market price. The Pricing Formula provided in Regulations 164(1) of Chapter V of the ICDR Regulations has been considered for arriving at the minimum value per equity share of MHL under the Market Price Method. The market price is considered as higher of following:

- a. the volume weighted average price for 90 trading days of preceding the relevant date; or
- b. the volume weighted average price for 10 trading days of preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

In case of MHL, there is no provision in the Articles of Association for determination of floor price, hence, the market price formula stated above as per the ICDR regulation will prevail.

The Relevant Date as per ICDR Regulations for the present valuation exercise has been considered as at January 9, 2025.

Accordingly, we have considered the higher price on comparison of prices mentioned above as per the pricing formula.

- We have considered CCM method for valuation of MHL under Market Approach, whereby we have considered the appropriate multiples of the listed comparable company(ies) operating in India in the pathology/diagnostics and related healthcare services industry which has significant presence in B2C market, for the present valuation exercise.

- We have not considered CTM method for valuation of MHL under Market Approach in the absence of adequate details about / paucity of comparable transactions in the similar business to that of MHL considering similar size, stage of business operations, etc.

CDPL

- Equity shares of CDPL are not listed on any stock exchange. Hence, we have not considered Market Price method.

- There are no listed comparable companies in India which are engaged in the business similar to that of CDPL considering the fact that CDPL is operating largely in B2B space, stage of business and size of business. Hence, we have not considered the CCM method for valuation of CDPL under Market Approach.

- In the absence of adequate details about / paucity of comparable transactions in the similar business model, we were unable to apply the CTM method under the market approach in the current case.

Income Approach:

MHL

- The true worth of MHL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.

- The projected revenue and earnings growth of MHL aligns with industry dynamics, reflecting the organic growth rate of the diagnostic sector, the company's market positioning also will drive additional growth. Further, the additional growth would be through price advantage and contribution from substantial network expansion.

CDPL

- The true worth of CDPL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.
- The revenue and earnings projections are anchored in the Oncology division's growth trajectory, Further, there would be exceptional growth in the Repro, Nephrology, and Neurology segments. Augmented by high-potential revenue streams from the international business, clinical research, and specialized services.

9. Basis of Fair Share Swap Ratio

- 9.1. The basis of the fair share swap ratio for the Proposed Transaction would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair share swap ratio.
- 9.2. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the fair share swap ratio for the Proposed Transaction, rounding off has been done in the values/ratio.
- 9.3. The fair share swap ratio has been arrived at based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses, having regard to information base, key underlying assumptions and limitations.

10. Conclusion of Fair Share Swap Ratio

- 10.1. In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a

money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible".

- 10.2. In the light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, in our opinion the fair share swap ratio for the proposed acquisition of CDPL by MHL would be as follows:

Valuation Approach	Valuation Method	MHL		CDPL	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Income Approach	DCF Method ³	810.2903	0%	51.5714	100%
Market Approach	MP Method ¹	2,140.5403	100%	NA	NA
	CCM / CTM Method ²	1,602.4668	0%	NA	NA
Cost Approach	Summation Method ⁴	232.2338	0%	3.2684	0%
Value Per Share (Rounded off)		2,140.5403		51.5714	
Swap Ratio (Rounded off)		0.024			

NA= Not Adopted/Not Applicable

1. In the present case the equity shares of MHL are listed on NSE and BSE. Hence, we have considered Market Price Method under the Market Approach for valuation of MHL. Equity shares of CDPL are not listed on any stock exchange. Hence, we have not considered Market Price method.
2. We have considered CCM method for valuation of MHL under Market Approach, whereby we have considered the appropriate multiples of the listed comparable company(ies) operating in India in the pathology/diagnostics and related healthcare services industry which has significant presence in B2C market, for the present valuation exercise. We have not considered CTM method for valuation of MHL under Market Approach in the absence of adequate details about / paucity of comparable transactions in the similar business to that of MHL considering similar size, stage of business operations, etc.
There are no listed comparable companies in India which are engaged in the business similar to that of CDPL considering the fact that CDPL is operating largely in B2B space, stage of business and size of business. Hence, we have not considered the CCM method for valuation of CDPL under Market Approach. In the absence of adequate details about / paucity of comparable transactions in the similar business model, we were unable to apply the CTM method under the market approach in the current case.
3. The true worth of MHL's & CDPL's business would be reflected in its future earnings capability. It captures the value of the Company on a going concern basis. Hence, the DCF Method under the Income Approach has been considered for the present valuation exercise.
4. This valuation approach is mainly used in case where the asset base dominates the earnings capability. In a going concern scenario, net asset basis has a limited relevance than future



earning potential of a company. Therefore, we have not assigned any weightage to Cost Approach for valuation of CDPL and MHL.

Recommendation:

The following is the recommended Fair Share Swap ratio:

24 (Twenty Four) fully paid equity shares of face value INR 2.0 each of MHL, for every 1,000 (One Thousand) fully paid equity shares of face value INR 10.0 each held in CDPL.

This Report and Fair Share Swap Ratio is based on the equity share capital structure of MHL and CDPL as mentioned earlier in this report. Any variation in the equity capital of the Companies may have material impact on the Fair Share Swap Ratio.

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