SSPA & CO. **Chartered Accountants** Registered Valuer -Securities or Financial Assets IBBI Registration No. IBBI/RV-E/06/2020/126 1st Floor, "Arjun" Plot No. 6A, V.P. Road, Andheri (West) Mumbai – 400 058	**CA Prashant Ghorela** Registered Valuer - Securities and Financial Assets IBBI Registration Number: IBBI/RV/06/2021/14003 B2-203, Sheth Midori, Ashokvan, Dahisar East, Mumbai – 400068

Date: June 26, 2024

To,
The Audit Committee / Board of Directors,
Vijaya Diagnostic Centre Limited,
Ground Floor, FPAI Building,
Punjagutta Officers Colony,
Near Topaz Building,
Hyderabad – 500 082

To,
The Audit Committee / Board of Directors,
Medinova Diagnostic Services Limited
H. No. 7-1-58, Unit No. 1/Flat No.301,
3rd Floor Amrutha Business Complex,
Ameerpet, Hyderabad – 500 016

Subject: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Medinova Diagnostic Services Limited ('MDSL') with Vijaya Diagnostic Centre Limited ('VDCL')

Dear Sir/Madam,

We refer to the engagement letter dated June 05, 2024 whereby, SSPA & Co., Chartered Accountants – Registered Valuer – Securities or Financial Assets (hereinafter referred to as 'SSPA') and engagement letter dated May 28, 2024 whereby CA Prashant Ghorela, Registered Valuer – Securities and Financial Assets (hereinafter referred to as 'CA Prashant') has been appointed by Vijaya Diagnostic Centre Limited (hereinafter referred to as 'VDCL') and Medinova Diagnostic Services Limited ('MDSL') to recommend a fair equity share exchange ratio for the proposed amalgamation of MDSL with VDCL ('Proposed Amalgamation'), as more particularly provided for in the Draft Scheme of Amalgamation.

VDCL and MDSL are hereinafter together referred to as the 'Transacting Companies' or 'the Companies' or 'the Clients' or 'the Valuation Subjects' and individually referred to as "Company", as the context may require.

SSPA and CA Prashant are hereinafter jointly referred to as "Valuers" or "we" or "us" in this report.

The Management including the Board of Directors of the Transacting Companies shall together be referred to as 'the Management'.

This report sets out our scope of work, background, sources of information, procedures performed by us and our recommendation of the fair equity share exchange ratio.

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COMPANIES BACKGROUND

Vijaya Diagnostic Centre Limited ('VDCL' or 'Transferee Company')

- VDCL is engaged in the business of providing comprehensive range of diagnostic services, spanning pathological investigations, basic and high-end radiology, nuclear medicine and related healthcare services.
- The equity shares of VDCL are listed and traded on both National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').
- The standalone revenue from operations of the Transferee Company for the financial year ('FY') 2023-24 is INR 525.02 crores.

Medinova Diagnostic Services Limited ('MDSL' or 'Transferor Company')

- MDSL is engaged in the business of providing comprehensive range of diagnostic services, spanning pathological investigations, radiology and imaging, conventional, specialized lab services and diagnostic cardiology.
- The equity shares of MDSL are listed and traded on BSE.
- The consolidated revenue from operations of the Transferor Company for FY 2023-24 is INR 10.17 crores.

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BACKGROUND OF VALUERS

SSPA & CO., CHARTERED ACCOUNTANTS

SSPA, is a partnership firm, located at 1st Floor, "Arjun", Plot No. 6A, V. P. Road, Andheri (West), Mumbai - 400 058, India. SSPA is engaged in providing various corporate consultancy services.

We are a firm of practising Chartered Accountants registered with the ICAI. We are also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with Registration No. IBBI/RV-E/06/2020/126.

CA PRASHANT GHORELA, REGISTERED VALUER – SECURITIES AND FINANCIAL ASSETS

CA Prashant is a practicing Chartered Accountant registered with The Institute of Chartered Accountants of India ('ICAI') and office located at B2-203, Sheth Midori, Ashokvan, Dahisar East, Mumbai – 400068. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities and Financial Assets' with Registration No. IBBI/RV/06/2021/14003.

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Management are contemplating a scheme of amalgamation, wherein they intend to amalgamate MDSL with VDCL in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force including the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued therein ("the Regulations"), in each case, as amended from time to time, and in a manner provided in the Draft Scheme of Amalgamation (hereinafter referred to as 'the Scheme').

We understand that as consideration for the proposed amalgamation of MDSL with VDCL, equity shares of VDCL would be issued to equity shareholders of MDSL.

In this connection, Transacting Companies have appointed SSPA and CA Prashant, Registered Valuers under the Companies Act, 2013, to submit a joint valuation report recommending the fair equity share exchange ratio to Audit Committee / Board of Directors of the Companies for the Proposed Amalgamation (hereinafter referred to as "Report").

We understand that the appointed date for the Proposed Amalgamation shall be April 01, 2024 or such other date as the National Company Law Tribunal ('NCLT') may direct.

For the purpose of this Report, we have considered Valuation Date to be June 25, 2024 ('Valuation Date').

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of the Transacting Companies using internationally accepted valuation methodologies as may be applicable to the Transacting Companies and then arrive at the fair equity share exchange ratio and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 ('ICAI VS') notified by ICAI and requirement prescribed by the regulations applicable to listed companies as prescribed by SEBI.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Valuation Subjects. However, to arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation, appropriate minor adjustments, rounding-off has been done in the values arrived at by the Valuers.

We have been provided with the audited financial statements of VDCL and MDSL for the financial year ended March 31, 2024. We have taken into consideration the current market parameters in our analysis and have adjusted for additional facts made known to us till the date of our Report. The Management has informed us that there are no unusual / abnormal events in the Transacting Companies materially impacting their operating / financial performance after March 31, 2024, until the Report Date. Further, we have been informed by the Management that to the best of their knowledge, material information regarding the business of each of the Transacting Companies has been disclosed to us.

We have relied on the above while arriving at fair equity share exchange ratio for the Proposed Amalgamation.

We have been informed that:

a) With effect from the appointed date, and up to and including the effective date, there would not be any capital variation in the Transacting Companies except by mutual consent of the Board of Directors of Transacting Companies or such other events as contemplated in the Scheme.

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b) Till the Proposed Amalgamation becomes effective, neither of the Transacting Companies would declare any dividend which are materially different from those declared in the past few years.

c) There would be no significant variation between the draft Scheme of arrangement and the final scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Transacting Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares / merger / demerger / reduction of share capital before the Scheme becomes effective, the issue of shares pursuant to the fair equity share exchange ratio recommended in this Report shall be adjusted accordingly to consider the effect of any such corporate actions.

This Report is our deliverable for the above engagement and is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter.

As such, the Report is to be read in totality and not in parts and in conjunction with the relevant documents referred to therein.

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SOURCES OF INFORMATION

In connection with this exercise, we have received / obtained the following information about the Transacting Companies from the Management of the respective company:

- Audited financial statements of VDCL and MDSL for the financial year ended March 31, 2024;
- Financial Projections of VDCL and MDSL which represents the Management's best estimate of the future financial performance of the Transacting Companies ('Management Projections');
- Shareholding pattern of VDCL and MDSL as on the Valuation Date;
- Draft Scheme of Amalgamation;
- Discussions with the Managements to obtain requisite explanation and clarification of data provided, to inter-alia understand their perception of historical and expected future performance of VDCL and MDSL;
- Information available in public domain and databases subscribed by us; and
- Other relevant information and documents for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by us in any detail, if not considered relevant for the defined scope. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair equity share exchange ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our Report.

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PROCEDURES ADOPTED

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

- Requested and received financial and operational information.
- Used data available in public domain related to the Companies and their peers.
- Discussions (physical / over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis.
  - Enquire about the historical financial performance, current state of affairs, business plans, and the future performance estimates.
- Identification of suitable comparable companies in discussion with the Management.
- Undertook Industry Analysis:
  - Research publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysis of key trends and valuation multiples of comparable companies using proprietary databases subscribed by us.
- Obtained and analysed market prices, volume data and other relevant information for the Companies.
- Reviewed the financial projections provided by the Management for the Companies including understanding basis of preparation and the underlying assumptions.
- Selection of appropriate internationally accepted valuation methodology/(ies), after deliberations and consideration to the sector in which the Transacting Companies operate and analysis of their business operations.
- Arrived at the equity value of the Transacting Companies in order to determine fair equity share exchange ratio for the Proposed Amalgamation.

SSPA & CO. CHARTERED ACCOUNTANTS REGISTERED VALUER

PRASHANT GHORELA REGISTERED VALUER RV REGN NO. IBBI /RV/06/ 2021/14003 (Securities or Financial Assets)

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. 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.

This Report, its contents and the results herein are specific and subject to

- the purpose of valuation agreed as per the terms of our engagement;
- the date of this Report ("Report Date");
- audited financial statements of VDCL and MDSL for financial year ended March 31, 2024;
- financial projections and underlying assumptions as provided by the Management of the Companies;
- accuracy of the information available in public domain with respect to the comparable companies identified including financial information;
- market price reflecting the fair value of the underlying equity shares of the Companies; and
- data detailed in the Section - Sources of Information.

We have been informed that the business activities of Transacting Companies have been carried out in the normal and ordinary course between March 31, 2024 and the Report Date and that no material changes have occurred in their respective operations and financial position between March 31, 2024 and the Report Date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this 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. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair equity share exchange ratio for the Proposed Amalgamation. 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.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

The decision to carry out the Proposed Amalgamation (including consideration thereof) lies entirely with the Management / Board of Directors of the respective Company and our work and findings shall not constitute recommendation as to whether or not the Management / the Board of Directors of the Company should carry out the Proposed Amalgamation.

The determination of fair value for arriving at fair equity share exchange ratio is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value.

While we have provided our recommendation of the fair equity share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion. The final responsibility for the determination of the fair equity share exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the Transacting Companies, who should consider other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

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In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available. We have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases; and (ii) the accuracy of information made available to us by the Companies; both of which formed a substantial basis for this Report. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic / investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials / financial information or individual assets or liabilities, provided to us regarding the Companies / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

It may herein be noted that the projections are responsibility of the Management. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies. No investigation of Companies' claims to title of assets has been made for the purpose of this Report and Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest balance sheets remain intact as of the Report Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Clients are the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Clients from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients or Companies, their directors, employees or agents. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

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We accept no responsibility or any direct or indirect liability towards any third party including but not limited to any person, who may have been provided a copy of this Report for intended use in connection with the Scheme and hence, no party other than the Client shall have any recourse to us in relation to this engagement. In no event, we shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

We have not carried out any physical verification of the assets and liabilities of the Transacting Companies and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business / commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of fair equity share exchange ratio for the Proposed Amalgamation only.

We must emphasize that realization of forecasted free cash flow or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

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 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 wilful default on part of the Companies, their directors, employees or agents.

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.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the fair equity share exchange ratio for the Proposed Amalgamation and relevant filings with regulatory authorities in this regard, without our prior written consent.

In addition, this Report does not in any manner address the price at which equity share of VDCL and MDSL shall trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation. Our report and opinion / valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

We will owe the responsibility only to the Board of Directors of VDCL and MDSL.

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Disclosure of Registered Valuers' Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Company or their promoters or their directors or their relatives. Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.

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SHAREHOLDING PATTERNS

VDCL

As of Valuation Date, the shareholding of VDCL comprises 10,25,97,450 equity shares of face value INR 1 each.

Particulars	No. of Shares	% Shareholding
Promoter and Group	5,53,28,952	53.93%
Public	4,72,68,498	46.07%
Total	**10,25,97,450**	**100.00%**

Source: Management

MDSL

As of Valuation Date, the shareholding of MDSL comprises 99,81,640 equity shares of face value INR 10 each.

Particulars	No. of Shares	% Shareholding
Promoter and Group	62,02,220	62.14%
Public	37,79,420	37.86%
Total	**99,81,640**	**100.00%**

Source: Management

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APPROACH FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO:

The Proposed Amalgamation contemplates the amalgamation of MDSL with VDCL. Arriving at the fair equity share exchange ratio for the Proposed Amalgamation would require determining the relative value of equity shares of Transacting Companies. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for Proposed Amalgamation and our reasonable judgment, in an independent and bona fide manner.

The Valuation Approach adopted by SSPA and CA Prashant is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

Recommendation of equity share exchange ratio for the proposed amalgamation of MDSL with VDCL

The basis of the amalgamation of MDSL with VDCL would have to be determined after taking into consideration all the factors and methods mentioned hereinafter. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purpose of recommending the fair equity share exchange ratio of equity shares it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the fair equity share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

The fair equity share exchange ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches / methods explained in the Annexures and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

We have independently applied approaches / methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Companies. To arrive at the consensus on the fair equity share exchange ratio for the Proposed Amalgamation of MDSL with VDCL, suitable minor adjustments / rounding off have been done.

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In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above including scope, limitations and assumptions described in this report and the engagement letter, we recommend the fair equity share exchange ratio as follows:

To the equity shareholders of MDSL

*"**1 (one)** equity share of VDCL having a face value of INR 1 each fully paid-up shall be issued **for every 22 (Twenty Two)** equity shares held in MDSL having face value of INR 10 each fully paid-up"*.

Respectfully submitted, **For SSPA & Co.,** **Chartered Accountants** ICAI Firm Registration No: 128851W IBBI Registered Valuer No.: IBBI/RV-E/06/2020/126 Parag S. Ved SSPA & CO. ★ REGISTERED VALUER ★ CHARTERED ACCOUNTANTS **Parag Ved, Partner** ICAI Membership No. 102432 Registered Valuer No.: IBBI/RV/06/2018/10092 UDIN: 24102432BKCIZT7486 Place: Hyderabad Date: June 26, 2024	Respectfully submitted, PRASHANT GHORELA ★ RV REGN NO. IBBI /RV/06/ 2021/14003 (Securities or Financial Assets) ★ REGISTERED VALUER **CA Prashant Ghorela** ICAI Membership No. 143335 Registration Number: IBBI/RV/06/2021/14003 UDIN: 24143335BKDIFY9667 Place: Hyderabad Date: June 26, 2024

Annexure IA - Valuation Workings SSPA:

VALUATION APPROACHES

Bases and Premise of Valuation

Valuation of the equity shares of the Companies as on the Valuation Date is carried out in accordance with ICAI VS, considering 'relative value' base and 'going concern value' premise. Any change in the valuation base, or the valuation premise could have a significant impact on the valuation outcome of the Companies.

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

1. Cost Approach – Net Asset Value method
2. Market Approach:
    a) Market Price method
    b) Comparable Companies Multiple method
3. Income Approach – Discounted Cash Flow method

Each of the aforesaid approaches proceeds on different fundamental assumptions which have greater or lesser relevance and at times even no relevance, to a given situation. Thus, the approach to be adopted for a particular valuation exercise must be judiciously chosen.

For the Proposed Amalgamation, we have considered the following commonly used and accepted methods for determining the value of equity shares of the Transacting Companies for the purpose of recommending fair equity share exchange ratio to the extent relevant and applicable:

1. Cost Approach - Net Asset Value Method ('NAV')

The Cost Approach reflects the amount that would be required currently to replace the service capacity of an asset; often referred to as current replacement cost.

VDCL and MDSL

In the present case, the business of VDCL and of MDSL is intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the Cost Approach is not adopted for the present valuation exercise.

2. Market Approach

a) Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

VDCL and MDSL

In the present case, the equity shares of VDCL are listed on both NSE and BSE whereas for MDSL it is listed only on BSE. The value of equity shares of VDCL and MDSL under this method is determined considering the share prices of VDCL on NSE and MDSL on BSE over an appropriate period.

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b) Comparable Companies' Multiple (CCM) / Comparable Transactions Multiples (CTM) Method

Under CCM method, the value of equity shares of companies is determined by using multiples derived from valuations of comparable 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.

VDCL and MDSL

In the present case, VDCL and MDSL have been valued based on EV/EBITDA multiple of comparable listed companies to arrive at the fair value per share of VDCL and MDSL under the Market Approach.

Under CTM, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

VDCL and MDSL

Based on our analysis and discussion with the Management, we understand that there are no recent comparable transactions, data of which is available in public domain, involving companies of similar nature and having a similar operating / financial metrics as that of VDCL and MDSL, we have therefore not used CTM method to value the equity shares of these Companies.

3. Income Approach - Discounted Cash Flows Method ('DCF')

Under the Income Approach, equity shares of VDCL and MDSL are valued using DCF Method.

Under DCF method, the projected free cash flows from business operations, after considering fund requirements for projected capital expenditure and incremental working capital, are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to earnings before interest and tax (i) depreciation and amortizations (non-cash charge), and (ii) any non-operating item. The cash flow is adjusted for outflows on account of (i) capital expenditure, (ii) incremental working capital requirements and (iii) tax.

WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the company. In other words, WACC is the weighted average of cost of equity and cost of debt of the respective Companies.

To the value so arrived, appropriate adjustments have been made for loan funds, cash and cash equivalents, value of investments, value of surplus assets and cash inflow on account of exercise of ESOP's, to arrive at the equity value.

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Fair equity share exchange ratio:

Valuation Approach	VDCL		MDSL	
	Value per share (INR)	Weight	Value per share (INR)	Weight
Asset Approach*	NA	NA	NA	NA
Income Approach	822.80	50%	38.37	50%
Market Approach				
- Market Price Method	805.59	25%	35.81	25%
- CCM Method	812.66	25%	35.54	25%
Relative value per share	**815.96**		**37.02**	
Fair Equity Share Exchange Ratio *(rounded off)*	**1 : 22**			

NA = Not Applied / Not Applicable

** Since, the business of VDCL and MDSL are both intended to be continued on a 'going concern basis' and there is no intention to dispose-off the assets, therefore the 'Asset' approach is not adopted for the present valuation exercise.*

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Annexure IB - Valuation Workings CA Prashant:

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.

It may be noted that CA Prashant 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.

For valuation exercise, market parameters have been considered up to and including June 25, 2024.

There are three generally accepted approaches to valuation:

(a) "Asset" / "Cost" Approach
(b) "Income" Approach
(c) "Market" Approach

An overview of these approaches is as follows:

1. Asset / Cost Approach

Net Asset Value Method ("NAV")

The value arrived at under this approach is based on the latest audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise.

NAV is generally used as the minimum break-up value for the transaction and this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

VDCL and MDSL

In a going concern scenario, the earning power, as reflected under the Income and Market approaches, is of greater importance to form the basis of amalgamation, than the values arrived at on the net asset basis being of limited relevance. Therefore, Asset / Cost approach has not been considered.

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2. Income Approach

Discounted Cash Flow Method ("DCF"):

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The DCF Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows. Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to the owners of the business and creditors. The free cash flows in the explicit period and those in perpetuity are discounted by the Weighted Average Cost of Capital ("WACC"). The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of the future cash flows as it considers equity risk 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. However, in the complex business models it is advisable to derive terminal value as per Exit Multiple method where the stabilized Key Performance Indicator (KPI) such as EBITDA, Book Value, Profit After Tax of the Company is applied to the trading comparable companies KPI multiple to arrive at Terminal Value. 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 (aggregate of the present value of explicit period and terminal period cash flows) so derived, is further reduced by the value of debt, if any, (net of cash and cash equivalents) and surplus assets are added to arrive at value to the owners of the business.

VDCL and MDSL

- In the present case, we have considered the projections of VDCL and MDSL for a period starting from April 01, 2024 to March 31, 2029 as provided by the management of Transacting Companies as the projections for the explicit period.
- Considered the following adjustments to EBIT (Net of tax) to arrive at the free cash flows to the firm (FCFF):
    - Adjustments for working capital requirements based on projected balance sheet
    - Adjustments for capital expenditure estimated to be incurred over the projected period
    - Adjustments for depreciation based on information provided by management of the Company.
- Computed net present value of FCFF over the period based on WACC derived as per CAPM formula.
- The terminal value of cash flows beyond March 31, 2029 (post Explicit Period) is computed by using a market multiple based on comparable companies. We have applied the size adjusted EV/EBITDA multiple of comparable companies to the terminal year EBITDA fundamental of Transacting Company.
- The sum of present value of FCFF and terminal value is equivalent to the Enterprise Value ('EV').
- The Enterprise Value, so arrived has been adjusted for Cash & cash equivalents (including cash to be received on exercise of ESOPs), surplus assets and reduced by debt and debt like items as on March 31, 2024 to arrive at the Equity value of the Transacting Companies.

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3. Market Approach

The Market approach generally reflects the investor's perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of 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.

ii. Comparable Companies Multiple Method

This method values a business based on trading multiples derived from publicly traded companies that are similar to the subject company. The steps taken in applying the Comparable company method include identifying comparable public companies, adjusting the guideline public company multiples for differences in the size and risk of these companies compared to the subject company, and then applying the adjusted pricing multiples from the representative companies.

iii. Comparable Transaction Multiple Method

Under the CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry.

VDCL and MDSL

1. Market Price Method under the Market Approach have been considered for valuation of both VDCL and MDSL as both are listed on Indian stock exchange. We considered ICDR Regulations which provide guidelines to estimate the market price.

   In the present case, the share price of VDCL on the NSE has been considered, as the trading volumes are higher at NSE as compared to BSE and share price of MDSL on BSE has been considered.

   The Pricing Formula provided in Regulations 164 (1) of ICDR Regulations has been considered for arriving at the value per equity share of VDCL and MDSL.

2. Comparable Companies Multiple Method ("CCM") is also used for determining and arriving at the fair value of VDCL and MDSL, since there are comparable companies operating in a similar segment in India. Further, due to paucity of comparable transaction, CTM method has not been considered.

   The trailing Enterprise Value to EBITDA (EV/EBITDA) multiples of comparable peer companies have been considered for CCM. The multiples have been further adjusted for size differences between comparable companies. EV/EBITDA multiple is considered as a better ratio compared to PE ratio as it is not affected by change in capital structure of the peer Companies.

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Summary of Valuation Approaches & Methodologies for the Transacting Companies:

Methods Adopted	VDCL	MDSL
Cost Approach	×	×
Income Approach - DCF Method	✓	✓
Market Approach - CCM	✓	✓
Market Approach - Market Price Method	✓	✓

Fair equity share exchange ratio:

Computation of Share Exchange Ratio				
Valuation Approach	Vijaya Diagnostic Centre Limited (Face value INR 1 each)		Medinova Diagnostic Services Limited (Face value INR 10 each)	
	Value Per Share (INR)	Weight	Value Per Share (INR)	Weight
Income Approach - DCF Method	836.97	50%	37.56	50%
Market Approach – CCM	808.20	25%	36.20	25%
Market Approach – Market Price Method	789.33	25%	38.18	25%
Relative Value Per Share	**817.87**		**37.37**	
Exchange Ratio - rounded off	**1 : 22**			

Swap Ratio
1 equity share of Vijaya Diagnostic Centre Limited of face value INR 1 each will be issued for every **22 equity shares** of Medinova Diagnostic Services Limited of face value INR 10 each