RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Dated: October 05, 2024

To,
The Board of Directors
Physicswallah Private Limited
Plot No. B-8, Tower A, 101-119, Noida One
Noida Sector 62, Gautam Buddha Nagar,
Dadri, Uttar Pradesh, India, 201309

Dear Sir/Madam,

Subject: Valuation Analysis of Physicswallah Private Limited for the purpose of issue of equity shares/Compulsory Convertible Preference Shares (CCPS).

This has reference to our engagement letter with Physicswallah Private Limited having its registered office at Plot No. B-8, Tower A, 101-119, Noida One, Noida Sector 62, Gautam Buddha Nagar, Dadri, Uttar Pradesh, India, 201309 (herein referred to as the "Company") in connection with the valuation analysis of the equity shares of the Company as on July 31, 2024 (the "Valuation Date").

SCOPE AND PURPOSE OF THIS REPORT

Physicswallah Private Limited provides affordable and comprehensive learning experience to students preparing for JEE, NEET and other competitive preparatory exam across the country through online, offline and hybrid mode. The Company has appointed Renu Pandey, an IBBI-Registered Valuer (SFA) (referred as 'valuer' or 'we') to carry out valuation analysis of the equity shares issued by the company to Shareholders as at July 31st, 2024 for the purpose of issue of equity share/CCPS pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act.

The valuation of securities is undertaken based valuation standards issued by ICAI Registered Valuers Organization including ICAI Valuation Standard 103 - Valuation

Registered Office: N-305, Prateek Wisteria, Sector -77, Noida – 201301
Phone No. : +91 9871836035
Email ID: rv.renupandey@gmail.com

Approaches and Methods.

It should also be understood that the values at which investments are made / price paid in a transaction may differ from the values computed in this report due to factors such as the objective of the parties, negotiation skills of the parties, the structure of the transaction (i.e., financial structure, transition of control, etc.) or other factors unique to the transaction. In the course of the valuation, we were provided with both written and verbal information, including financial and operating data. We have evaluated the information provided to us by the Company through broad inquiry and analysis but have not carried out a due diligence or audit or review of the Company for the purpose of this engagement. We had relied on the business projections shared by the management.

This report and the information contained herein are absolutely confidential. It is intended for sole use and information of the addressee of the report and for purpose of issue of equity shares/CCPS and to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this report. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Company that has engaged us and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Company or any other party, in connection with this report.

The results of our valuation and our report will not be permitted to be used or relied by the Company for any other purpose or any other party for any purpose whatsoever, except stated above. We are not responsible to any other person / party for any decision of such person / party based on our report. It is hereby notified that reproduction, copying or otherwise quoting of our report or any part thereof, except for the purpose as set out earlier in this report, is not permitted.

During the course of this engagement, we have provided draft copies of this Valuation Report to management for comment on factual accuracy of the contents of our report. Management has confirmed that they have reviewed report in detail and have also confirmed to us the factual accuracy of contents in report. It may kindly be noted that the current report being issued and signed by us represents the final assessment and supersedes all draft versions that may have been shared by us in the past.

We have obtained representation letter from the management confirming that it has provided us with all the relevant information, knowledge and confirmations completely and correctly and that there has been no significant change in business operations since the date of valuation until the date of report, that could have any impact on the valuation exercise.

If you have any questions or require additional information, please do feel free to contact us.

Yours Sincerely,

Renu Pandey
Digitally signed by Renu Pandey
Date: 2024.10.05 17:30:40 +05'30'

Renu Pandey

IBBI Registered Valuer

Securities and Financial Assets

Regn No :- IBBI/RV/06/2022/14914

UDIN: 24408043BKBGCE1218

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VALUATION ANALYSIS

We refer to our Engagement Letter confirming our appointment as independent valuers of Physicswallah Private Limited (the "Company"). In the following paragraphs, we have summarized our Valuation Analysis (the "Analysis") of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work as mentioned in herein below in this report.

1. Context and Purpose

Based on our discussion with the Management, we understand that the company is planning to issue equity share/CCPS pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act, for which a fair value benchmark is required. In this context, the Management requires our assistance in determining the fair value of equity shares of the Company.

2. Conditions and major Assumptions

Conditions

The historical financial information about the company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed, or compiled the Financial Statements and express no assurance on them. The financial information about the company presented in this report includes normalization adjustments made solely for the purpose to arrive at value conclusions presented in this report.

Normalization adjustments as reported are hypothetical in nature and are not intended to present restated historical financial results or forecasts of the future.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided in part by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession concerning the value and useful condition of all investments in securities or partnership interests, and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

We have been informed by management that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.

3. Background of the company

Physicswallah Private Limited is a private company limited by shares. It was incorporated on 06th June 2020, under the provisions of the Companies Act, 2013. Its corporate identity number is U80900UP2020PTC129223. Its registered office is situated at Plot No. B-8, Tower A, 101-119, Noida One, Noida Sector 62, Gautam Buddha Nagar, Dadri, Uttar Pradesh, India, 201309.

Business Activity of the Company –

The Company was initiated with a vision to provide affordable and comprehensive learning experience to students preparing for JEE and NEET exams. The company started off as an online player and have now forayed into offline & hybrid mode. The Company is dedicated to provide the best quality education at the most affordable price since 2020.

The Company's current offering is present in 100+ Cities, 120+ Centers & 28 Exam Categories including JEE, NEET, CAT, UPSC, CA, Defense, School Prep, GATE, Govt Job Exams, SSC, NEET PG, Bank Test Prep, Teaching Test Prep, Law, etc.

Physicswallah Private Limited, now India's leading EdTech unicorn, was founded in 2020 by Alakh Pandey (Founder & CEO) and Prateek Maheshwari (Co-Founder). Headquartered in Noida, Uttar Pradesh, the company is democratizing education at scale across India through online, offline and hybrid platforms, and has reached 98% of the country's pin codes. Initially launched as a YouTube channel in 2014, the company has been growing exponentially, now offering free quality education to over 4.6+ crore students through its 112+ YouTube channels in 5 vernacular languages. The company's app has been downloaded 3+ crore times, and the company has over 55+ lakh paid students. The Company is creating the biggest hybrid education ecosystem in the country by establishing tech-enabled offline and hybrid centers in 105 cities nationwide. As a lifelong learning partner, company's offerings span various educational segments, including 2 Gurukulam Schools, test preparation in 43 categories, a skilling vertical, higher education, and study abroad. Additionally, the company also has an Institute of Innovation (IOI) that provides world-class 4-year residential job-ready programs.

The *Board of Directors* of the company are as follows:-

DIN/ PAN	Designation	Name
08755719	Director	Alakh Pandey
07113666	Director	Prateek Boob
09374578	Director	Gaurav Chaudhary
08755720	Director	Rajat Pandey

Shareholding pattern of the Company is as follows –

Type of Capital	No. of Shares	Nominal Value per share	Amount (in INR)
Authorised Equity Share Capital	7,00,00,000	INR 1 each	7,00,00,000.00
Authorised 0.001% Compulsorily Convertible Preference Share (CCPS)	70,00,000	INR 10 each	7,00,00,000.00
Total Authorised Share Capital	7,70,00,000		14,00,00,000.00
Paid-up Equity Share Capital	6,00,00,013	INR 1 each	6,00,00,013.00
Paid-up 0.001% Compulsorily Convertible Preference Share (CCPS)	66,66,654	INR 10 each	6,66,66,540.00
Total Paid-up Share Capital	6,66,66,667		12,66,66,553.00

4. **Purpose of valuation and appointing authority:**

Based on our discussions, we understand that the management of the Company requires valuation analysis of unquoted equity shares of the Company as on 31.07.2024 for the purpose of issue of equity shares/CCPS in pursuant of the provisions of the Companies Act' 2013. In this regard, the valuation of shares has been carried out as per the provisions of Companies Act, 2013. The report is intended to be used for the purpose of valuation of unquoted shares.

5. Identity of the valuer and any other experts involved in the valuation:

Name: Renu Pandey

Address: N-305, Prateek Wisteria, Sector 77, Noida, Uttar Pradesh – 201301

IBBI Registered valuer registration no.: IBBI/RV/06/2022/14914

IBBI Assets class registration: Securities and Financial Assets

ICAI RVO Membership No. : ICAIRVO/06/RV-P063/2022-2023

ICAI Membership number : 408043

6. Disclosure of valuer interest/conflict, if any:

I am an independent valuer and am not affiliated to the company being valued in any manner whatsoever. We don't have a present or prospective interest in the property that is the subject of this report, and we have no (or the specified) personal interest with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. Date of appointment, valuation date and date of report:

Date of appointment	10-09-2024
Valuation date	31-07-2024
Date of report	05-10-2024

8. Basis/ bases of value used

Bases of value (sometimes called standards of value) are statements of the fundamental measurement assumptions of a valuation. They describe the fundamental assumptions on which the reported values will be based (e.g. the nature of the hypothetical transaction, the relationship and motivation of the parties, the extent to which the asset is exposed to the market, and the unit of account for the valuation). It is critical for any valuation to be performed using the basis (or bases) of value that is appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer's selection of methods, inputs and assumptions, and the ultimate opinion of value.

We have used "**Fair Value**", as basis of Valuation.

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

9. Valuation Standards

Our valuation methodologies and approaches are in conformity with Valuation Standard issued by the ICAI. The Valuation Standards issued by ICAI set out concepts, principles and procedures which are generally accepted internationally having regard to legal framework and practices prevalent in India.

10. Valuation Methodology, Approach and Procedures adopted in carrying out the valuation.

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

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

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

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categorized as follows:

i. Cost Approach/ Net Asset Value
ii. Market Approach
iii. Income Approach

i. Asset Approach

The value arrived at under this approach is based on the latest available audited/ unaudited/ provisional financial statements of the business and may be defined as the Shareholder's Funds or Net Assets owned by the business.

Under this method, the net assets as per the financial statements are adjusted for market value of surplus/ non-operating assets, potential and contingent liabilities, if any. The NAV is generally used as the minimum break-up value for any business since 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 or invest in the business as a going concern.

We understand that the business of the company is in service sector. Accordingly, the current NAV method would not be reflective of its growth potential going forward and thus would not reveal the true business value of the company. Hence keeping the context and purpose of the report in mind, we have not used this method in the Analysis.

ii. **Market Based**

a. **Comparable Company Market Multiple Method ("MM")**

Under this methodology the market multiples of comparable listed companies are computed and applied to the company being valued in order to arrive at a multiple based valuation. This is based on the principal that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for difference between the circumstances. Considering the nature of business of the Company and non availability of any listed comparable near the valuation date, I have not applied the CCM method.

b. **Comparable Company Transaction Multiple ("TM") Method**

This method is similar to the above MM Method, with the exception that the companies used as guidelines are those that have been recently acquired. Under this method, acquisitions or divestitures involving similar companies are identified, and the multiples implied by their purchase prices are used to assess the subject company's value. There is no rule of thumb for the appropriate age of a reasonable transaction; however, it is important to be aware of the competitive market at the time of the transaction and factor any changes in the marketplace environment into the analysis. All other things being equal, the more recent the transaction, the more reliable the value arrived at using this technique.

I have not considered this methodoly in the Analysis as we understand that there are no comparable Indian transactions in the sector to which company belongs.

iii. **Income Based**

The DCF technique is one of the most rigorous approaches for valuation of business. In this technique, the projected free cash flows from business operations are discounted at the weighted average cost of capital to the providers of capital to the business, and the sum of the present value of such free cash flows is the value of the business.

This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm by estimating the Free Cash Flows (FCF) to Firm and discounting the same with Weighted Average cost of capital (WACC). The DFCF method using the FCF, values Company as an overall. This is estimated by forecasting the free cash flows available for the Company (which are derived on the basis of likely future earnings of the companies) and discounting these cash flows to their present value at the WACC. The DFCF methodology is considered to be the most appropriate basis for determining the earning capability of a business. It expresses the value of a business as a function of expected future cash earnings in present value terms.

In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex is being met. As this methodology is focused at finding the value of the Firm so the interest charges (post tax) should be added back.

We have laid emphasis on the projections considered as a true reflection of the Company's earning potential. The future free cash flows are derived considering, inter alia, the changes in the working capital and investments in capital expenditure. They are an aggregation of the free cash flows during the explicit forecast period, prepared meticulously based on the business plan and post explicit forecast period, estimated using depreciation as maintainable capex and adjusting the movement in working capital at the end of the explicit period by the growth rate for perpetuity. In the present case, the Audited Financial for year ending 31st March 2023 (FY 2022-23), Provisional Financial for period ending 31st March 2024, Provisional Financials for the period ending 31st July, 2024 and the Estimated Financial Statement for next 05 years ending 31st March 2029 are used.

The DCF analysis involves determining the following:

a) Estimating future free cash flows;
b) The time frame of the cash flows;
c) Appropriate discount rate to be applied to cash flows;
d) The terminal values i.e. the cumulative value of the free cash flows beyond the explicit forecast period.

a) **Estimating future free cash flows**

- Free cash flows are the cash flows expected to be generated by the Company that are available to all providers of the Company's capital - both debt and equity. The free cash flows are determined by adding to EBIT (Earnings before interest tax), (i) depreciation and amortizations and (ii) interest on debt net of tax. The above is adjusted for (i) change in working capital requirements, (ii) investments in capital expenditure and other assets. Free cash flows thus calculated will be equal to the sum of the cash flows paid to or received from all the capital providers (viz. interest, new borrowings and debt repayments in the case of debt holders and dividends, share issues and share repurchases in the case of equity holders), contingent liability and the change in investments of surplus funds in marketable securities.

- **Growth Rate:**

The long-term growth rate in developing countries is usually in the range of 2% to 6% for traditional businesses. The terminal growth rate is an approximation that reflects the ongoing growth potential of the company's cash flows, which is essentially dependent on factors such as historic growth rates, industry dynamics factors and macroeconomic factors like long term GDP growth and the inflation factors. Thus, we have considered the terminal growth as 5%.

b) Time Frame of Cash Flows

A problem faced in valuing a business is its indefinite life, especially where the valuation, as in the present case, is on a going concern basis. This problem was tackled by separating the value of the business into two-time periods viz. explicit forecast period and post explicit forecast period. In such a case, the value of business is the value of free cash flows generated during the explicit forecast period and value of free cash flows generated during the post explicit forecast period. While projected free cash flows of the explicit forecast period can be prepared meticulously based on the business plan, the free cash flows of the post explicit forecast period could be estimated using an appropriate method. In the present case, we have considered it appropriate to take the estimated projections for the 04 years and 8 month ending 31st March 2029 as the explicit forecast period.

c) Appropriate Discounting Rate to be applied

The cash flows of each year are discounted at the Weighted Average Cost of Capital (WACC) using midyear discounting approach. 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 the firm's cost of equity and debt. The WACC is worked out using the following parameters:

		Year 1	Year 2	Year 3	Year 4	Year 5
Particulars		**Figure(s)**	**Figure(s)**	**Figure(s)**	**Figure(s)**	**Figure(s)**
Risk Free Rate of Return		**6.924%**	**6.924%**	**6.924%**	**6.924%**	**6.924%**
Market Return (BSE)		**14.80%**	14.80%	14.80%	14.80%	14.80%
Start Date	31-Jul-04	5,170.32				
Valuation Date	31-Jul-24	81,741.34				
Years	20					
Equity Risk Premium		**7.88%**	7.88%	7.88%	7.88%	7.88%
Unlevered Beta	1.07		1.07	1.07	1.07	1.07
Base COE	15.34%		15.34%	15.34%	15.34%	15.34%
Company Specific Risk Premium	5.0%		4.0%	3.0%	2.0%	1.0%
Weight		100.00%	1.00	1.00	1.00	1.00
Cost of Equity (Adjusted)		**20.34%**	**19.34%**	**18.34%**	**17.34%**	**16.34%**
Debt		-	-	-	-	-
Cost of Debt (Post Tax)		**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
WACC		**20.34%**	**19.34%**	**18.34%**	**17.34%**	**16.34%**

- ***Cost of Equity (CoE)***

  We applied the widely used Capital Asset Pricing Method ["CAPM"] Build Up Appropach to build up the cost of equity. The parameters for computing cost of equity are as follow –

  - The risk free rate is generally based on the returns available from long-term government bonds and securities. These returns are used since they represent a very low default risk, are liquid (freely tradable) and include the expected long-term inflation premium. In India, the risk free rate of return is taken at 6.924% (Government Sector 10 Year Rate based on

RBI). *(Source: https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data)*

- Beta is the measure of systematic risk of stock, and is essentially computed by regressing market return for a particular stock against the overall market return. We have considered unlevered beta as 1.07 calculated on the basis of listed comparable companies for Education sector in India.

  (data source http://www.stern.nyu.edu/~adamodar/New_Home_Page/data.html.)

- The market premium is the additional amount of return over the risk free rate that is required to compensate the investor for the additional risk of investing in the equity shares of the Company. It is typically the additional return on historical equity market over risk free rate of return. In the present case, we have considered a market rate of return of 14.80% (20 years BSE Sensex Returns) (Source-www.bseindia.com).
- Specific Company Risk Premium is considered at 5% and thereafter every year it is assumed to be reduced by 1%.

- ***Cost of Debt (COD)***

  The Cost of Debt is the effective interest rate a company pay on its debt. The cost of debt is often refers to after-tax cost of debt, which is company's cost of debt after taking taxes into account.

  Since Target Long Term Debt-Equity ratio of the company is 0:100, WACC works out to be same as cost of equity.

d) Terminal Value

Explicit period ending EBITDA

The terminal value of an on-going business could best be determined as present value of the estimated future free cash flows in order to obviate the need to forecast the Company's cash flows in detail for an indefinite period. On this basis, the calculation of the terminal value may be made by capitalizing the free cash flows of the year following the final year in the explicit forecast period into perpetuity using an appropriate rate of return (normally the WACC factoring for an element of growth in the future years). In the present case, we have used the Gordon Growth Method based on a perpetual growth rate of 5% to arrive at the Terminal Value of DCF. The convergence formula is based on the premise that Terminal Value arrived under the Gordon Growth Method (GGM) is nothing but a product of Exit EBITDA multiple and the explicit period ending EBITDA.

Discount for Lack of Marketability (DLOM) and Discount for Lack of Control (DLOC)

For the given investments that are otherwise comparable, market participants may apply a downward adjustment or a discount to the value of the one that cannot be converted into cash quickly at the owner's discretion. That discount rate is called Discount for Lack of Marketability (DLOM).

There is a marketability difference between ownership interests in the stock of publicly traded company as compared to an ownership interest in the stock of privately held company. The investment in privately held securities is not as liquid and have lesser degree of marketability as compared to the otherwise comparable publicly traded company. A rational investor will pay a premium on price for higher liquidity and will demand a price discount for lack of liquidity.

Therefore, if an interest in a firm cannot be easily converted into cash, discount for lack of marketability is applied.

In Current valuation illiquidity discount has not been appied.

Registered Office: N-305, Prateek Wisteria, Sector -77, Noida – 201301
Phone No. : +91 9871836035
Email ID: rv.renupandey@gmail.com

e) **Diluted number of shares**

The diluted number of shares includes all potential equity shares from existing convertible instruments, stock options, and warrants. This assumption allows for a more accurate and conservative estimation of the equity value on a fully diluted basis, thereby reflecting the total potential equity ownership structure in the company. All calculations for **equity valuation per share** are based on this fully diluted share count to provide a comprehensive view of shareholder value.

While the current report takes into account the existing dilutive instruments, future issuance of additional convertible instruments or stock options may further dilute the ownership structure. These potential future dilutions are not considered in this report, as they are contingent on future corporate actions or financing decisions.

11. Equity Valuation of the company

The equity valuation for the Company is arrived at as a function of DCF Projections by giving relevant discount rate representing the risk perception and the terminal growth rate selected, adjusted with cash , Bank Balance.

Detail of Calculation is attached herewith as Annexure -A

12. Major factors that influenced the valuation:

Not Identified.

13. Sources of Information

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to the services sector in which the Company is operating as available in the public domain. Specifically, the sources of information include:

- Audited Financial as on 31-03-2023 of the Company;
- Provisional Financial as on 31-03-2024;
- Provisional Profit & Loss Account for the period ending 31.07.2024;

- Financials Projections of the company for next 5 years ending 2029 as provided by the management;
- Management Representation Letter.
- Discussions with the Management;
- In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.

14. Caveats, limitations and disclaimers

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the Report.

The valuation worksheets prepared for the exercise are proprietary to Renu Pandey, Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which may have an impact on our Report up to the date of signature. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation Analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

15. Distribution of report

The Analysis is confidential and has been prepared exclusively for the purpose of allotment of equity shares/CCPS. We have given opportunity to the parties of the transactions (Promoters and Hornbill Capital Partner Limited, LIGHTSPEED OPPORTUNITY FUND II, L.P., KONARK TRUST, MMPL TRUST and SETU AIF TRUST in addition to the Company) to read our report and rely on the same for carrying out the transaction. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, in whole or in part, without the prior written consent of Renu Pandey**.** Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the Report will be shared with the proposed and existing allottees of the Company.

16. Opinion of value of the business and valuation summary:

The equity value of the company is summarized in the following table:

Summary of Various methods used to determine fair value as on 31-07-2024			
Valuation Approach	**Value/ Equity Shares(INR)**	**Weights**	**Weight Value**
Asset Approach	NIL	NIL	NIL
Market Approach	NIL	NIL	NIL
Income Approach	2350.27	100	2350.27

Accordingly, based on the information available, the value per share of the company as at 31st July 2024 is estimated at **INR 2350.27** per equity share. Based on the above analysis and assumptions, we conclude that the value of the CCPS is equivalent to the value of the equity shares, as both instruments represent the same underlying ownership and financial rights in the company.

Your's faithfully

Renu Pandey

Digitally signed by Renu Pandey
Date: 2024.10.05 17:31:30 +05'30'

Renu Pandey

IBBI Registered Valuer

Securities and Financial Assets

Regn No :- IBBI/RV/06/2022/14914

Annexure -A

CALCULATION OF FAIR MARKET VALUE OF EQUITY SHARES ON FULLY DILUTED BASIS

Discounted Cash Flow of Physicswallah Private Limited as on 31st July 2024

(Amounts in 'Cr)

Particulars	FY25 (8 months)	FY26 (12 months)	FY27 (12 months)	FY28 (12 months)	FY29 (12 months)
Revenue	3,215.4	4,504.7	6,059.8	8,011.6	11,595.8
Less: Operating Cost	2,999.6	3,727.0	4,764.5	6,042.5	8,300.4
EBIDTA	215.8	777.6	1,295.3	1,969.1	3,295.4
Less: Depreciation	252.4	269.4	280.6	292.6	221.1
EBIT	(36.6)	508.3	1,014.6	1,676.5	3,074.3
Less: Interest	4.5	-	-	-	-
EBT	(41.2)	508.3	1,014.6	1,676.5	3,074.3
Less: Tax	2.4	128.7	255.0	420.1	691.0
PAT	**(43.6)**	**379.5**	**759.7**	**1,256.3**	**2,383.4**
Add: Depreciation	252.4	269.4	280.6	292.6	221.1
Increase/(Decrease) in Net WC	924.9	(20.3)	165.4	71.5	644.8
Increase/(Decrease) in Non-current Assets/Liabilities	(521.6)	(118.3)	(103.9)	(279.1)	(389.4)
Capex	(167)	(181)	(171)	(183)	(207)
FCFF	**445**	**329**	**930**	**1,159**	**2,652**
WACC	20.34%	19.34%	18.34%	17.34%	16.34%
Weights (mid year discounting)	0.33	1.83	2.83	3.83	3.83
Discounting factor	0.94	0.72	0.62	0.54	0.56
Present value of FCFF	**419**	**238**	**577**	**628**	**1,485**

Particulars	Value in INR (in crores)
Present Value of Cash Flow	3,347
Terminal value	13,097
Enterprise Value	**16,443**
Add: Cash and bank as on 31/07/2024	89
Add: Investments in marketable securities as on 31/07/2024	760
Less: Borrowings as on 31/07/2024	57
Equity value	**17,235**
Number of diluted equity shares (including ESOP)	**7,33,33,334**
Value per Diluted Equity Share (in INR)	**2,350.27**