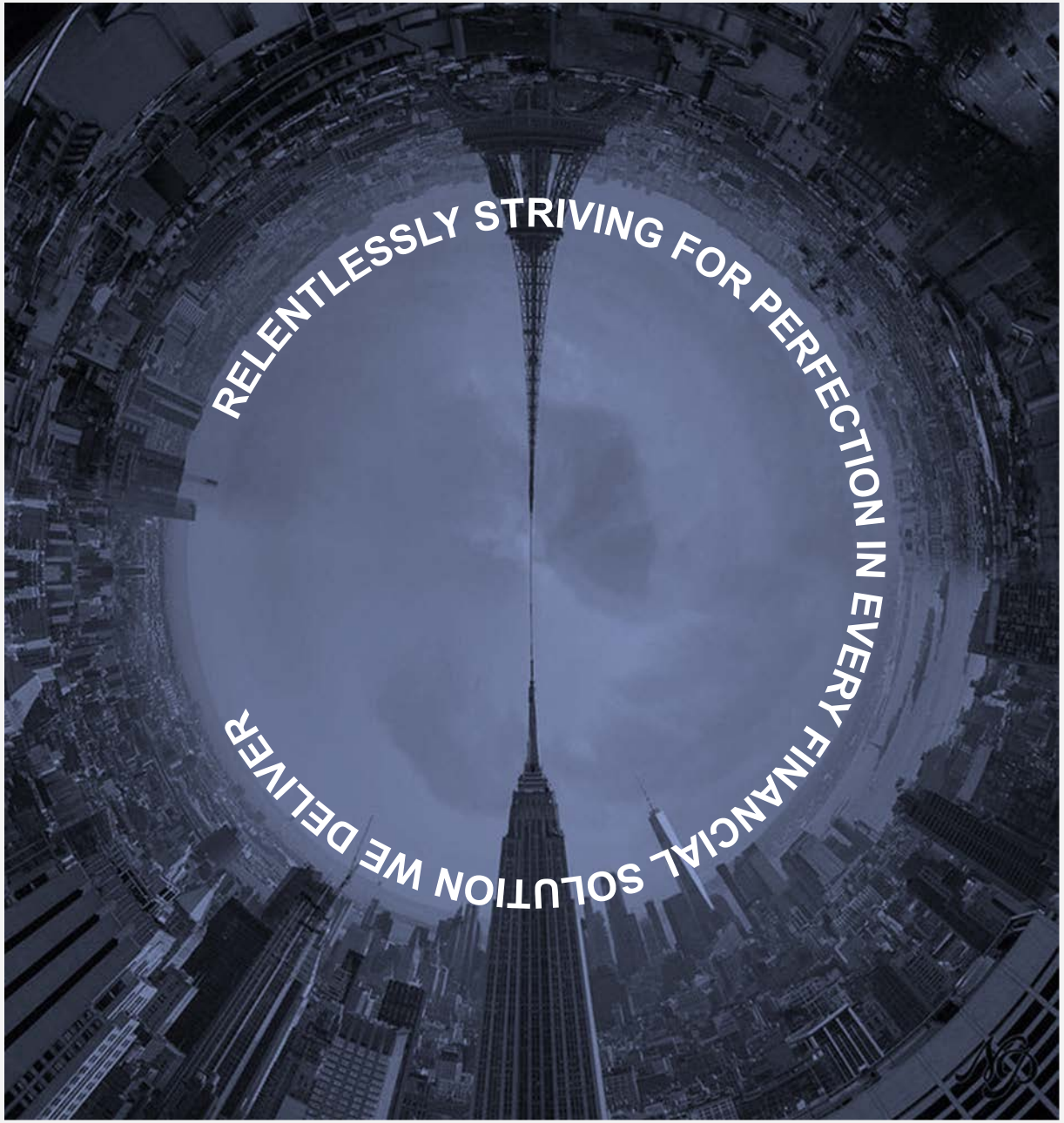

armslength

Valuation Report

Utkarsh Classes & Edutech Private Limited

Valuation Date: 30 September 2024

Armslength Advisors Private Limited
(Registered Valuer Entity: SFA, L&B and P&M)
(Reg. No. IBBI/RV-E/14/2024/212)
G-3, SF, Jangpura Extension, New Delhi- 110024
mail: info@armslength.in

Attention: Board of Directors

24 December 2024

Physicswallah Private Limited

Plot No. B-8, Tower A, 101-119, Noida One,

Noida Sector 62, Gautam Buddha Nagar, Dadri,

Uttar Pradesh,

India, 201309

Sub: Report on Valuation of equity shares and derivatives of Utkarsh Classes & Edutech Private Limited.

Dear Board members,

We, Armslength Advisors Private Limited (hereinafter referred to as "ALA" or "We" or the "RVE") have been appointed by Physicswallah Private Limited (hereinafter 'Physicswallah ' or 'PWPL' or the 'Client' or 'You') vide engagement letter dated 22 November 2024 ("Engagement Letter" or "EL") to carry out valuation of equity shares and derivatives of Utkarsh Classes & Edutech Private Limited (hereinafter "Utkarsh classes" or "UCEPL" or the "Company") for the purpose of valuation investment by PWPL in equity shares and derivatives of UCEPL. We are pleased to present the following report (the "Report") in relation to valuation of equity shares and derivatives of UCEPL as at 30 September 2024 ("Valuation Date").

In carrying out the valuation, we have relied upon information provided by the Management of PWPL (the "Management"). Based on our discussion with the management, we understand that the Management was duly authorised to provide us the information and the information provided are correct and accurate.

This Report was prepared solely for the purpose of assisting PWPL in estimating the fair value of equity shares and derivatives of UCEPL for accounting by PWPL for financial reporting purpose in compliance with provisions of IndAS as at 30 September 2024 ("Purpose) and should not be used or relied upon for any other purpose.

This Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Letter. We accept no responsibility or liability to any person other than to PWPL or to such party to whom we have agreed in writing to accept a duty of care in respect of this Report and accordingly if such other persons choose to rely upon any of the contents of this Report they do so at their own risk.

Nature and scope of the services

The nature and scope of the services, including the basis, limitations, caveats and disclaimers (LCDs), are detailed in the EL and in this report. As per the terms of the EL our scope of work is to carry out the valuation of the equity shares and derivatives of UCEPL for the purpose mentioned above and preparation of the Report.

The contents of our Report have been reviewed by the Management for validation of facts, data and information used. The Management has confirmed to us the factual accuracy of the Report.

Whilst each part of our report addresses different aspects of the work we have agreed to perform, the report should be read in entirety for a full understanding of our findings and conclusion.

The Valuation Date for this Report is 30 September 2024. Our Report does not take account of events or circumstances arising after the Valuation date and we have no responsibility to update the Report for such events or circumstances. If you have any questions or require additional information, please do feel free to contact us.

Yours faithfully,

For Armslength Advisors Private Limited
(RVE Reg. No. IBBI/RV-E/14/2024/212)



Amit K Singh
Director
Reg No. IBBI/RV/14/2019/12357
Place: New Delhi
Date: 24 December 2024

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1. VALUATION SUMMARY

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1. VALUATION SUMMARY
Engagement Summary

Engagement Summary

- This Report is organized into seven sections. Section1 of the valuation report contains a brief about the assignment and a summary of the valuation approaches and methods applied. At the end of this section, we give our opinion on fair value of equity shares and derivatives of UCEPL. This section must be read in conjunction with sections 2 to 7 of the Report in order to gain a full understanding.

Client Name	Physicswallah Private Limited
Engagement Officer	Board of Directors through Mr. Gaurav Singla (Finance Controller)
Subject Interest to be valued	Equity Shares and derivatives of UCEPL
Purpose of Valuation	Estimation of the Fair Value of equity shares and derivatives of UCEPL for estimation of fair value for accounting by PWPL for financial reporting purpose
Bases/Standard of Value	Fair Value
Premise of Value	Current/ Existing Use
Valuation Date	30 September 2024
Valuation Standards used	IVS 2022 issued International Valuation Standard Council (IVSC)
Valuation Approach and Method used	Discounted Cash flow (DCF) Method of Income Approach and Monte Carlo simulation Option Pricing Model

1. VALUATION SUMMARY
Valuation Results and Conclusion

Valuation Results and Conclusion- Equity Shares

- Fair value of equity shares of UCEPL, determined for financial reporting purposes, as at 30 September 2024, has been presented in the table below:

Particulars(INR Million)	Value
Enterprise value from operations	**3,430**
Plus: Cash and Cash Equivalents	362
Plus: Investments in mutual funds	266
Fair Value of Equity Shares	**4,058**
Stake owned by PWPL	51.0%
Fair Value of PWPL's stake	**2,069**

Source: Calculation

- We have estimated the value of equity shares of UCEPL, using DCF method of income approach, at **INR 4,058 Mn** and value of the 51.0% stake held by PWPL in UCEPL at **INR 2,069 Mn.**



1. VALUATION SUMMARY
Valuation Results and Conclusion

Valuation Results and Conclusion- Derivatives

- Value of derivatives of UCEPL, determined for financial reporting purposes, as at 30 September 2024, has been presented in the table below:

INR million	Derivative loss/(Gain) for PWPL
Tranche 3- FY 2024-25	(244.1)
Tranche 4- FY2025-26	(311.3)
Tranche 5 -FY 2026-27	(296.4)
Total	**(851.8)**

Source: Calculation

- We have estimated the value of the Derivatives of Utkarsh classes using Monte Carlo simulation Option Pricing Model, at **(851.8) Million.**



2. DESCRIPTION OF ASSIGNMENT AND PURPOSE OF VALUATION

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2. DESCRIPTION OF ASSIGNMENT AND PURPOSE OF VALUATION

Engagement Background and Purpose

Engagement Background

UCEPL, a private limited company incorporated under the laws of India with corporate identification number U72900RJ2018PTC063026, having its office at 832, Utkarsh Bhawan, Near Mandap Restaurant, 9th Chopasni Road, Jodhpur 342003, Rajasthan, India.

Utkarsh classes refer to academic programs or courses offered by institutions, particularly in India. These classes provide students with a range of academic and professional courses, from primary to higher secondary levels.

The Client has approached us for valuation of equity shares and derivatives of UCEPL for accounting by PWPL for financial reporting purposes.

Purpose of Valuation

As mentioned elsewhere in the report, the purpose of valuation is to estimate the fair value of equity shares and derivatives of the UCEL for Financial Reporting by PWPL as at 30 September 2024 in accordance with IndAS.

The scope of our services as per the engagement letter dated 22 November 2024 includes the following:

"to perform valuation of equity shares and derivatives of UCEPL as at the valuation date for Financial Reporting by PWPL in accordance with IndAS."

This report is our deliverable for the above engagement.

2. DESCRIPTION OF ASSIGNMENT AND PURPOSE OF VALUATION
Description of Assignment

Description of Assignment

- **Valuation Date**

  The Valuation Date is a specific point in time as of which the valuer's opinion of value applies. The Valuation Date for this assignment is 30 September 2024. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances in relation to the Subject Interest, this report can only be regarded as relevant as of the Valuation Date.

- **Valuation Standards**

  Our opinion of value and the related report have been prepared in accordance with the Valuation standards issued by International Valuation Standard Council ("IVS 2022").

- **Bases of Value (or Standard of Value)**

  Value has no meaning until it is defined. In the valuation nomenclature different definitions of value are called bases of value (or standard of value). In terms of IVS, 'bases of value' describe the fundamental premises on which the estimate of values is based. In any valuation it is important that the basis (or bases) of value be 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. The different value conclusion can be attributed to the differences in the definition of value.

  In terms of IVS, a valuer is required to select the basis of value and this is typically done based on the definition given in statute, regulation, private contract or another document. The applicable basis of value (or standard of value) for the assignment is the Fair Value. The term 'Fair Value' has not been defined in IVSC 2022. However, IVSC 2022 has adopted the definition of Fair Value from IFRS 13 which is in line with definition in IndAs 113.

  IndAs 113 defines the term 'fair value' as under:

  "Fair value is 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."

  IndAs 109 defines the term 'fair value' (Financial Instruments) as under:

  "The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

2. DESCRIPTION OF ASSIGNMENT AND PURPOSE OF VALUATION
Description of Assignment

Description of Assignment

- **Premise of Value**

  Premise of Value refers to the conditions and circumstances how an asset is deployed. Determining the business value depends upon the situation in which the business or a business interest is valued, i.e. the events likely to happen to the business as contemplated at the valuation date. In a given set of circumstances, a single premise of value may be adopted while in some situations multiple premises of value may be adopted.

  The valuation was performed under the premise of value is Value in Use or existing/current use.

- **Valuation Currency**

  The currency used for valuation is Indian Rupees (INR Million).

- **Intended Use of Report**

  The intended use of this valuation report is to estimate Fair Value of the equity shares and derivatives of UCEPL for estimation of value of investments by PWPL in equity shares and derivatives of UCEPL for accounting under IndAS.

- **Intended User**

  The use of the report should be restricted to the recipient of the Report and for the Purpose defined elsewhere in this report. The analysis is confidential and has been prepared exclusively for the intended user described above. 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 our prior written consent.

2. DESCRIPTION OF ASSIGNMENT AND PURPOSE OF VALUATION
Sources of Information

Sources of Information

The following sources of information have been utilized in conducting the valuation exercise:

- Provisional Financials of UCEPL as on the Valuation Date i.e. 30 September 2024.
- Audited historical financials from 31st March 2022 to 31st March 2024.
- Projected financials of the Company for the period starting from 01 October 2024 to 31 March 2029.
- Share Acquisition Terms Agreement by and amongst UCEPL and PWPL and Mr. Nirmal Gehlot and Mr. Tarun Gehlot and Mrs. Bhanwari Gehlot , dated February 18, 2023.
- Annualised price volatility of the publicly listed comparable companies (peers of the Company)
- Background information provided through emails, word documents or during discussions.
- Discussion with the Management
- Publicly available information
- Proprietary databases subscribed by the Valuer.

In addition to the above listing, we have also obtained such other information and explanations from the Management as were considered relevant for the purpose of valuation

It may be mentioned that the Management have been provided with an opportunity to review factual information in our Report, as part of our standard practice to make sure that factual inaccuracies/omissions/etc. are avoided in our final Report.

3. LIMITATIONS, CAVEATS AND DISCLAIMERS

In this section	Page
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3. LIMITATIONS, CAVEATS AND DISCLAIMERS
Limiting Conditions

Limiting Conditions

- The valuation has been relied on Provisional Financials of UCEPL as at 30 September 2024 and audited financials of 31 March 2024. In accordance with the Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited the historical financial information provided to us. 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 the financial statements.
- We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people authorised to provide information and clarifications to us for this exercise and that it has checked out relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the business of UCEPL, at the Valuation Date. Therefore, ALA will accept no responsibility for any error or omission in the Report arising from incorrect information provided by the Management.
- ALA is not aware of any contingency, commitment or material issue which could materially affect the asset's economic environment and future performance and therefore, the fair value of the equity shares and derivatives of UCEPL. No effort has been made to determine the possible effect, if any, on the subject business due to future central, state or local legislation, including any environmental or ecological matters or interpretations thereof.
- The Report assumes that UCEPL complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration to the matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and any other contingent liabilities that are not recorded in the balance sheet provided to us.
- Provision of valuation opinions and consideration of the matters described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our associates.
- The financial forecasts used in the preparation of the Report reflects UCEPL and PWPL Management's judgment, based on circumstances prevailing around the valuation date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. We have tested them for reasonability based on the historical performance and our understanding of the industry and economy. Therefore, actual results during the forecast period may differ from the forecasts and as such differences may be material.

3. LIMITATIONS, CAVEATS AND DISCLAIMERS
Caveats

Caveats

- The opinion(s) rendered in the Report only represent the opinion(s) of ALA based upon information furnished by Management and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take any specific decision, for which specific opinion needs to be taken from expert advisors.
- The Report was prepared for the purpose of assisting PWPL for financial reporting purposes and is for use of PWPL only. Its suitability and applicability for any other use has not been checked by us. Neither the valuation Report nor its contents may be disclosed to any third party or referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, any public communication, loan agreement or other agreement or document given to third parties, without our prior written consent. we retain the right to deny permission for the same.

3. LIMITATIONS, CAVEATS AND DISCLAIMERS
Disclaimers

Disclaimers

- This Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Letter. We accept no responsibility or liability to any person other than to the Client or to such party to whom we have agreed in writing to accept a duty of care in respect of this Report and accordingly if such other persons choose to rely upon any of the contents of this Report they do so at their own risk.
- The estimates of value contained herein are not intended to represent value of the equity shares and derivatives at any time other than 30 September 2024 ("Valuation Date"), as per the agreed scope of our engagement. Changes in market/industry conditions at a different date could result in opinions of value substantially different than those presented.
- Neither ALA, the Directors or any of our employees has any present or contemplated future interest in the Company, any personal interest with respect to the parties involved, or any other interest that might prevent me from performing an unbiased valuation.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility only to the Client that has retained me and nobody else. ALA does not accept any liability to any third party in relation to the issue of this Report.

4. BACKGROUND

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4. BACKGROUND
Overview of PWPL's Business

Overview of PWPL's Business

Physicswallah, is a private company incorporated on 06 June 2020 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.

PWPL is a prominent Indian ed-tech firm specializing in online education. The company offers a range of affordable educational resources, including live and recorded video lectures, study materials, and personalized coaching, primarily targeting students preparing for competitive exams such as JEE and NEET. With a mission to make high-quality education accessible to students from diverse socio-economic backgrounds, PWPL has quickly grown its user base to millions across India. The company leverages technology to provide engaging and comprehensive learning experiences, positioning itself as a significant player in the online education sector.

4. BACKGROUND
Overview of UCEPL's Business

Overview of UCEPL's Business

UCEPL, a private limited company incorporated under the laws of India with corporate identification number U72900RJ2018PTC063026, having its office at 832, Utkarsh Bhawan, Near Mandap Restaurant, 9th Chopasni Road, Jodhpur 342003, Rajasthan, India.

Utkarsh classes refer to academic programs or courses offered by institutions, particularly in India. These classes provide students with a range of academic and professional courses, from primary to higher secondary levels.

4. BACKGROUND
Financial Information

Historical and Forecasted Financial Information

Currency: ₹ mn	31-03-20	31-03-21	31-03-22	31-03-23	31-03-24	30-09-24	31-03-25	31-03-25	31-03-26	31-03-27	31-03-28	31-03-29
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Number of months	12	12	12	12	12	6	6	12	12	12	12	12
Revenue from Operations	464	1,287	1,484	1,589	1,470	846	989	1,835	2,202	2,532	2,786	3,064
Net sales	**464**	**1,287**	**1,484**	**1,589**	**1,470**	**846**	**989**	**1,835**	**2,202**	**2,532**	**2,786**	**3,064**
Employee benefit expenses				(315)	(485)	(217)			(1,833)	(2,026)	(2,131)	(2,206)
COGS				-	(49)	(50)						
Other expenses				(963)	(963)	(536)						
Total expenses	(184)	(777)	(911)	(1,278)	(1,497)	(803)	(845)	(1,648)	(1,833)	(2,026)	(2,131)	(2,206)
Operating EBITDA	**280**	**510**	**573**	**311**	**(28)**	**43**	**144**	**187**	**369**	**506**	**655**	**858**
Depreciation and amortisation	(24)	(50)	(87)	(180)	(246)	(48)	(66)	(114)	(145)	(159)	(182)	(199)
EBIT	**256**	**461**	**486**	**131**	**(274)**	**(5)**	**78**	**73**	**224**	**347**	**473**	**659**
Finance costs	0	-	-	(25)	(41)	(1)	1	-	-	-	-	-
PBT	**256**	**461**	**486**	**106**	**(315)**	**(6)**	**79**	**73**	**224**	**347**	**473**	**659**
Other income	0	7	11	21	30	43	(16)	28	30	33	34	36
exceptional item					(13)							
Tax	(76)	(146)	(150)	(59)	85		(16)	(16)	(56)	(83)	(112)	(157)
PAT	**180**	**321**	**347**	**68**	**(213)**	**38**	**48**	**85**	**198**	**297**	**395**	**539**

Source: Management

4. BACKGROUND
Financial Information

Historical and Forecasted Balance Sheet

Currency: ₹ mn	31-03-20	31-03-21	31-03-22	31-03-23	31-03-24	30-09-24	31-03-25	31-03-26	31-03-27	31-03-28	31-03-29
Audited/unaudited/forecast	Audited	Audited	Audited	Audited	Audited	Unaudited	Forecast	Forecast	Forecast	Forecast	Forecast
Fixed assets											
Gross block	91	247	573	660	672	675	748	948	1,198	1,448	1,698
Less: depreciation	(24)	(74)	(87)	(121)	(405)	(453)	(519)	(664)	(823)	(1,005)	(1,204)
Net block (excluding CWIP)	67	173	486	539	267	222	230	284	375	443	494
Net block of fixed assets (NFA)	**67**	**173**	**486**	**539**	**267**	**222**	**230**	**284**	**375**	**443**	**494**
ROU				**275**	**408**	**408**					
Investments	**120**	**-**	**-**	**-**	**251**	**266**	**246**	**246**	**246**	**246**	**246**
Inventories				-	12	20	22	26	30	33	37
Trade receivables	12	1	5	78	221	202	147	110	127	139	153
Cash and bank balances	41	344	473	357	275	362					
Other current assets	14	103	64	119	76	84	91	109	125	138	152
	68	447	541	554	583	668	260	245	282	310	341
Current liabilities and provisions											
Trade payables	22	42	54	75	102	128	134	155	172	183	193
Provisions				10	26	29	31	38	43	48	52
Other current liabilities	37	38	83	162	343	383	367	374	380	390	398
	58	80	137	246	472	539	532	567	595	620	644
Net current assets (NCA)	**10**	**367**	**404**	**308**	**111**	**128**	**(273)**	**(322)**	**(313)**	**(310)**	**(302)**
Deferred tax asset				38	123	123					
Loan funds											
Borrowings					51						
Lease liability				288	440	440					
Deferred tax liability	0	22	26								
Net worth	**196**	**517**	**864**	**871**	**669**	**707**					
Represented by											
Equity	2	2	2	2	2	2					
Other equity	194	515	862	869	667	705					
Total	**196**	**517**	**864**	**871**	**669**	**707**					

Source: Management

4. BACKGROUND
Derivatives Information

The Forward Share Acquisition Agreement

- As per the Share Acquisition Terms Agreement executed by and amongst UCEPL and PWPL and Mr. Nirmal Gehlot and Mr. Tarun Gehlot and Mrs. Bhanwari Gehlot ,dated February 18, 2023 , the number of shares to be purchased by PWPL in Tranche 3,4 and 5 is summarized below:

S.No	Shares to be purchased by PWPL	Tranche 3- FY 2024-25	Tranche 4- FY2025-26	Tranche 5 -FY 2026-27
1	From Mr. Nirmal Gehlot	5,971	5,972	5,974
2	From Mr.Tarun Gehlot	5,971	5,972	5,972
3	From Mr. Bhanwari Gehlot	13,657	13,655	13,656
	Total Share purchase	25,599	25,599	25,602
	% Stake purchased of UCEPL	**12.25%**	**12.25%**	**12.25%**

Source: Management

4. BACKGROUND
Derivatives Information

The Forward Share Acquisition Agreement

- As per the Share Acquisition Terms Agreement executed by and amongst UCEPL and PWPL and Mr. Nirmal Gehlot and Mr. Tarun Gehlot and Mrs. Bhanwari Gehlot ,dated February 18, 2023 , the Purchase consideration for Tranche 3,4 and 5 is summarized below:

Tranche 3 FY 2024-25	Tranche 4 FY2025-26	Tranche 5 FY 2026-27
Scenario 1 PAT < INR 45 Crores	**Scenario 1 PAT< INR 85 Crores**	**Scenario 1 PAT< INR 90 Crores**
Cash to be paid to the Founders: INR 26.5 Crores PW Shares: Higher of [0, PAT*6*12.25%) - INR 26.5 Crores]	Cash to be paid to the Founders: (PAT*6*12.25%*0.35) PW Shares: (PAT*6*12.25%*0.65)	Cash to be paid to the Founders: (PAT*6*12.25%*0.35) PW Shares: (PAT*6*12.25%*0.65)
Scenario 2 INR 45 Crores <=PAT<= INR 72.01 Crores	**Scenario 2 INR 90 Crores<=PAT<= INR 116.6 Crores**	**Scenario 2: INR 90 Crores <=PAT<= INR 116.6 Crores**
Cash to be paid to the Founders: INR 26.5 Crores PW Shares: Higher of [18, PAT*6*12.25%) – INR 26.5 Crores]	Cash to be paid to the Founders: INR 30 Crores PW Shares: [(PAT*6*12.25%) – INR 30 Crores]	Cash to be paid to the Founders: INR 30 Crores PW Shares: [(PAT*6*12.25%) – INR 30 Crores]
Scenario 3 PAT > INR 72.01 Crores	**Scenario 3 PAT> INR 116.6 Crores**	**Scenario 3 PAT> INR 116.6 Crores**
Cash to be paid to the Founders: (PAT*6*12.25%*0.5) PW Shares: (PAT*6*12.25%*0.5)	Cash to be paid to the Founders: (PAT*6*12.25%*0.35) PW Shares: (PAT*6*12.25%*0.65)	Cash to be paid to the Founders: (PAT*6*12.25%*0.35) PW Shares: (PAT*6*12.25%*0.65)

Source: Management

5. VALUATION APPROACHES AND METHODOLOGIES

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Valuation Approaches and Methodologies- Equity Valuation

- Valuation of any business, business interests (including intangibles assets) can be estimated using the following three approaches:
- **Market Approach:**
  - Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business. The following valuation methods are commonly used under the market approach:
  - Market Price Method-Under this method the traded price observed over a reasonable period are considered while valuing assets which are traded in the active market. The valuer shall consider the market where the trading volume of asset is the highest when such asset is traded in more than one active market and the average price of the asset over a reasonable period shall be used.
  - Comparable Companies Multiple Method, also known as Guideline Public Company Method, involves valuing an asset based on market multiples derived from prices of market comparables traded on active market. A valuer shall preferably use several market comparables rather than relying on a single comparable and the valuer shall exercise judgement while selecting the multiple in case where the market multiple computed for each comparable is significantly different from the other. The valuer may also consider factors and make appropriate adjustment to the market multiple, e.g. size of the asset; geographic location; profitability; stage of life-cycle of the asset, diversification; historical and expected growth; or management profile.
  - Comparable Transaction Multiple (CTM) Method also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions). The major steps in deriving a value using the CTM method include :identification of comparable transaction appropriate to the asset to be valued; selection and calculation of the transaction multiples from the identified comparable transaction; comparison of the asset to be valued with the market comparables and making of necessary adjustments to the transaction multiple to account where differences, if any existed; application of the adjusted transaction multiple to the relevant parameter of the asset to be valued to arrive at the value of such asset; and if valuation of the asset is derived by using transaction multiples based on different metrics or parameters, the valuer shall consider the reasonableness of the range of values and exercise judgement in determining a final value.

Valuation Approaches and Methodologies- Equity Valuation

- **Cost Approach:**
  - Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset.
  - Examples of the situations where a valuer applies the cost approach are:
    - an asset can be quickly recreated with substantially the same utility as the asset to be valued;
    - in case where liquidation value is to be determined; or
    - income approach and/or market approach cannot be used.
  - In some instances, the valuer may consider using other valuation approaches in combination with cost approach, such as:
    - the asset has not yet started generating income / cash flows (directly or indirectly);
    - an asset of substantially the same utility as the asset to be valued can be created but there are regulatory or legal restrictions and involves significant time for recreation; or the asset was recently created.

  The following are the two most commonly used valuation methods under the Cost approach:
    - Replacement Cost Method; and
    - Reproduction Cost Method
    - Summation Method

Valuation Approaches and Methodologies- Equity Valuation

- **Income Approach:**
  - Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. This approach involves discounting future amounts (cash flows/income/cost savings) to a single present value. The following are some of the instances where a valuer may apply the income approach: e.g. Where the asset does not have any market comparable or comparable transaction; where the asset has fewer relevant market comparables; or where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

    In some instances, a valuer may consider using other valuation approaches instead of income approach or in combination with income approach, such as, where –the asset has not yet started generating income or cash flows, e.g., projects under development; there is significant uncertainty on the amount and timing of income/future cash flows, e.g., start-up companies; or the client does not have access to the information relating to the asset being valued, e.g., minority shareholder may not have access to projections/budgets or growth expectations specific to the business.

    Following are the methods of valuation under income approach,
    - Discounted Cashflow (DCF) Method
    - Earning/ Income Capitalisation Method
    - Multi Period Excess Earnings Method ("MEEM")
    - Relief from Royalty Method ("RFR")
    - Differential Cash Flow Method
    - With and Without Method
- For Valuation of a running business where there is a future revenue earnings and cash generation capacity generally, DCF or ECM are used. The other methods are used for valuation of intangible assets.

Valuation Approaches and Methodologies- Derivative Valuation

The value of most assets is based on the present value of expected cash flows. However, derivatives, which draw their value from underlying assets and have cash flows contingent on specific events, are an exception. For these assets, the present value of expected cash flows often understates their true value, and option pricing models are commonly used for their valuation.

- **Option Pricing Models**

Option pricing models are mathematical frameworks used to determine the fair value of options and other derivatives. Option Pricing Models such as Black-Scholes, Binomial, Binomial Lattice and Monte Carlo simulation etc. are all grounded in same financial principles: (a) a portfolio can be constructed to replicate the payoff of an option or equity instrument over its lifetime, and (b) the fair value of risky financial instruments can be modeled within a risk-neutral framework. Each of these valuation techniques relies on similar variables (assumptions) to estimate the fair value of a derivative. These include variables such as exercise price , expected term, underlying asset price, volatility, risk-free interest rate, and dividend yield to estimate a derivative's fair value. They help investors assess the potential risks and rewards of derivative contracts in financial markets.

- **Black-Scholes-Merton (Black-Scholes) model**

The Black–Scholes or Black–Scholes–Merton model is a fundamental mathematical framework for pricing European-style options in an idealized financial market. It begins with a parabolic partial differential equation—the Black–Scholes equation—from which the Black–Scholes formula is derived. This formula gives a theoretical value of an option based on the underlying asset's characteristics under a risk-neutral measure, rather than its expected return. The model assumes at least one risky asset, such as a stock, and one risk-free asset, like a bond, with continuous trading. Key assumptions include a constant risk-free interest rate, no arbitrage opportunities, frictionless markets, and continuous-time trading. The stock price is modeled as following a geometric Brownian motion with constant drift and volatility, and no dividends are paid. The model was later extended to include a dividend scenario as well. For a European call option, the Black–Scholes formula is: $C=SN(d_1)-Ke^{-rt}N(d_2)$,where d_1=(ln $(S/K)+(r+\sigma^2/2)t)/\sigma\sqrt{t}$, $d_2=d_1-\sigma\sqrt{t}$ .Here, S is the current stock price, K the strike price, r the risk-free rate, t the time to expiration, and σ the volatility. $N(\cdot)$ represents the cumulative distribution function of the standard normal distribution.

Valuation Approaches and Methodologies- Derivative Valuation

- **The Binomial Options Pricing Model (BOPM)**

The Binomial Options Pricing Model (BOPM) serves as a versatile numerical framework for valuing options, particularly in cases where traditional closed-form solutions such as the Black–Scholes formula prove insufficient. This model employs a discrete-time, lattice-based structure, enabling the detailed examination of how an underlying financial instrument's price may evolve across multiple intervals rather than relying on a single point in time. By capturing a range of possible outcomes at each discrete stage, the BOPM can accommodate a wide variety of conditions, ensuring that it remains applicable where other models often fail. In particular, this comprehensive perspective makes it an invaluable tool for valuing American-style options, which may be exercised at any point during their lifespan. At the core of the BOPM is the construction of a binomial lattice—a price tree—comprising numerous nodes that represent potential future prices of the underlying asset at successive time steps between the valuation date and the option's expiration. From this lattice, the option's value is determined through backward induction. The process begins at the final nodes, where the option's payoff at maturity is known and easily computed. After establishing these terminal values, the model progresses sequentially backward through the tree. At each preceding node, the option's value is computed as the discounted expected value of its subsequent up and down states, incorporating the probabilities of upward and downward price movements. This iterative procedure continues until the initial node is reached, yielding the option's present value. Broadly, the BOPM's valuation approach can be summarized in three essential steps: (1) generating the price tree to model the underlying's evolution, (2) determining the option's value at the final nodes (maturity), and (3) performing iterative, backward calculations at each earlier node until the current valuation date's option price is obtained. This structured method ensures a rigorous and flexible solution for a range of option valuation scenarios.

Valuation Approaches and Methodologies- Derivative Valuation

- **Monte Carlo Option Pricing Model**

Monte Carlo methods are computational algorithms that utilize random sampling and repeated computations to solve problems involving uncertainty. In finance, Monte Carlo simulation is widely used to value and analyze financial instruments, portfolios, and investments by modeling the factors that influence their value. It is particularly effective for pricing options with path-dependent payoffs or payoffs linked to multiple underlying assets.

Monte Carlo simulation assumes that the asset price follows a **Geometric Brownian Motion stochastic process**, defined by two key parameters: **drift (growth rate)** and **volatility**. Drift represents the expected return or trend of the asset, while volatility measures the uncertainty or variability in its price. These parameters, along with factors like the initial stock price, risk-free interest rate, dividend yield, and exercise price, form the basis for simulating possible future paths of the asset price over time.

The simulation involves generating a large number of potential paths for the asset price using random sampling. For each path, the **expected payoff** of the option is calculated as the difference between the simulated asset price and the exercise price, if applicable. This payoff is then discounted to its present value using the risk-free interest rate, as the method adheres to the risk-neutral measure. The option's value is estimated as the average of these discounted payoffs across all simulated paths.

Monte Carlo simulation provides a more flexible and realistic framework for option valuation than traditional methods like the Black-Scholes model or lattice-based approaches. Its ability to incorporate drift, volatility, and other sources of uncertainty makes it particularly suited for valuing complex or exotic options, such as lookback options, Asian options, and other path-dependent structures. This flexibility also allows for the modeling of real-world complexities, such as fluctuating interest rates and dividends.

Implementation requires careful definition of parameters, including time steps (daily, monthly, or annually) and the number of simulated paths to ensure accuracy. By capturing the compounding effects of multiple uncertainties, Monte Carlo simulation produces robust and realistic estimates of an option’s value. It is particularly helpful in scenarios where payoffs depend on the entire price path rather than a single point in time, offering insights that simpler valuation models cannot provide.

5. VALUATION APPROACHES AND METHODOLOGIES

Selection of Valuation Approaches and Methodologies

Selection of Valuation Approaches and Methodologies- Equity Valuation

- We have considered using one of the three valuation approaches in our analysis. Selection of suitable approaches and methods depends upon the purpose of valuation, standard of value and availability of reliable information.
- The various approaches to valuing equity shares are based on the economic principles of "future benefits" and "substitution." The principle of future benefits specifies that an investor will not pay more than today's value of economic benefits to be received in the future. The principle of substitution specifies that an investor will not pay more for an asset than the cost of another asset that performs the same function or comparable function. These principles are applied in the various approaches for determining the value, namely the income approach, the market approach and the asset approach. In addition, several valuation methodologies are available within each of the above mentioned approaches. All valuation standards are consistent on the issue that while valuing a business or business interest all of the aforementioned approaches should be considered prior to choosing the most appropriate valuation approach (or approaches). The selection of valuation approaches and methods depends upon the purpose of valuation, the standard of value and availability of reliable information.
- For UCEPL, we have considered the Discounted Cash Flow (DCF) method of the income approach that is consistent with the purpose of valuation and nature of business. We have not considered cost approach of valuation as this is used less in the valuation of operating businesses. We have also not considered the market approach considering the nature and growing stage of business and due lack of availability of cohort comparable near the valuation date.

5. VALUATION APPROACHES AND METHODOLOGIES
Selection of Valuation Approaches and Methodologies

Selection of Valuation Approaches and Methodologies- Derivative Valuation

- To arrive at the fair value of Derivatives, we have used **Monte Carlo Option Pricing Method** . This method was selected for its flexibility in modeling the uncertainties and complexities associated with these metrics. It offers a significant advantage in incorporating multiple variables and their interdependencies, which is more challenging for models like Black-Scholes or binomial methods without additional adaptations. While these models are effective for simpler scenarios, Monte Carlo's framework is particularly suited for agreements with non-standard payoffs and path-dependent features. This method was found to be suitable to provide valuation of the PWPL's financial liability, ensuring alignment with the complexities and uncertainties of the agreements.
- The simulation process assumes that the underlying financial metrics follow a Geometric Brownian Motion stochastic process, characterized by a drift (growth rate) and volatility. Monte Carlo simulation was employed to estimate the financial liability of the PWPL, who has agreed to purchase shares of UCEPL at a future date. The consideration payable is tied to financial metrics i.e. EBITDA, and Revenue. Multiple potential outcomes for these metrics were simulated, and the average consideration was calculated. This average consideration payable was compared with the average simulated value of the equity to determine the impact on the PWPL's financial liability. The financial liability calculated as such was discounted to determine the present value of the same as at the valuation date. If the consideration exceeds the equity value, recorded financial liability will increase; if it is lower, the liability will decrease.

6. COMPUTATION OF VALUE AND VALUE CONCLUSION

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6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

- As explained in previous paragraph, we have considered DCF method of income approach for valuation.
- The income approach is the preferred and most widely relied upon valuation approach. It is a standard valuation process utilized to convert expected earnings or cash flows to a present value. This approach requires estimation of expected earnings or cash flows, analysis and estimation of risk inherent in expected returns (i.e., estimation of required rate of return or risk-adjusted discount rate) and analysis and estimation of expected growth in earnings or cash flows.
- Within the income approach there are two commonly applied methods; Earnings Capitalisation Method (ECM) and Discounted Cash Flow (DCF). Since we have considered DCF method, as discussed above a brief discussion about DCF is given below,
- The DCF looks at cash flows of a number of years and hence is more of a moving picture over a pre- determined period. It is ideal if future earnings do not measure the current earnings and when future earnings are subject to variances. Simply stated where 'phased- growth' can be identified, DCF is more suitable. This method determines the value of a business by taking future expected cash flows to their present value by applying an appropriate discount rate. The two key components in DCF model are "future expected cash flows" and "discount rate". The change in value is positively related to the cash flows and negatively related to the discount rate. It requires the following processes:
    i. Estimation of FCFE (free cash flow for the equity)– this involves identification of growth phases, estimation of projected earnings for each phase and conversion of projected earnings to expected cash flow to equity
    ii. Development of a required rate of return
    iii. Discounting of the discrete period cash flows
    iv. Estimation of the terminal value
    v. Summing up the present value of the discrete cash flows and the terminal value
    vi. Deducting debt to get value of equity
    vii. Considering the impact of non-operating items

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

Step: I: Estimation of free cash flow for the Equity (FCFE)

The first important step for estimation of FCFE is the revenue projection. The projection is based on management's future plans and initiatives. The management of PWPL believes that the performance in terms of revenue generation is expected to be in line of plans, considering the business model increasing market share & huge opportunity in this sector of the existing and target market.

Revenue Projection

The cash flow projections of UCEPL were constructed based on its management's estimates. Projections have been developed and provided by the Management that are generally based on the expected economic conditions, industry scenario and UCEPL's strategies prevailing as on the valuation date (as stated in its business plans or otherwise). This is the most important aspect of DCF valuation. For the purpose of valuation of equity shares of UCEPL, a stable to growing economic scenario for relevant market has been assumed. The projections factor the current economic environment, future expected industry growth and future strategies of the management of UCEPL and PWPL.

The assumptions disclosed in this report are made by the management of UCEPL and PWPL and provided by PWPL. We have only reviewed and made some adjustments in the stable period in the light of the prevailing business environment and the ability of UCEPL to harness such opportunities. Note, however, that some assumptions, regardless of the study or analysis, may not materialize and unexpected events and circumstances may occur after the date of the financial projections. Thus, actual results might differ substantially or materially from those expressed or implied.

Step II: Estimation of Required Rate of Return or Discount Rate

In valuation, estimate of the required rate of return is just as important as the estimate of the expected amounts of cash flows to be discounted. The required rate of return or the discount rate is a reflection of the rate of return an investor would require for taking the risk associated with that investment. It, therefore, is a measure of compensation for the risks associated with the particular cash flow and is used to convert projected cash flows into a present value. Simply stated it is the expected rate of return that the market participants require in order to attract funds to a particular investment.

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

- In valuation, estimate of the required rate of return is just as important as the estimate of the expected amounts of cash flows to be discounted. The required rate of return or the discount rate is a reflection of the rate of return an investor would require for taking the risk associated with that investment. It, therefore, is a measure of compensation for the risks associated with the particular cash flow and is used to convert projected cash flows into a present value. Simply stated it is the expected rate of return that the market participants require in order to attract funds to a particular investment.
- The biggest challenge in implementing DCF method of valuation is to address the risks associated with the investment. Some risks can be addressed by taking reduced expected cash flows and the others can be incorporated by raising discount rate. While compensating for risks, it is necessary to avoid 'double counting' or 'over-discounting' situations. Within a standard risk adjusted cash flow based valuation method (DCF) risk affects investors in two ways which are given below:
  - **Two sided or Symmetrical or Systematic risk** - those risks having both upside and down-side impacts. They change expected cash flow and hence the value of investment, only to the extent that they contribute to volatility of the value of diversified portfolio of the investor.
  - **One sided or Asymmetric or Unsystematic risk** - those risks having potential downside impacts significantly greater than potential upside. They significantly change expected cash flow relative to the most likely scenario and hence the value, whether or not they contribute to the volatility of the value of diversified portfolio of the investor.
- The projected cash flows estimation is often based on substantial realisation of expectations with little or no allowance for the potential for the unexpected or unlikely. For example, cash flow projections may be based on a target or budget reflecting what 'should' happen, rather than a realistic Balance of probable and improbable outcomes. This approach not only creates problems in terms of potentially biasing financial cash flow projections, but may also suggest insufficient risk analysis.
- Cash flows required for CAPM (Capital Asset Pricing Model) is unconditional expectation of cash flows that are expected under future scenarios weighted by the probability of that scenario. If the structure of downside risks is simple and if their impact is expected to grow at a compounded rate they can be factored either as adjustment to cash flows or as an addition to cost of capital.

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

- In such a scenario the appropriate discount rate can be based on CAPM only as it tries to capture risk premium for the investor for the volatility in their return.
- These necessitate a careful examination of all types of risks associated with the investment and then incorporate them either by reducing expected cash flows or by raising the discount rate. When we say that risk is adjusted to cash flows then it means the cash flows are being adjusted to expected values and when we say that risk is being adjusted to discount rate then it means addition of a risk premium to arrive at cost of capital.
- Typically all two sided risks are addressed through the cash flows whereas one sided risks are addressed through the discount rate. However, before rolling downside risks into the discount rate it is carefully evaluated to avoid any scope of double counting. When we adjust two sided risks through cash flows and then discount it using required rate of return based on CAPM then it is not double counting of risk. Because the cash flows account for risk in the sense of considering all possibilities and deriving a mean or expected value but do not account for risk in the sense of providing specific compensation for the potential for returns to depart from those expected values due to systematic or two sided risk.
- To derive the discount rate, the Weighted Average Cost Of Capital (WACC), which refers to the total capital invested (equity and debt), is used and adjusted for risk premiums or discounts, depending on the asset's specific risk compared to the risk of the overall enterprise. To determine the appropriate WACC it is adequate to consider cost of equity and cost of debt separately.
- The derivation of WACC is based on guideline companies which are operating in the same industry/sector as the subject company/assets (so-called "potential acquirers"). To calculate the WACC, cost of equity, cost of debt and the capital structure have to be determined based on market data of the group of "potential acquirers".

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

- The formula for the calculation of the WACC is shown below,

$$WACC = \frac{E}{E+D} * r_E + \frac{D}{E+D} * r_D * (1 - s)$$

$WACC$	=	Weighted Average Cost of Capital
r_E	=	Cost of Equity
r_D	=	Cost of Debt
E	=	Market Value of Equity
D	=	Market value of interest bearing debt
$E+D$	=	Enterprise Value
s	=	Corporate Tax Rate

$$r_E = r_F + b * MRP$$

r_E	=	Cost of equity
r_F	=	Risk-free rate of return
b	=	Beta, a measure of the level of non diversifiable (i.e. systematic) risk associated with company returns
MRP	=	Market equity risk premium

1. Cost of Equity (Ke/rE) :

- For the estimation of the cost of equity, the capital asset pricing model ("CAPM") is applied. According to the CAPM, cost of equity consists of a risk-free interest rate and a risk premium. The risk premium is calculated by multiplying the Cost of equity can be expressed as shown in the table "Cost of Equity Calculation".
- To determine cost of equity, its components risk-free rate and risk premium have to be analyzed.

2. Risk Free Rate

- The starting point for the calculation of an appropriate equity rate of return is the calculation of the risk-free rate, which corresponds to the minimum return that an investor can expect from an investment "without" risk.
- This risk-free rate of return is therefore generally derived from the rate of return on a 10 years long-term government bond. Zero Coupon Yield Curve as of 30 September 2024 of Government Securities having maturity period of 10 years sourced from ccilindia.com. It is 7.0 % as of the Valuation Date.

Computation of Value- Equity Value

3. Market Risk Premium

- According to the CAPM, long-term capital market studies have shown that historically investments in shares have yielded higher returns than investments in low-risk bonds. Market Risk Premium ('MRP') levels of 7.0 % p.a. has been considered based on the prevailing market risk premium in India taken from Damodaran online.

4. Beta

- According to the CAPM in arriving at the appropriate risk premium, non-systematic risk, which attaches to the specific enterprise and can therefore generally be eliminated by diversifying, is distinguished from systematic risk.
- A risk premium will only be required to compensate for systematic risk, which cannot be eliminated by diversification. In practice, systematic risk is measured in terms of the beta coefficient and the market risk premium.
- The market risk premium is defined as the difference between the expected return on a market portfolio and the risk-free rate. The beta coefficient indicates the risk of the equity of the enterprise that is being valued relative to the average market risk (for stocks), which is represented by the market risk premium.
- A beta higher than one implies that the systematic risk of the company's stock is higher than the market risk. The risk premium is calculated by multiplying the market risk premium by the enterprise's beta coefficient. Betas reported in public sources are "leveraged", which means that the additional risk to a stockholder due to debt financing of the company is incorporated in the corresponding beta coefficient.
- Beta of 1.02 has been calculated by computing the beta from the guideline companies selected from the same industry.(Refer Exhibits 7.1)

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

- Cost of Equity Calculation

Cost of Equity	Notes	Value
Risk Free Rate	a	7.0%
Beta	b	1.0
Market Risk Premium	c	7.0%
Company Specific Risk Premium	d	2.0%
Cost of Equity		**16.2%**

Source: Calculation

a. Based on current YTMs of Government Securities having maturity period of 10 years sourced from ccilindia.com.

b. Beta has been calculated by computing the beta from the guideline companies selected from the same industry.

c. Based on the prevailing market risk premium in India taken from Damodaran online

d. The additional risk premium has been considered at 2 % to account for various company specific risk.

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Equity Value

Computation of Value- Equity Value

Step III, IV & V: Discounting of the discrete period cash flows, estimation of terminal value and summing up the present value of the discrete cash flows, the terminal value and enterprise value,

Currency: ₹ mn		Mar25	Mar26	Mar27	Mar28	Mar29	Terminal
Number of months		6	12	12	12	12	
Net sales		**989**	**2,202**	**2,532**	**2,786**	**3,064**	**3,217**
Operating expenses		(845)	(1,833)	(2,026)	(2,131)	(2,206)	
EBITDA		**144**	**369**	**506**	**655**	**858**	**901**
Depreciation and amortisation		(66)	(145)	(159)	(182)	(199)	(209)
EBIT		**78**	**224**	**347**	**473**	**659**	**692**
Tax expense		-	(32)	(87)	(119)	(166)	(174)
Debt free net income		**78**	**192**	**260**	**354**	**493**	**518**
Add: Depreciation and amortisation		66	145	159	182	199	209
(Increase)/ Decrease in net working capital		39	49	(9)	(3)	(7)	15
Less: Capital expenditure		(74)	(200)	(250)	(250)	(250)	(209)
Debt free cash flow		**110**	**187**	**160**	**282**	**435**	**533**
Discount rate (%)		16.2	16.2	16.2	16.2	16.2	
Present value factor- Mid-year discounting		0.96	0.86	0.74	0.64	0.55	
Present value debt free cash flow		**106**	**161**	**119**	**180**	**239**	
Terminal value							**4,780**
Present value factor for terminal year	0.55						
Present value for explicit period	804						
Present value of terminal period	2,626						
Enterprise value	**3,430**						

Source: Calculation

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Derivative Value

Computation of Value- Derivative Value

- As mentioned elsewhere in the report, we have applied Monte Carlo simulation to estimate value of derivatives. The table below show the value of derivative liability for trance 3,

Forward contract valuation - 2025	Gross Liability for PW Mar 25	PV of Gross Liability for PW Mar 25	Equivalent equity value Mar 25	Difference Mar 25	Derivative loss/(Gain) for PW Mar 25
Average	**265.0**	**256.8**	**516.9**	**(251.9)**	**(244.1)**
Series					
1	265.0	256.8	529.0	(264.0)	(255.9)
2	265.0	256.8	446.7	(181.7)	(176.1)
3	265.0	256.8	618.1	(353.1)	(342.2)
4	265.0	256.8	601.8	(336.8)	(326.4)
5	265.0	256.8	684.1	(419.1)	(406.2)
9996	265.0	256.8	391.6	(126.6)	(122.6)
9997	265.0	256.8	427.0	(162.0)	(157.0)
9998	265.0	256.8	508.3	(243.3)	(235.8)
9999	265.0	256.8	468.8	(203.8)	(197.5)
10000	265.0	256.8	394.9	(129.9)	(125.9)

Source: Calculation

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Derivative Value

Computation of Value- Derivative Value

- As mentioned elsewhere in the report, we have applied Monte Carlo simulation to estimate value of derivatives. The table below show the value of derivative liability for trance 4,

Forward contract valuation – 2026	Gross Liability for PW Mar 26	PV of Gross Liability for PW Mar 26	Equivalent equity value Mar 26	Difference Mar 26	Derivative loss/(Gain) for PW Mar 26
Average	**222.4**	**202.3**	**564.5**	**(342.1)**	**(311.3)**
Series					
1	288.0	262.1	507.2	(219.1)	(199.4)
2	207.8	189.1	573.3	(365.5)	(332.5)
3	480.9	437.5	1,502.0	(1,021.2)	(929.1)
4	157.1	142.9	380.7	(223.6)	(203.4)
5	431.5	392.6	1,036.1	(604.5)	(550.1)
9996	194.2	176.7	598.0	(403.8)	(367.4)
9997	227.6	207.0	511.3	(283.7)	(258.1)
9998	241.1	219.3	638.4	(397.4)	(361.6)
9999	168.1	153.0	344.0	(175.9)	(160.0)
10000	85.8	78.1	223.9	(138.1)	(125.6)

Source: Calculation

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Derivative Value

Computation of Value- Derivative Value

- As mentioned elsewhere in the report, we have applied Monte Carlo simulation to estimate value of derivatives. The table below show the value of derivative liability for trance 5,

Forward contract valuation – 2027	Gross Liability for PW Mar 27	PV of Gross Liability for PW Mar27	Equivalent equity value Mar 27	Difference Mar 27	Derivative loss/(Gain) for PWPL Mar 27
Average	**271.4**	**231.8**	**618.3**	**(347.0)**	**(296.4)**
Series					
1	116.1	99.2	177.9	(61.8)	(52.8)
2	150.3	128.4	315.4	(165.1)	(141.1)
3	458.1	391.3	2,014.2	(1,556.1)	(1,329.4)
4	184.1	157.3	263.1	(79.0)	(67.5)
5	371.6	317.4	774.7	(403.2)	(344.4)
9996	164.6	140.7	321.6	(156.9)	(134.1)
9997	249.8	213.4	460.8	(211.0)	(180.3)
9998	428.0	365.7	1,038.3	(610.3)	(521.4)
9999	420.9	359.6	879.1	(458.1)	(391.4)
10000	74.9	64.0	143.8	(68.9)	(58.9)

Source: Calculation

6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Value Conclusion

Valuation Results and Conclusion- Equity Value

- Fair value of equity shares of UCEPL, determined for financial reporting purpose, as at 30 September 2024, has been presented in the table below:

Particulars(INR Million)	Value
Enterprise value from operations	**3,430**
Plus: Cash and Cash Equivalents	362
Plus: Investments in mutual funds	266
Fair Value of Equity Shares	**4,058**
Stake owned by PWPL	51.0%
Fair Value of PWPL's stake	**2,069**

Source: Calculation

- We have estimated the value of equity shares of UCEPL, using DCF method of income approach, at **INR 4,058 Mn** and value of the 51.0% stake held by PWPL in UCEPL at **INR 2,069 Mn.**



6. COMPUTATION OF VALUE AND VALUE CONCLUSION
Value Conclusion

Valuation Results and Conclusion- Derivatives Value

- Value of derivatives of UCEPL, determined for financial reporting purposes, as at 30 September 2024, has been presented in the table below:

INR million	Derivative loss/(Gain) for PWPL
Tranche 3- FY 2024-25	(244.1)
Tranche 4- FY2025-26	(311.3)
Tranche 5 -FY 2026-27	(296.4)
Total	**(851.8)**

Source: Calculation

- We have estimated the value of the Derivatives of Utkarsh classes using Monte Carlo simulation Option Pricing Model, at **(851.8) Million.**



7. EXHIBITS

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7. EXHIBIT
7.1 Beta Calculations

Beta Calculations

- Beta from the average of guideline companies in the same industry, as at 30 September 2024, has been presented in the table below:

Currency: ₹ mn	Relevered beta based on 3 year debt- equity ratio
RareJob Inc.	0.83
Digital Daesung Co., Ltd.	0.56
Career Point Limited	0.86
Aptech Limited	1.47
CL Educate Limited	1.52
PowerSchool Holdings, Inc.	0.89
Average	**1.02**

Source: Calculation

7. EXHIBIT
7.2 Working Capital Calculations

Working Capital

- Forecasted Working capital has been presented in the table below:

Currency: ₹ mn	Sep24	Mar25	Mar26	Mar27	Mar28	Mar29
Reported Net current assets	128	(273)	(322)	(313)	(310)	(302)
Less: Cash and cash equivalents	(362)	-	-	-	-	-
Operating NCA	**(233)**	**(273)**	**(322)**	**(313)**	**(310)**	**(302)**
(Increase)/ Decrease in net working capital		**39**	**49**	**(9)**	**(3)**	**(7)**

Source: Calculation

7. EXHIBIT
7.3 Capex Calculations

Capital Expenditure

- Forecasted Capital Expenditure has been presented in the table below:

Currency: ₹ mn	Sep24	Mar25	Mar26	Mar27	Mar28	Mar29
Net block	222	230	284	375	443	494
Depreciation		66	145	159	182	199
Incremental capital expenditure		**74**	**200**	**250**	**250**	**250**

Source: Calculation

7. EXHIBIT
7.4 Assumptions and simulations

Assumptions

Volatility

- Considering that UCEPL, is not listed, the annualized price volatility of the publicly listed comparable companies (peers of the Company) as proxy for their volatility has been considered. The following comparable companies have been considered for estimating the volatility:

Volatility	0.5 Year	1.00 Year
RareJob Inc.	50.4%	44.7%
Digital Daesung Co., Ltd.	19.2%	19.3%
Career Point Limited	45.4%	44.3%
Aptech Limited	36.4%	43.3%
CL Educate Limited	49.7%	50.3%
PowerSchool Holdings, Inc.	30.3%	31.8%
Median	**40.9%**	**43.8%**

Source: Calculation

Risk free rate

- The yield of 0.5 year and 1 year Zero Coupon bonds of Government of India i.e. 6.48% and 6.5% respectively have been considered.

Simulations

- Range of values and derivative liabilities based on simulation.

Monte Carlo Simulation						
	Cash PAT 2025	Cash PAT 2026	Cash PAT 2027	Equity value	Equity value	Equity value
Simulations	Mar 25	Mar 26	Mar27	Mar 25	Mar 26	Mar 27
Growth Rate	6.48%	6.50%	6.50%	6.48%	6.50%	6.50%
Volatility	40.93%	43.76%	43.76%	40.93%	43.76%	43.76%
Time Interval	0.50	1.00	1.00	0.50	1.00	1.00
Series						
1	203.1	391.9	157.9	4318.5	4140.0	1451.9
2	196.7	282.7	204.5	3646.4	4679.8	2574.7
3	200.5	654.2	623.2	5045.4	12261.5	16442.3
4	197.2	213.8	250.5	4912.5	3107.7	2147.7
5	235.0	587.1	505.5	5584.8	8457.7	6324.2
9996	161.6	264.2	224.0	3196.4	4881.5	2625.1
9997	193.3	309.6	339.8	3485.5	4173.5	3761.6
9998	190.3	328.0	582.4	4149.3	5211.8	8475.9
9999	185.1	228.7	572.7	3827.3	2808.2	7176.0
10000	165.8	116.8	101.9	3223.6	1827.8	1173.8

Source: Calculation

7. EXHIBIT
7.5 Abbreviations

CAPEX	Capital expenditure
CAPM	Capital asset pricing model
CCM	Comparable companies' multiple method
CWIP	Capital Work in progress
CY	Calendar Year ended 31 Dec every year
DCF	Discounted cash flows
D/E	Debt to Equity ratio
DRC	Depreciated Replacement Cost
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EV	Enterprise value
Fair value	Fair value as per Ind AS
FMV	Fair Market Value
FY	Financial year ended 31 Mar every year
Management	Management of Physicswallah Private Limited
Mn	Million
MIS	Management Information System
MRP	Market risk premium
NA	Not available
NAV	Net assets value
p.a.	Per annum
PAT	Profit after tax
PBT	Profit before tax
PPE	Property, Plant and Equipment
Valuation Date	30 September 2024
WACC	Weighted average cost of capital
WDV	Written Down Value method of depreciation
YoY	Year on year
YTM	Yield to maturity
ZCYC	Zero Coupon Yield Curve
IndAs	Indian Accounting Standards

7. EXHIBIT

7.6 Know Your Valuer

Armslength Advisors Private limited is a premier valuation service provider dedicated to offering precise and defendable valuation solutions tailored to its esteemed client's business needs. Its an entity registered with Insolvency & Bankruptcy Board Of India ('IBBI') in all three assets class. is a progressive consulting firm run by professional like Registered Valuers, Chartered Accountants, Chartered Engineers, Lawyers, Engineers-Civil, Electrical & Mechanical, MBAs with collective experience of over 120 years. Armslength has been established to provide a platform for development of an institution to nurture the talent and create a quality hub to cater for ever increasing demands of the business community.

At Armslength Advisors Private Limited, our strategic priorities are deeply rooted in our commitment to delivering exceptional value to our clients. We achieve this through a steadfast focus on sustainable practices, operational efficiency, and unwavering professional reliability. Our approach is designed to ensure that every client benefits from our expertise in a manner that is both impactful and respectful of the highest standards.

The firm primarily focuses on rendering comprehensive and multidisciplinary professional services which include Valuation Advisory, Transaction Advisory, forensic accounting and fraud detection, Special purpose audits, Foreign Exchange and Regulatory Consulting and Restructuring services.

A dedicated team of professionals specializing in different areas is the key to our success. Armslength has a mission to establish a close contact with its clients. The clients are constantly kept abreast about the rapidly changing business environment through counselling, publications, circulars and memos all the year around.

We provide specialized experience across a broad spectrum of industries. Clients engage us for a range of services including precise financial reporting, strategic corporate tax planning and compliance, trust and estate tax reporting, effective shareholder and succession planning, and expert guidance in litigation.

Our global reach spans several continents, serving clients from diverse regions around the world which includes United States, United Kingdom, Japan, UAE, China, Hong Kong, Nepal, Sri Lanka, Mauritius, South Korea, Germany, Malaysia, Singapore and Latin America.

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