

**VALUATION REPORT ON SHARE EXCHANGE RATIO
FOR THE PROPOSED SCHEME OF AMALGAMATION
OF**

VASCULAR CONCEPTS LIMITED

Sahajanand Estate, Wakharia Wadi, Nr. Dabholi Char Rasta,
Nani Ved, Ved Road, Surat - 395004, Gujarat, India

WITH

SAHAJANAND MEDICAL TECHNOLOGIES LIMITED

Sahajanand Estate, Wakharia Wadi,
Nr. Dabholi Char Rasta, Nani Ved, Ved Road,
Surat-395004, Gujarat, India

-: REGISTERED VALUER:-

CS SHREYANSH M JAIN

Registered Valuer (S & FA)

R. No.: IBBI/RV/03/2019/12124

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RV SHREYANSH M JAIN

Registered Valuer (SFA)

REF: - RV/SMJ/SMTL/2023-24

June 19, 2023

To,
The Board of Directors
Sahajanand Medical Technologies Limited (Transferee Company)
Sahajanand Estate, Wakharia Wadi,
Nr. Dabholi Char Rasta, Nani Ved,
Ved Road, Surat-395004, Gujarat, India

To,
The Board of Directors
Vascular Concepts Limited (Transferor Company)
Sahajanand Estate, Wakharia Wadi,
Nr. Dabholi Char Rasta, Nani Ved,
Ved Road, Surat-395004, Gujarat, India

Dear Sir,

Subject – Valuation on Share Exchange Ratio for the proposed Scheme of Amalgamation of Vascular Concepts Limited with Sahajanand Medical Technologies Limited.

Sahajanand Medical Technologies Limited (hereinafter referred to as "SMTL" or "Transferee Company") has appointed Shreyansh M Jain, Registered Valuer (SFA) registered with IBBI having Registration Number-IBBI/RV/03/2019/12124 (hereinafter referred to as "Valuer", "We", "Us" or "Our") vide Engagement Letter dated June 19, 2023 to determine the Share Exchange Ratio for the proposed Scheme of Amalgamation of Vascular Concepts Limited with Sahajanand Medical Technologies Limited.

The Share Exchange Ratio for the proposed Scheme of Amalgamation is for every 10 (Ten) Equity Shares of Rs. 100/- each of VCL, the Equity Shareholders will receive 4529 (Four Thousand Five hundred and Twenty Nine), 12.38% cumulative redeemable preference shares of Rs. 10/- each of SMTL.

This conclusion is subject to the Statement of Assumptions and Limiting Conditions found in the later part of this report. A detailed working of the valuation can be found in later part of this report. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.



Date: June 19, 2023
Place: Surat

Shreyansh M Jain
CP No.: ICSIRVO/SFA/38
IBBI R. No.: IBBI/RV/03/2019/12124

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Registered Valuer (SFA)

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1. BACKGROUND OF COMPANIES

TRANSFeree COMPANY:

Sahajanand Medical Technologies Limited is a public company bearing CIN: U33119GJ2001PLC040121 was incorporated on October 18, 2001. The registered office of the company is situated at Sahajanand Estate, Wakharia Wadi, Nr. Dabholi Char Rasta, Nani Ved, Ved Road, Surat-395004, Gujarat, India.

The Transferee Company is engaged in the business of manufacturing, trading and marketing, import, export, sell, buy, supply of all kinds of vascular interventional products like stents, PTCA catheters and accessories, grafts, prosthesis, drugs, lasers, altherectomy equipment and other related devices and instruments.

SHARE CAPITAL STRUCTURE:

Authorized Capital	Amount in Rs.
15,00,00,000 Equity Shares of INR 1 each	15,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount in Rs.
10,14,03,232 Equity Shares of INR 1 each	10,14,03,232

SHAREHOLDING PATTERN OF THE TRANSFeree COMPANY AS ON APPOINTED DATE:

Sr. No.	Name of Shareholder	No of shares (FV - Rs. 1/- each)	% of shareholding
1	Amicorp Trustees India Pvt Ltd	3,73,09,589	36.79
2	Bhargav Dhirajlal Kotadia	5,000	0.00
3	Dhirajkumar Savjibhai Vasoya	40,82,700	4.03
4	Kishor Dhirajlal Dudhat Russell Rozario	39,53,000	3.90
5	Kotak Pre Ipo Opportunities Fund	64,29,935	6.34
6	Nayna Dhirajkumar Vasoya	6,32,000	0.62
7	Nhpea Sparkle Holding B.V.	1,63,96,803	16.17
8	Plutus Wealth Management LLP	6,77,051	0.67
9	Sahajanand Technologies Private Limited	64,000	0.06
10	Samara Capital Markets Holding Limited	3,18,53,154	31.41
	Total	10,14,03,232	100



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TRANSFEROR COMPANY:

Vascular Concepts Limited is a public company bearing CIN: U33119GJ1992PLC141664 was incorporated on May 25, 1992. The registered office of the company is situated at Sahajanand Estate, Wakharia Wadi, Nr. Dabholi Char Rasta, Nani Ved, Ved Road, Surat-395004, Gujarat, India.

VCL is engaged in the business of manufacturing and sale of varieties of vascular prostheses and surgical instrument and devices.

SHARE CAPITAL STRUCTURE:

Authorized Capital	Amount in Rs.
200000 Equity Shares of Rs. 100/- each	2,00,00,000
Issued, Subscribed and Paid-Up Capital	Amount in Rs.
1,57,854 Equity Shares of Rs. 100/- each	1,57,85,400

SHAREHOLDING PATTERN OF THE TRANSFEROR COMPANY AS ON APPOINTED DATE:

Sr. No.	Name of Shareholder	No of shares (FV - Rs. 100/- each)	% of shareholding
1	Bhargav Dhirajlal Kotadia*	2	0.00
2	Dhirajlal Vallabhbbhai Kotadia*	1	0.00
3	Dudhat Kishor Dhirajlal*	1	0.00
4	Ganesh Prasad Sabat*	1	0.00
5	Sahajanand Medical Technologies Limited	1,57,838	99.99
6	Sharada Dhirajlal Kotadia*	1	0.00
7	NK Zaveri	10	0.01
	Total	1,57,854	100.00%

* As a nominee of Sahajanand Medical Technologies Limited

2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

We have been informed by the management that the Transferee Company is desirous of consolidating the assets and liabilities of the Transferor Company effective from 01st April, 2023 to achieve following benefits:

- 1) The proposed consolidation will bring the entire value chain of the Transferor Company under one umbrella driving scale and derive benefit out of combined resources, better synergies, optimal utilization of resources and greater economies of scale and operating efficiencies;
- 2) More efficient utilization of capital for enhanced development and growth of the consolidated business under a single entity;



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- 3) Enable opportunities for employees of the parties to grow, by bringing them into a common pool; and
- 4) Elimination of multiple entities, legal and regulatory compliances and, reduction of administrative costs.

The valuation exercise is being carried out to ascertain the Share Exchange Ratio for the proposed amalgamation of Transferor Company with Transferee Company in terms of provisions of Section 230 to 232 of the Companies Act, 2013 and rules made thereunder.

We have been appointed by Audit Committee of SMTL to determine the Share Exchange Ratio for the purpose referred above.

3. IDENTITY OF THE REGISTERED VALUER

Name of the Valuer	RV Shreyansh M Jain
IBBI Registration Number	IBBI/RV/03/2019/12124
ICSI RVO Reg. No.	ICSIRVO/SFA/38
Address	2005-A, Rathi Palace, Ring Road, Surat-395002, Gujarat, India
Contact Email of RV	rvshreyanshmjain@gmail.com

4. USE OF WORK OF EXPERT

We have not used the work of any other experts in the valuation assignment.

5. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT

We hereby confirm and explicitly declare that we are independent valuer and do not have any interest, direct or indirect, in the underlying securities being valued.

6. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF THE VALUATION REPORT

Date of appointment,	June 19, 2023
Valuation date	March 31, 2023
Date of valuation report	June 19, 2023

7. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN

We have not carried out any inspection or independent verification of the information provided. We have relied on the publicly available information, unaudited financial statements, draft scheme of amalgamation and other financial and non-financial information made available to us as well as the representations made to us in the course of this engagement.



8. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON

In the course of our valuation analysis, we have relied on various financial and non-financial information obtained from the Company and from various public, financial and industry sources. We have relied that all information provided by the Company has been duly approved by the concerned authority to which it pertains to. Our conclusion of value is dependent on such information being complete and accurate in all material respects. The principal sources of Information used in the course of our valuation include, inter alia:

1. Company specific information

- a) Brief history, present activities and business profile etc.;
- b) Memorandum of Association and Article of Association;
- c) Shareholding Pattern of SMTL & VCL as at Valuation Date;
- d) List of Directors and KMP of SMTL & List of Directors of VCL as at Valuation Date;
- e) Draft Scheme of Amalgamation;
- f) Key Terms of Redeemable Preference Shares (RPS) proposed to be issued to the members of the Transferor Company;
- g) Audited Financial Statement of SMTL & VCL for FY 2021-22;
- h) Management Certified Unaudited Financial Statements of SMTL & VCL for FY 2022-23;
- i) Management Certified Projected Financials of VCL from FY 2024 to FY 2028;
- j) Management Representation Letter ("MRL") dated June 19, 2023.

2. Publicly available information

- a) Publicly available information and secondary information including information on websites like www.investing.com etc. We have not independently verified the accuracy or timelines of the same; and
- b) External databases subscribed to the valuer.

It is important to note that we have relied upon the information provided to us and referred to above. We have not endeavored to seek an independent confirmation of its reliability, accuracy or completeness beyond what is reasonably necessary and prudent in the circumstances. We have not performed any form of audit or verification of the information that we have relied upon. Accordingly, the Valuer accepts no responsibility for any errors in the information on which the valuation conclusions are based.

9. PROCEDURES ADOPTED IN CARRYING OUT VALUATION

Our analysis of value of the company, VCL and SMTL is based on the International Valuation Standards and the prescriptions laid down in Companies (Registered Valuer's and Valuation) Rules, 2017. Some of the key procedures in carrying out the valuation engagement are:

- a. Understanding the nature and purpose of the transaction.
- b. Selection of the most appropriate valuation base.
- c. Identifying the premise of value which refers to the conditions and circumstances how asset is deployed.
- d. Selection of the valuation approach and the corresponding valuation methodology. The standard valuation approaches and methodologies are as below:
 - i. **Cost Approach**
 - a. Net Asset Value Method
 - ii. **Market Approach**
 - a. Market Price Method
 - b. Comparable Companies Multiple Method/Comparable Company Transaction Method
 - iii. **Income Approach**
 - a. Discounted Cash Flow (DCF) Method
- e. Performing the valuation engagement and arriving at the valuation conclusion

COST APPROACH

i. Net Asset Value Method:

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earning capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

Since VCL and SMTL are operating as going concern; we have not used this method to recommend share exchange ratio for proposed amalgamation of VCL and SMTL.

ii. Market Price Method

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

would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.

Since equity shares of SMTL & VCL are not listed on any stock exchange(s); we have not used this method to recommend share exchange ratio for proposed amalgamation of VCL and SMTL.

iii. Comparable Companies' Multiple ('CCM')/ Comparable Transactions' Multiple ('CTM') Method

Under CCM the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies to a company's operating metrics. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. The appropriate multiple is generally based on the performance of listed companies with similar business models and size.

Based on our discussion with the Management, we understand that there are no comparable listed companies which are operating in similar line of business and having similar business model as that of SMTL & VCL, we have therefore not used CCM method.

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

Based on our discussion with the Management, we understand that there are no recent comparable transactions involving companies of similar nature and having a similar metrics as that of SMTL & VCL, we have therefore not used CTM method.

iv. Discounted Cash Flows ('DCF') Method for Equity Shares

The Discounted Free Cash Flows method is one of the most rigorous approaches for valuation of a business/asset/equity. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business. In case of valuation of share, projected free cash flows to firm are discounted at the cost of equity to arrive at the value of share.

Using the Discounted Free Cash Flows method involves determining the following:

- Estimating future free cash flows,
- The time frame of the cash flows i.e. the explicit forecast Period,
- Appropriate Discount rate to be applied to cash flows
- The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period which is also known as Terminal Value
- Value of cash and cash equivalents and Surplus Assets

The detailed working of manner of determination of Free Cash Flow, Cost of Capital and Terminal Value are given in **Annexure – A** to this report.

The Fair Value of Equity Shares of VCL under DCF Method is **INR 4529 (Four Thousand Five Hundred Twenty-Nine)** and detailed working of same is given in **Annexure – B** to this report.

v. Discounted Cash Flows ('DCF') Method for Preference Shares

The valuation of cumulative redeemable preference shares involves discounting the expected future cash flows of the preference shares to their present value using an appropriate discount rate.

To value cumulative redeemable preference shares using the discounted cash flow method, the following steps are taken:

1. Determining the expected cash flows: The first step is to determine the expected cash flows that the preference shares will generate.
2. Determine the appropriate discount rate: The next step is to determine the appropriate discount rate to use in the valuation. This discount rate reflects the risk associated with the preference shares and adjusted for inflation and other factors that may affect the value of the shares.
3. Calculating the present value of the expected cash flows: Once the expected cash flows and discount rate have been determined, the present value of the cash flows is calculated by discounting them back to their present value.

The detailed working of manner of determination time frame of cash flow, cost of preference share is given in **Annexure – C** to this report.

The Fair Value of preference share of SMTL to be issued to the equity share holder(s) of VCL is **INR 10/- (Ten)** and detailed working of same is given in **Annexure – D** to this report.

10. VALUATION CONCLUSION

The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, key underlying assumptions and limitations were given due consideration.

In order to assess the reasonableness of the value determined under each method, we have considered appropriate factors such as applicable nature of asset to be valued, availability of adequate inputs or information underlying the value and its reliability, premise of value, purpose and intended use of the valuation, amount of dependency on observable inputs and other relevant factors.

In the light of the above and on a consideration of all the relevant factors and circumstances, I recommend share Exchange ratio of:

"For every 10 (Ten) Equity Shares of Rs. 100/- each of VCL, the Equity Shareholders will receive 4529 (Four Thousand Five hundred and Twenty Nine) 12.38% cumulative redeemable preference shares of Rs. 10/- each of SMTL."

11. RESTRICTIONS ON USE OF THE VALUATION REPORT

This valuation report is meant for use for the limited purpose of share exchange ratio for proposed amalgamation of VCL with SMTL as on the valuation date or on a date close to the valuation date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the company and publicly available sources, which we believe to be accurate. We accept no responsibility for any errors in the information on which the valuation conclusions are based.

12. MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

For the purpose of Share Exchange Ratio for the proposed Scheme of Amalgamation for which this valuation report is issued, we are informed by the companies that the relevant date is **March 31, 2023**.

KEY TERMS OF PROPOSED REDEEMABLE PREFERENCE SHARES

Particulars	
Nature of instrument	Redeemable Preference Shares (RPS)
Coupon	12.38% cumulative
Face Value	INR 10/-
Redemption	Transferee Company New Preference Shares shall be redeemable at par at any time at the option of the Transferee Company after the period of 6 (six) months but not later than 20 (Twenty) years from the date of allotment of such Transferee Company New Preference Shares

Particulars	
Tenure	20 (Twenty) years
Voting Rights	No voting rights
Listing	Transferee Company New Preference Shares shall not be listed on any Stock Exchanges
Transferability	Freely transferable

13. LIMITING FACTORS

My report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

1. This report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The Company is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared.
2. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
3. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
4. While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, I express no audit opinion or any other form of assurance on this information.
5. I do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
6. The client and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/clients, their management and other third parties concerning the financial data except as specifically stated to the contrary in the report. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the companies, their directors, employee or agents.

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7. I have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
8. 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, this valuation report can only be regarded as relevant as at the valuation date.
9. I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letter. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.
10. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to me.
11. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
12. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

Date: June 19, 2023
Place: Surat



Shreyansh M Jain
CP No.: ICSIRVO/SFA/38
IBBI R. No.: IBBI/RV/03/2019/12124



ANNEXURE-A

- **Free Cash Flows to the Firm (FCFF)**

FCFF are the cash flows expected to be generated by the Company that are available to providers of the Capital to the Equity as well as debt holders. FCFF is determined by Profit after Taxes, to which any non-cash expenses like Depreciation and amortization are added back. The above is adjusted for (i) change in working capital requirements (ii) investments in capital expenditure and other assets as well as (iii) change in non-current assets and liabilities and (iv) Interest Expense (Net off Tax). Free cash flows thus calculated will be equal to the sum of the cash flows available to Equity Shareholders and Debt Holders.

- **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 could be 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 will be 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 could be estimated on the basis of 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 been furnished with the financial projections from FY 2024 to FY 2028 we have considered the same for the purpose of valuation.

- **Appropriate Discounting Rate i.e. Weighted Average Cost of Capital**

The Weighted Average Cost of Capital (WACC) is the average rate that a company is expected to pay to all its equity and debt holders, to finance its assets. The WACC is the weighted average returns that a company must earn on an existing asset base to satisfy its owners and debt holders. Broadly speaking, a company's assets are financed by either debt or equity. WACC is the weighted average return for cost for equity shareholders as well as debt holders.

Discounting Factor

The discount factor considered for arriving at the present value of the FCFF is the WACC, which comprises of cost of debt and equity

$$WACC = K_d \cdot (1-t) \cdot [D/(D+E)] + K_e \cdot [E/(D+E)]$$

Where 'D' and 'E' represent the debt and equity portion respectively in the capital structure and 'r' represents required rate of return.

The WACC using the above parameters has been estimated at 20.17% after giving appropriate allowances for illiquidity of shares and company specific risk including risk associated with achieving the financial projections, etc.

Given that cash flows are estimated to accrue evenly over the year, we have used the yearly discounting convention to discount the cash flows.

- **Cost of Equity (Ke)**

The cost of equity has been determined using the Capital Assets Pricing Model. For this purpose, the formula used is as under:

$$\text{CAPM (Ke)} = R_f + \beta (R_m - R_f) + \alpha$$

Where:

CAPM (Ke) = Discount rate derived from Capital Assets Pricing Model

R_f = Risk free rate of return

β = Beta factor as a measure of the systematic risk

R_m = Representative Market Return

$(R_m - R_f)$ = Equity Market premium (ERP)

α = Company Specific Risk Premium

Capital Asset Pricing Model (CAPM) describes the relationship between systematic risk and expected return for assets, particularly stocks. CAPM is widely used throughout finance for pricing risky securities and generating expected returns for assets given the risk of those assets and cost of capital.

- **Cost of Debt (Kd)**

Cost of debt refers to the effective rate a company pays on its current debt. The cost of debt is used after including the tax impact. As informed by the management, the average effective interest rate for the debt will be 12.00% p.a.

We have considered a tax rate for debt at 18.00% to calculate the tax benefit on interest expense. Accordingly, we have arrived at 9.84% as post tax cost of debt.

- **Risk Free Rate**

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. Based on current yield of various top traded long-term government securities, risk free rate has been considered as 7.32% as Yield of 10 Year Indian Government Bond.

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

- **Equity Risk Premium**

The Equity Risk Premium (ERP) 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. It is typically measured by the amount by which historical returns in the equity security markets, over a long period of time, have exceeded the returns from risk free investments. Such historical return from investment in

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the equity markets – which is the sum of return by way of capital appreciation and return by way of dividend yield – is the market return. We have considered equity risk premium of 6.28% based on the return of BSE Healthcare Index Return since inception. (Market Return = 13.60%)

• Beta (β)

Systematic risk is measured in the CAPM by a factor known as Beta. Beta is a measure of volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. The beta of the asset has to be estimated relative to the market portfolio and by selecting the comparable companies closely associated with the subject company. We have considered levered Beta of 0.81 applying the Debt/Equity ratio and tax rate on the median of Unlevered Beta of the comparable companies of 0.70 as calculated below:

Name of the Comparable Companies	Total Debt (\$mm)	Market Equity Value (\$mm)	Debt /Total Cap	Debt % of Equity	Equity /Total Cap	Levered Beta*	Unlevered Beta
Cochlear Limited	254	15,568	2%	2%	98%	0.45	0.44
Cardiovascular Systems, Inc.	20	833	2%	2%	98%	0.74	0.73
Establishment Labs Holdings, Inc.	179	1,653	10%	11%	90%	1.01	0.94
Median							0.70

*5-Year Monthly Beta based on the data available on Yahoo Finance

• Company Specific Risk Premium (α)

Company Specific Risk Premium (CSRP) is the risk unique to the company. It includes Additional Business Risk, Economic Risk, Projection Risk, Technology Risk and Legal Risk. Hence to compensate the investor for this aspect, we have considered 9.00% premium towards CSRP.

STATEMENT SHOWING WEIGHT AVERAGE COST OF CAPITAL

Particulars	
Risk-Free Rate (R_f)	7.32%
Equity Risk Premium (R_p)	6.28%
Company Risk Premium (α)	4.00%
Beta (β)	0.81
Cost of Equity	16.40%
Average Cost of Debt	9.00%
Tax Rate	18.00%
Post-Tax cost of Debt	7.38%
Weightage	
Equity	0.88
Interest Bearing Debt	0.12
Weighted Cost of Capital	15.31%



- **Terminal Value**

The terminal value of an on-going business could best be determined as present value of 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 terminal year with Cost of Capital, adjusted for the future expected growth ("g"). As per our estimate, 4.00% should be assumed to be a long-term rate at which company should grow and accordingly the same is considered as perpetual growth rate for the purpose of valuation of Vascular Concept. FCFF at the end of explicit forecast period which is FY 2027-28 is considered for calculation of terminal value. Other aspects in this regard have been described above under the heading of explicit forecast period.

STATEMENT SHOWING CALCULATION OF TERMINAL VALUE

Particulars	Amount in Million
UFCF of last explicit year	96.32
Weighted Cost of Capital	15.31%
Growth Rate	4.00%
Terminal Value	885.82
Terminal period flag	0.49
PV of Terminal Value	434.54

ANNEXURE-B

- Equity Value of VCL**

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the Company is adjusted by subtracting outstanding Debts & Preference shareholding, if any, there from and adjusting for the inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total adjusted value for equity shareholders is then divided by the total number of equity shares to arrive at the value per equity share.

STATEMENT SHOWING FREE CASH FLOW TO FIRM

	(Amount in INR Millions)				
	FY24P	FY25P	FY26P	FY27P	FY28P
Explicit period for the purpose of valuation	1.00	1.00	1.00	1.00	c
Terminal period flag					1.00
PAT	52.32	55.68	55.69	70.95	86.84
Add: Interest (net of tax)	6.12	6.12	6.12	6.12	6.12
Add: depreciation	5.00	5.00	5.00	5.00	5.00
Less: capex	-1.00	-1.00	-1.00	-1.00	-1.00
Add/(less): changes in WC	6.50	1.49	2.83	-0.87	-0.64
FCFF	68.95	67.30	68.65	80.20	96.32
FCFF for explicit period	68.95	67.30	68.65	80.20	96.32
Terminal period cash flow					885.82
FCFF to be discounted	68.95	67.30	68.65	80.20	96.32
Discount factor	0.87	0.75	0.65	0.57	0.49
Discounted cash flows	59.79	50.61	44.77	45.37	481.79

STATEMENT SHOWING VALUE PER SHARE

Particulars	Amount in Million
Net Present Value of Explicit Period	682
Add: Cash and Cash Equivalent	58
Less: Debt	25
Equity Valuation	715
Number of Shares	157854
Value per Share	4529

ANNEXURE-C

- **Time Frame of Cash Flows**

The Transferee Company has proposed to issue 12.38% cumulative redeemable preference share to the shareholders of Transferor Company. Transferee Company New Preference Shares shall be redeemable at par at any time at the option of the Transferee Company but not later than 20 (Twenty) years from the date of allotment of such preference share. As the preference shares are redeemable at any time at the option of Transferee Company, we have considered life span of redeemable preference shares based on maximum period of RPS i.e. 20 years.

- **Appropriate Discounting Rate i.e. Cost of Preference Share**

The cost of preference shares has been determined using the Capital Assets Pricing Model with appropriate discount as preference shares are less risky than equity shares but riskier than debt. For this purpose, the formula used is as under:

$$\text{Cost of Preference Share} = \text{Risk-Free Rate} + \text{Risk Premium}$$

- **Risk Free Rate**

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. Based on current yield of various top traded long-term government securities, risk free rate has been considered as 7.32% as Yield of 10 Year Indian Government Bond.

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

- **Default Risk Spread**

The default risk premium is the additional yield that investors demand to compensate for the risk of default by the Company. The default risk premium reflects the probability of default and the expected loss given default. The default risk premium can be estimated based on the credit rating of the issuer and the yield spread of similarly rated bonds in the market. The SMTL has credit rating of BBB and accordingly we have taken default risk premium of 5.1% based on spread of BBB rated Bond Yield as per risk spread published by FIMMDA.

ANNEXURE-D**STATEMENT SHOWING VALUE OF PREFERENCE SHARES**

Particular	Year	Outflow	Discounting Period (in Year)	Discount Rate	PV of Outflow
Payout of Dividend	31-03-2024	1.24	1	0.8899	1.10
Payout of Dividend	31-03-2025	1.24	2	0.7919	0.98
Payout of Dividend	31-03-2026	1.24	3	0.7047	0.87
Payout of Dividend	31-03-2027	1.24	4	0.6271	0.78
Payout of Dividend	31-03-2028	1.24	5	0.5580	0.69
Payout of Dividend	31-03-2029	1.24	6	0.4966	0.61
Payout of Dividend	31-03-2030	1.24	7	0.4419	0.55
Payout of Dividend	31-03-2031	1.24	8	0.3932	0.49
Payout of Dividend	31-03-2032	1.24	9	0.3499	0.43
Payout of Dividend	31-03-2033	1.24	10	0.3114	0.39
Payout of Dividend	31-03-2034	1.24	11	0.2771	0.34
Payout of Dividend	31-03-2035	1.24	12	0.2466	0.31
Payout of Dividend	31-03-2036	1.24	13	0.2194	0.27
Payout of Dividend	31-03-2037	1.24	14	0.1953	0.24
Payout of Dividend	31-03-2038	1.24	15	0.1738	0.22
Payout of Dividend	31-03-2039	1.24	16	0.1546	0.19
Payout of Dividend	31-03-2040	1.24	17	0.1376	0.17
Payout of Dividend	31-03-2041	1.24	18	0.1224	0.15
Payout of Dividend	31-03-2042	1.24	19	0.1090	0.13
Payout of Dividend and Repayment of Redemption of Preference Shares	31-03-2043	11.24	20	0.0970	1.09

PV of Cash Flow on Preference Shares**10.00**