



## ANNEXURE III

29 November 2024

To

**The Board of Directors**

**Aster DM Healthcare Limited**

Awfis, 2nd floor 27 & 27/1, Renaissance Centra  
Mission Rd, Rama Nagar, Bengaluru  
Karnataka – 560027  
India

**Subject: Recommendation of**

- **fair value per equity share of Quality Care and number of equity shares of Aster DM to be issued to Blackstone and TPG ('Preferential Allotment'); and**
- **fair share exchange ratio ('Share Exchange Ratio') for amalgamation of Quality Care with and into Aster DM.**

Dear Sir/ Madam,

We refer to our engagement letter dated 4 October 2024 whereby Aster DM Healthcare Limited (hereinafter referred to as 'Aster DM' or 'Transferee Company' or 'you' or 'Client' or the 'Company') has appointed PwC Business Consulting Services LLP (hereinafter referred to as 'PwC BCS'), to recommend

- fair value per equity share of Quality Care India Limited ('Quality Care' or 'Transferor Company') and number of equity shares of Aster DM to be issued to BCP Asia II Topco IV Pte. Ltd. ('Blackstone') and Centella Mauritius Holdings Limited ('TPG'); Blackstone and TPG are hereinafter together referred to as 'Identified Shareholders'; and
- fair share exchange ratio ('Share Exchange Ratio') for amalgamation of Quality Care with and into Aster DM.

Quality Care and Aster DM have been hereinafter together referred to as 'Companies'. PwC BCS has been hereinafter referred to as the 'Valuer' or 'we' or 'us' in this Share Exchange Ratio report ('Valuation Report' or 'Report').

### **BACKGROUND, SCOPE AND PURPOSE**

Aster DM is a listed public limited company incorporated under the Companies Act, 1956, having its registered office at Awfis, 2nd floor 27 & 27/1, Renaissance Centra, Mission Rd, Sampangi Rama Nagar, Sampangiramnagar, Bengaluru, Karnataka - 560027, India with corporate identity number L85110KA2008PLC147259. Aster DM, incorporated in 2008, is engaged in the business of, inter-alia, providing healthcare and related services (including diagnostics, tele-health and other allied services) through a network of multi-specialty healthcare establishments. The equity shares of Aster DM are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'). For the financial year ended 31 March 2024, Aster DM (India business) reported a consolidated revenue of ~INR 3,698.9 crore and a consolidated profit after tax of ~INR 204.7 crore.

Quality Care is a public limited company incorporated under the Companies Act, 1956, having its registered office at 6-3-248/2, Road No.1, Banjara Hills, Hyderabad, Telangana - 500034, with corporate identity number U85110TG1992PLC014728. Quality Care, incorporated on 7 September 1992, is engaged in the business of providing healthcare and related services through a network of multi-specialty healthcare establishments across India and Bangladesh. The equity shares of Quality Care are not listed on any stock exchange. For the financial year ended 31 March 2024, Quality Care reported a consolidated revenue of ~INR 2,120.5 crore and a consolidated profit after tax of ~INR 18.8 crore.

We understand from the management of Aster DM ('Management') that pursuant to a scheme of amalgamation (the draft 'Scheme'), it is proposed to amalgamate Quality Care with and into Aster DM pursuant to provisions of section 230 to 232 read with Section 247 of the Act, and other applicable laws (hereinafter referred to as 'Transaction 2'). Additionally, prior to the Scheme coming into effect, Aster DM shall acquire 1,90,46,028 (One crore ninety lakh forty-six thousand and twenty eight) equity shares of Quality Care held by the Identified Shareholders and issue its equity shares to them in consideration, in accordance with Section 62 of Companies Act, 2013, in accordance with

PwC Business Consulting Services LLP, 252 Veer Savarkar-Marg, Shivaji Park, Dadar, Mumbai – 400 028.

T : +91 (22) 66691500, F: + 91 (22) 66547801 / 04 / 07 / 08, [www.pwc.com/india](http://www.pwc.com/india)

LLPIN : AAO-9288 Registered with limited liability.

Registered Office: 11-A, Sucheta Bhawan, 1<sup>st</sup> Floor, Vishnu Digambar Marg, New Delhi, 110 002.



the terms as mutually agreed between the Identified Shareholders of Quality Care and Aster DM (hereinafter referred to as 'Transaction 1').

Hereinafter Transaction 1 and Transaction 2 referred to as 'Proposed Transactions'.

In connection with the above, the Board of Directors ('BoD') of Aster DM has asked PwC BCS to provide a Registered Valuer Report ('Report' or 'Valuation Report') recommending the following:

- fair value per equity share of Quality Care and number of equity shares of Aster DM to be issued to the Identified Shareholders for Transaction 1; and
- fair share exchange ratio ('Share Exchange Ratio') for amalgamation of Quality Care with and into Aster DM for Transaction 2;

for the consideration of the Board of Directors (including audit committees and committees of Independent Directors, as applicable) of Aster DM in accordance with the applicable SEBI, the relevant stock exchanges, and other relevant laws, rules and regulations and the Company's articles of association.

Valuation of Aster DM and Quality Care have together been referred to as 'Valuation'. We have undertaken Valuation as of 28 November 2024 ('Valuation Date') for the Proposed Transactions.

It is clarified that any reference to this Report in any document and/ or filing with any tribunal/ judicial/ regulatory authorities/ government authorities/ stock exchanges/ courts/ shareholders/ professional advisors/ merchant bankers, in connection with the proposed Amalgamation, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than the Board of Directors of the Client.

We understand that the Appointed Date for the proposed Amalgamation as per the Scheme means the Effective Date, or such other date as may be approved by the Board of Transferee and Transferor Company.

The Report will be used by the Client only for the purpose, as indicated in this Report, for which we have been appointed. The results of our analysis and our Report cannot be used or relied by the Client for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person/ party for any decision of such person/ party based on this Report.

The scope of our services is to conduct a fair valuation of Aster DM and Quality Care, to recommend

- fair value per equity share of Quality Care and number of equity shares of Aster DM to be issued to the Identified Shareholders for Transaction 1; and
- Share Exchange Ratio for the proposed Amalgamation

in accordance with generally accepted professional standards.

This Report is our deliverable for the above engagement. This Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## **SOURCES OF INFORMATION**

In connection with this exercise, we have used the following information received from the management(s) of Aster DM and Quality Care and that gathered from the public domain:

- Draft Scheme for the proposed Amalgamation;
- Carved-out consolidated financial statements of Aster DM (India business) for 3 years ended 31 March 2024 and limited reviewed consolidated financial statements for 6 months period ended 30 September 2024 of Aster DM;
- Audited consolidated financial statements for 3 years ended 31 March 2024 and audited consolidated financial statements for 5 months period ended 31 August 2024 of Quality Care;
- Projected financial statements from 1 October 2024 to 31 March 2029 for Aster DM and 1 September 2024 to 31 March 2029 for Quality Care including key underlying assumptions (referred to as 'Financial Projections') which the Management believes to be the best estimates of the future operating performance of the Companies;
- Discussions with the Management to understand business operations of the Companies, their perception of historical and expected future performance, macro-economic parameters and key value drivers;





- Extracts pertaining to Quality of Earning Statement and Net Debt Statement from the due diligence reports on Aster and Quality Care as of 31 March 2024;
- Discussions and correspondence with the Management to obtain requisite explanation and clarification of data provided on which we have relied;
- Analysis of general market data, including economic and industry information that may affect the value;
- Considered information available in the public domain in respect of the comparable companies, as appropriate, if available;
- Considered the International Valuation standards published by the International Valuation Standards Council;
- Other information and documents that we considered necessary for the purpose of this engagement.

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise.

### **PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED**

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

- Requested and received financial and qualitative information of the Companies from the Management;
- Considered data available in public domain related to the Companies and their peers;
- Discussions with the Management to understand the business, key value drivers, historical financial performance and projected financial performance of the Companies;
- Researched publicly available market data including economic factors and industry trends that may impact the valuation;
- Carried out analysis of valuation multiples of comparable companies using information available in public domain (to the extent available and relevant) and/ or proprietary databases subscribed by us or our network firms;
- Selection of well accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the applicable Valuation Standards; and
- Arriving at the fair values of Aster DM and Quality Care for the Proposed Transactions.

The Management has been provided with the opportunity to review the draft report (excluding the recommended fair value of Quality Care and Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided in our Report.

### **SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular 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 PwC network firms.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) Valuation Date and (iii) and are based on the limited reviewed consolidated financial statements of Aster DM as at 30 September 2024, audited financials of Quality Care as at 31 August 2024 and other information provided by the Management. The Management has represented that the business activities of Aster DM and Quality Care have been carried out in the normal and ordinary course between their respective Balance Sheet dates and the Valuation Date and that no material adverse change has occurred in their respective operations and financial position between their respective Balance Sheet dates and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic, industry and other conditions in general and the information made available to us as of, date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Report and (ii) the accuracy of information made available to us by/ on behalf of the Client (or its representatives). In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by/ on behalf of the Client (or its representatives). 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 historical financials/ financial statements and projections. The assignment did not require us to conduct any financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence of the assets or liabilities of the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy, or completeness, we have obtained information as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information.

Also, with respect to explanations and information sought from/ on behalf of the Client (or its representatives), we have been given to understand by the Client that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/ on behalf of the Client (or its representatives). The Management has indicated to us that it has understood that any material omissions, inaccuracies, or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by/ on behalf of the Client (or its representatives) and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose. Also, we assume no responsibility for technical information (if any) furnished by/ on behalf of the Client (or its representatives).

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except 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 litigation and other contingent liabilities that are not recorded in the audited/ unaudited balance sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies reflected in their respective latest balance sheets remain intact as of the Report date.

No investigation of the Companies' claims to title of assets has been made for the purpose of this Report and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

We must emphasize that the Financial Projections have been prepared by the managements of the respective Companies and provided to us for the purpose of our analysis. The fact that we have considered the Financial Projections in this exercise should not be construed or taken as our being associated with or a party to such projections. Realisations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to provide any assurance about the achievability of the projected financial information. Since the Financial Projections relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences 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 the Management.

We have not conducted or provided an analysis or prepared a model for any individual assets/ liabilities and have wholly relied on the information provided by/ on behalf of the Client (or its representatives) in this regard.

This Report does not look into the business/ commercial reasons behind the proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Transactions as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not examined or advised on accounting, legal or tax matters involved in the proposed Amalgamation.

We owe responsibility to only the Boards of Directors of the Client that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Client. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Client, its directors, employees, or agents. In no circumstances shall the liability of the Valuer, its partners, its directors, or employees, relating to the services provided in connection with the engagement set out in this Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.





Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, without our prior written consent other than in connection with the proposed Amalgamation. In addition, we express no opinion or recommendation as to how the shareholders/ creditors of either Companies should vote at any shareholders'/ creditors' meeting(s) to be held in connection with the Amalgamation. Our Report and the opinion/ valuation analysis contained herein is not and nor should it be construed as advice relating to investing in, purchasing, selling, or otherwise dealing in securities or as providing management services or carrying out management functions. It is understood that this analysis does not represent a fairness opinion.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the Companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

We are independent of the Client and have no current or expected interest in the Client or its assets. The fee for the engagement is not contingent upon the results reported.

This valuation Report is subject to the laws of India.

Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

## SHARE CAPITAL DETAILS OF THE COMPANIES

### Aster DM Healthcare Limited

The issued and subscribed equity share capital of Aster DM as at 28 November 2024 is INR 4,995.2 million consisting of 499,513,060 equity shares of face value of INR 10/- each. The equity shareholding pattern of Aster DM is as follows:

<b>Equity shareholding pattern as on 28 November 2024 (Face Value: INR 10/- each)</b>		
<b>Shareholders</b>	<b>No of Shares</b>	<b>% Share Holding</b>
Promoter	209,206,321	41.9%
Public	290,306,739	58.1%
<b>Total</b>	<b>499,513,060</b>	<b>100.0%</b>

*Source: Management information*

### Quality Care India Limited

The issued and subscribed share capital of Quality Care as at 28 November 2024 is INR 3,809.2 million consisting of 380,920,552 equity shares of face value INR 10/- each. The equity shareholding pattern of Quality Care is as follows:

<b>Equity shareholding pattern as at 28 November 2024 (Face Value: INR 10/- each)</b>		
<b>Shareholders</b>	<b>No of Shares</b>	<b>% Share Holding</b>
BCP Asia II Topco IV Pte. Ltd.('Blackstone')	273,663,300	71.84%
Centella Mauritius Holdings Limited ('TPG')	91,221,100	23.95%
Others*	16,036,152	4.21%
<b>Total</b>	<b>380,920,552</b>	<b>100.0%</b>

*\*Others category represents retail investors*

*Source: Management information*

As per the financial statement of Quality Care for the period ended 31 August 2024, there are certain employee stock options ('ESOP's') that are granted but not vested or exercised. As explained by the Management, in the event of the consummation of the Amalgamation, all these ESOP's will be cancelled and will not be compensated with ESOP's of the amalgamated company. Accordingly, basis the instructions from the Management, these ESOP's have not been considered in our analysis to arrive at number of equity shares for Quality Care.

Transaction 1, i.e. acquisition of equity shares of Quality Care from the Identified Shareholders is proposed to be carried out on fair value basis. Further, issue of equity shares by Aster DM is also proposed to be carried out on fair





value basis. Accordingly, Transaction 1 would be value neutral, i.e. fair value estimate per equity share of both Aster DM and Quality Care would not be affected by Transaction 1.

Our Report and recommendation of the Share Exchange Ratio considers and is premised on the above shareholding pattern of Aster DM and Quality Care.

## **APPROACH & METHODOLOGY – BASIS OF AMALGAMATION**

The proposed scheme of amalgamation ('Scheme') under the provisions of Section 230 to 232 of the Companies Act, 2013 contemplates amalgamation of Quality Care with and into Aster DM. As per the Scheme, subject to receipt of relevant approvals under applicable law, prior to the Scheme coming into effect, Identified Shareholders of the Transferor Company shall sell 1,90,46,028 (One crore ninety lakh forty-six thousand and twenty eight) equity shares in Quality Care to Aster DM, in accordance with the terms as mutually agreed between the Identified Shareholders of the Transferor Company and the Transferee Company.

Arriving at the Share Exchange Ratio for the above proposed Amalgamation, would require determining the fair valuation of equity of Aster DM and Quality Care, based on different valuation approaches explained here below and various qualitative factors relevant to each company, business dynamics and growth potentials of the businesses of Aster DM and Quality Care, information base and key underlying assumptions and limitations.

There are several commonly used and accepted valuation approaches for determining the value of equity shares of a company/ business, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach – Net Asset Value ('NAV') Method
2. Income Approach
  - Discounted Cash Flow ('DCF') Method
3. Market Approach
  - Market Price Method
  - Comparable Companies' Multiples ('CCM') Method
  - Comparable Companies' Transaction Multiples ('CTM') Method

### **Asset Approach – Net Asset Value method**

The asset-based valuation 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 valuation approach is mainly used in cases 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 earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

### **Income Approach (Discounted Cash Flows (DCF) Method)**

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

*Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

*Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

**Market Approach:**

Under this approach, value of a company is assessed basis its market price (i.e., if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies.

Following are the methods under Market Approach:

- **Market Price ('MP') Method**  
The market price of a share 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 indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the case of amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.
- **Comparable Companies' Multiple ('CCM') method**  
Under this method, value of a business/ company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as sales, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.
- **Comparable Companies' Transaction Multiples ('CTM') Method**  
Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

It should be understood that the valuation of any company or its assets or its shares is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, numerous assumptions were made with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of the above companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Out of the above methods, we have used approaches/ methods, as considered appropriate. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled in the next section of this Report.

**BASIS OF SHARE EXCHANGE RATIO**

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share.

The determination of a fair equity share exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is



also recognized in judicial decisions. There is, therefore, no indisputable single fair equity share exchange ratio. The Share Exchange Ratio rendered in this Report only represents our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Share Exchange Ratio at which the proposed Amalgamation shall take place will be with the Board of Directors of the Client who should consider other factors such as their own assessment of the proposed Amalgamation and inputs of other advisors.

The Share Exchange Ratio has been arrived at on the basis of a fair value estimates of equity shares of Aster DM and Quality Care on a relative basis, based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the proposed Amalgamation. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

In the current analysis, the amalgamation of Quality Care with and into Aster DM is proceeded with on the assumption that Quality Care would amalgamate as going concern and actual realisation of its operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. Hence, while we have calculated the values of the equity shares of Aster DM and Quality Care under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio.

Given the nature of the businesses of Aster DM and Quality Care, and the fact that we have been provided with projected financials for Aster DM and Quality Care, we have considered it appropriate to apply the DCF Method under the Income Approach to arrive at the fair value of the equity shares of Aster DM and Quality Care for the purpose of arriving at the Share Exchange Ratio.

Within the DCF Method, equity value per share for Aster DM and Quality Care has been computed as follows:

- Equity value for Aster DM and Quality Care has been computed using the DCF Method;
- To arrive at the total value available to the equity shareholders of Aster DM and Quality Care, value as arrived above is adjusted, as appropriate for debt, cash and cash equivalents and surplus assets, minority interest in subsidiaries as appearing in balance sheet and other matters;
- The total value of equity is then divided by total issued and paid-up equity shares of Aster DM and Quality Care respectively as at Valuation Date to arrive at the value per equity share.

As equity shares of Aster DM are listed on the recognized stock exchanges and equity shares of the listed entity are being issued to the shareholders of an unlisted entity, we have considered the Market Price Method in our analysis, basis pricing provisions of Chapter V of SEBI ICDR regulations, 2018 (last amended on 23 May 2023).

Since, the equity shares of Quality Care are not listed on any recognized stock exchange, we have not considered the Market Price Method under Market Approach for its valuation.

For our analysis under Market Approach, we have considered the Comparable Companies' Multiple (CCM) Method to arrive at the fair value of the equity shares of both the Companies. Considering the stage of operations of the Companies, industry within which it operates and their historical and current profitability status, we have considered Enterprise value/ Earnings before Interest, Taxes, Depreciation and Amortization ('EBITDA') multiple of various listed comparable companies. We have relied on publicly available information and certain databases such as CapIQ, etc. to arrive at the comparable company multiple.

Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation, we have considered the values arrived under the Income Approach and Market Approach to arrive at the fair value estimates of equity shares of Aster DM and Quality Care for the purpose of the Proposed Transactions.

We have considered appropriate weights to the values arrived at under the various valuation approaches/ methodologies.







Approach	Aster DM		Quality Care	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach -Net Asset Value Method (i)	75.44	0.0%	116.14	0.0%
Income Approach -Discounted Cashflow Method (ii)	455.65	50.0%	458.54	50.0%
Market Approach -Comparable Companies Method (EV/EBITDA) (iii)	429.83	25.0%	433.20	50.0%
Market Approach -Market Price Method (iii) (A)	456.33	25.0%	NA	0.0%
<b>Value per Share</b> (Weighted Average of (i), (ii) and (iii)) (B)	<b>449.36</b>		<b>445.87</b>	
<b>Price considered for recommendation of SWAP ratio (Higher of A and B)</b>	<b>456.33</b>		<b>445.87</b>	
<b>Fair Equity Share Exchange Ratio (Rounded)</b>	<b>977:1000</b>			

Basis the above,

#### For Transaction 1

the fair value per equity share of Quality Care is INR 445.87 (INR four hundred and forty five and Paise eighty seven only) and 1,86,07,969 (One crore eighty-six lakh seven thousand nine hundred and sixty nine) equity shares of Aster DM (of INR 10/- each fully paid up) are to be issued to the Identified Shareholders for acquisition of 1,90,46,028 (One crore ninety lakh forty-six thousand and twenty eight) equity shares in Quality Care (of INR 10/- each fully paid up); and

#### For Transaction 2

the fair share exchange ratio is 977 (nine hundred and seventy seven) equity shares of Aster DM (of INR 10/- each fully paid up) for every 1,000 (one thousand) equity shares of Quality Care (of INR 10/- each fully paid up).

Submitted for approval.

**NEERAJ** Digitally signed  
by NEERAJ GARG  
Date: 2024.11.29  
**GARG** 10:53:05 +05'30'

**Neeraj Garg**  
**Partner**

PwC Business Consulting Services LLP  
IBBI Membership (entity) No.: IBBI/RV/02/2021/14036  
Date: 29 November 2024  
Place: Mumbai  
RVN – IOVRVF/PWC/2024-2025/4401