Date: 22nd May, 2024

The Board of Directors
PolicyX.com Insurance Web Aggregator Private Limited
1st Floor, Landmark Tower, Plot No – 2
Southcity – 1, Opposite C-113, Ashok Marg,
Sector – 41, Gurugram, Haryana - 122001

Subject: Evaluation of Fair Value of Equity Shares of PolicyX.com Insurance Web Aggregator Private Limited for the purpose of issue of equity shares.

Dear Sirs,
We understand that "PolicyX.com Insurance Web Aggregator Private Limited" having its registered office at 1st Floor, Landmark Tower, Plot No – 2, Southcity – 1, Opposite C-113, Ashok Marg, Sector – 41, Gurugram, Haryana – 122001 (hereinafter referred to as "**PolicyX**" or "**Company**"). The Company has appointed "**Corporate CapitalVentures Private Limited**" (hereinafter referred as **CCV/Valuer**), a SEBI registered Category-I Merchant Banker, for evaluation of fair value of its equity shares as on 31st March, 2024 ("**Valuation Date**") for the purpose of issue of equity shares under the provision of Income Tax Act, 1961.

This cover letter provides an overview of the purpose and scope of our analysis and our conclusions. Please refer to the attached report for a discussion and presentation of the analysis performed in connection with this engagement.

Purpose and Scope

Based on our discussions with the management, we understand that the management requires the valuation report from SEBI Registered Category-I, Merchant Banker for the purpose of issue of equity shares. In this regard, management of the Company requires report carried out by a merchant banker as required under the provision of Income Tax Act 1961.

The report has been prepared exclusively for specified purposes as mentioned above and hence should not be used for any other purpose, without obtaining the prior written consent from CCV. This opinion should not be considered, in whole or in part, as investment advice by anyone.

Summary of Findings

Based on our Valuation Analysis, in our assessment, the Fair Value of each equity share of the Company as on 31st March, 2024 is **INR 50.0** per share

Please refer ***Exhibit A***

CCV has based this opinion on information provided and represented by the management of the company and did not independently verify the information provided to us and in that regard, the validity of the valuation depends on the completeness and accuracy of the information provided to us by the company. CCV applies valuation techniques and methods that conform to generally accepted valuation practices.

For Corporate CapitalVentures Private Limited
SEBI Registered Category-I Merchant Banker
SEBI Registration No. INM000012276

Corporate CapitalVentures Pvt. Ltd. CCV

Kulbhushan Parashar
(Director)

This space is intentionally left blank

Table of Contents

1. ENGAGEMENT OVERVIEW

1.1 Purpose and Scope

Based on our discussions, we understand that the management requires the fair valuation of equity shares of the Company for the purpose of issue of equity shares. In this regard, the Company need to assess the fair value of equity shares of the Company as required under the provision of Income Tax Act 1961 as on valuation date as specified in this report for above mentioned purpose.

In this context, Corporate CapitalVentures Private Limited (hereinafter referred to as "**CCV**" or "**Valuer**") carried out valuation of fair market value of equity shares of the company.

CCV has performed a valuation exercise for calculation of fair value of equity share of the company as on valuation date as specified in this report. CCV understands that its analysis will be used by the management of the Company for the purpose of issue of equity shares. The exercise has been carried out in accordance with the conditions and limitation set out in Section V of this report.

1.2 Standard of Value

Business valuation can be undertaken in a variety of contexts and for a variety of purposes. To begin with any valuation process, it is most pertinent to identify the type of value relevant to the transaction/case as different standards of value would yield different valuation figure for same business interest. In the given context, **Fair Value** is the appropriate standard of value.

Fair value is defined as:

"The fair value of an asset (or liability) is the amount at which that asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale."

This space is intentionally left blank

1.3 Premise of Value

The present valuation is undertaken on a **Going Concern Premise** i.e. on the premise that the company will continue to operate in future and earn cash flows.

1.4 Scope of Analysis

We were provided with the following information by the management of the company for the evaluation of fair value of equity share as aforesaid:

- Audited financials of PolicyX for the period ended as on FY2023;
- Provisional financial of PolicyX for the period ended 31st March, 2024;
- A copy of Financial Model for future operations of PolicyX which includes Projected Balance Sheet and Profit and Loss Account for the Period FY25 – FY30;
- Management representation letter.

CCV has this Opinion on information provided and represented by the management of the Company. Our review and analysis included, but was not necessarily limited to, the following steps:

- Discussion with Management concerning its assets, financial and operating history and forecasted future operations;
- Analysis of future expected earnings of the Company;
- Representations given by the management of the company.
- From the public domain, we have used the following information for the purpose of our value analysis:
- Website of Aswath Damodaran http://pages.stern.nyu.edu/~adamodar/

1.5 Valuation Date

The Valuation analysis of Business of the Company has been performed as on 31st March, 2024.

1.6 Conflict of Interest

There is no conflict of interest in our opinion on valuation analysis of the business of the Company. Our fee is not contingent upon the opinion expressed herein.

2. COMPANY OVERVIEW

2.1 About Company

PolicyX.com is an IRDA approved insurance comparison portal helping consumers compare, choose and buy policies online. The company was founded with an aim to provide consumers with expert guidance in selecting health, life, travel & motor plans from top insurance companies in India.

PolicyX.com today is a highly reputable organization providing trustworthy advice to millions of Indians every year with its team of 300+. More than 8.2 million visitors used PolicyX.com for their insurance decisions in the financial year 2020. More than 80% of company's customers renew their policies with them every year. The company aspires to become the most trusted insurance portal of India.

They provide instant quotes, genuine advice and best prices from top insurance companies in India. They have partnered with 24+ insurance companies in India. The company runs complex algorithms to find plans that fit the customers' requirements, complete with live quotes, dynamic cash flow charts (first in the segment), videos and infographics within seconds. Their goal is to provide their customers the best plan that fits the requirements at the right price.

Naval Goel is the CEO & Founder of PolicyX.com. The company was founded in the year 2013 as a bootstrapped start-up and today employs more than 300 employees. Naval worked for Inductis as a consultant for 5 years before starting his entrepreneurship journey. He has worked with top global insurance companies, banks, private equities and hedge funds as a part of his consulting assignments doing a variety of high-end work like industry research, financial valuations, quantitative modelling, data analytics, etc. The idea of insurance struck upon him when he was working with AIG in New York, doing valuation of their subsidiaries including AIG Malaysia, Taiwan, Hong Kong, UK etc. He returned back to India to start PolicyX.com as a single man army.

Source: Annual Report & Company Website

3. VALUATION APPROACH AND METHODOLOGY

3.1 Valuation Approaches

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

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

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

- Asset Approach
- Income Approach
- Market Approach

A. Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining every asset held by the company, both tangible and intangible. The value of intangibles is referred to as the company's goodwill, the difference in value between the company's hard assets and its true value.

The value arrived at under this approach is based on the financial statements of the business and may be defined as Shareholders’ Funds or Net Assets owned by the business. The Net Asset Value (NAV) is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern. Pursuant to accounting convention, most assets are reported on the books of the subject company at their acquisition value, net of depreciation where applicable. These values must be adjusted to fair market value wherever possible. Further, the balance sheet values are to be adjusted for any contingent liabilities that are likely to materialize.

Intrinsic value is at the core of fundamental analysis since it is used in an attempt to calculate the value of the total assets of the business and then compare it with the fair value.

B. Income Approach

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). The result of a value calculation under the income approach is generally the fair market value of a controlling, marketable interest in the subject company, since the entire benefit stream of the subject company is most often valued, and the capitalization and discount rates are derived from statistics concerning public companies.

C. Market Approach

The value of a business is determined by comparing the company's accounting ratios with other companies of the same nature and size. This approach is used, where the value of a stock is estimated based upon its current price relative to variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales of various business of the same nature. Business appraisal includes comparative transaction method and publicly traded company method. Through this, it derives a relationship between performance, revenues and selling price.

This space is intentionally left blank

3.2 Valuation Methodology Used

Considering the nature, stage and size of business and keeping in view the necessary regulatory guidelines, in the current analysis, Discounted Cash Flow ("**DCF**") Methodology under Income approach has been used to determine the fair value of business.

3.2.1 Income Approach – 2-stage Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the following assumptions:

- A business is worth today what it can generate in future cash to its owners;
- Cash received today is worth more than an equal amount of cash received in the future;
- Future cash flows can be reasonably estimated; and
- Forecasts provided does not exhibit any control synergies.

The DCF analysis is comprised of the sum of the present value of two components; projected cash flows and a residual or terminal value.

Cash flows are estimated for a future period based on projections provided by Management. These cash flows are then discounted back to their present value equivalents at a calculated discount rate or weighted average cost of capital ("**WACC**") and summed. A residual value based on an exit or steady state terminal multiple, which represents the future cash flows of the company beyond the discrete projection period, is then discounted to its present value and added to the initial amount. In applying the DCF analysis it is essential that the cash flows to be discounted are clearly defined and that a discount rate appropriate for the degree of risk inherent in that return stream is established.

Free Cash Flows

We have discussed the projections till FY29 approved by the management of the company, which we have considered for our analysis. Projected financials include projected income statement and projected balance sheet. We have relied on the projections provided by the management of the company, and has not carried out any separate analysis for accuracy of same. Accordingly, the projected Free Cash Flows to Firm ("**FCFF**") have been arrived for the purpose of valuation.

Please refer **Exhibit B**

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the equity in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy. Based on the dynamics of the sector and discussions with the management, we have assumed the terminal growth rate of 5.0 percent for the company beyond the projections period.

Please refer ***Exhibit B***

Discount Factor

The Discount Factor considered for arriving at the present value of the cash-flows of the Company is the Weighted Average of Cost of Capital. We applied the widely used Modified Capital Asset Pricing Method ("**M-CAPM**") to build up the cost of equity.

Additionally, other factors considered to impact the cost of equity for the Company.

Cost of Equity (Ke) = RFR + (β * ERP)

Where,

Ke	= Cost of equity
RFR	= Risk Free Return
β	= Market beta, a measure of Market Risk
ERP	= Equity Risk Premium
Kd	= Cost of Debt
E	= Shareholders Equity
D	= Total Debt

For detail calculation please refer Exhibit C

4. VALUATION FRAMEWORK

4.1 Valuation Framework

This study is undertaken to compute value of shares of the Company as on valuation date as specified for the aforementioned purpose.

The broad framework used in arriving at fair value of the equity shares of the company is as follows:

1. **Determine Enterprise value** which is equal to the value of business from operating activities with following steps:
   - Calculation of Free Cash Flows for the projected years.
   - Calculation of Terminal Year Cash Flows.
   - Calculation of present value of each Cash Flow by discounting the same with weighted average cost of capital.

2. **Determination of Equity value** allocable to common shareholders by providing adjustments for Cash & Cash Equivalents, Debt & Debt Equivalents, other non-operating asset and contingent liabilities outstanding as on valuation date.

3. **Determine per share value** by dividing the total value of net equity arrived in step 2 above by total number of equities shares outstanding as on valuation date on a fully diluted basis.

4.2 Valuation Opinion

Based on our Valuation Analysis of the business of the Company, the Fair Value of each equity share of the Company as on 31st March, 2024 is **INR 50.0** per share

Please refer ***Exhibit A*** for details.

This space is intentionally left blank

5. Disclaimer/Limitations on the certification of Valuation of Equity Share of PolicyX

a) The study did not include the following: -
- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the Business
- Financial and Legal due diligence.

b) Our certification is based on the information made available to us by the management of the company and information obtained by us regarding the company from public domain as mentioned in the report. Any subsequent changes to the financial parameters and other information provided to us, may affect the result set out in this report.

c) Our work did not constitute an audit in accordance with Indian GAAP/ International Financial Reporting Standards and all other applicable accounting practices and procedures and examination/review of internal controls or other attestation or review services. Accordingly, we do not express an opinion on the information presented.

d) It may be noted that in carrying out our work, we have relied on the integrity of the information provided to us by the management of the company and information obtained from public domain for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

e) We have reviewed the information made available to us for overall consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the company.

f) We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents of the company other than those stated above. We have not made any independent verification of the physical assets of the company and accept no responsibility for the same.

g) Our scope of work does not include verification of data submitted by the management and has been relied upon by us as such.

h) The report must not be made available to any other person, distributed, published, reproduced or used, in whole or in part, without our prior express written consent, save and except for the purpose of placing this information before the shareholders of the Company and furnish this Report to any Regulator/Government Agencies.

i) We understand that the management of the company, during our discussions with them, would have drawn our attention to all such information and matters, which may have had an impact on our valuation. In this report we have included all such information and matters as was received by us from the management of the company.

j) This certification report should not be regarded as a recommendation to invest in or deal in any form of securities of the company and should also not be considered as its final equity value.

k) The Management or related parties of the company and its Group Companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.

l) We have not verified the authenticity of the actual purpose for obtaining this valuation report and have done a pure mathematical calculation based on the information provided to us by the management of the company. This report is issued at the request of the Company with the sole purpose of certifying the value of Equity Share of the Company for above mentioned purpose.

m) This report is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.

n) In no event, will CCV, its directors and employees, be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this engagement.

End of Report

PolicyX.com Insurance Web Aggregator Private Limited *Exhibit A*

Valuation Summary

Valuation As on 31st March, 2024

Amount in INR Crore, unless stated otherwise

SHARE VALUATION SUMMARY			
S.No.	**Particulars**		**Amount**
A	Enterprise Value (a)		222.0
B	Add: Cash & Bank Balance		2.1
C	Less: Debt		-
D	**Net Equity Value**	**D = A+B-C**	**224.1**
E	Number of Common Equity Shares on Fully Diluted Basis		4,50,00,000.0
F	**Rounded Value per Common Equity Share (In INR)**	**F = D/E**	**INR 50.00**

Note:

(a) Please refer Exhibit B.

PolicyX.com Insurance Web Aggregator Private Limited

Exhibit B

Discounted Cashflow Analysis

Valuation As on 31st March, 2024

Amount in INR Crore, unless stated otherwise

DISCOUNTED CASH FLOW METHOD

S.No.	Particulars		FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
			Projected Apr-Mar	**Projected Apr-Mar**	**Projected Apr-Mar**	**Projected Apr-Mar**	**Projected Apr-Mar**	**Projected Apr-Mar**
A	**Revenue from Operation**		23.0	32.6	45.9	65.0	92.5	134.0
B	Less: Operating Expenses		18.9	24.0	31.0	42.2	58.1	81.1
C	**EBITDA**		**4.1**	**8.6**	**14.9**	**22.8**	**34.4**	**52.9**
D	Less: Depreciation and Amortisation		0.1	0.1	0.2	0.2	0.2	0.2
E	**EBIT**		**4.0**	**8.5**	**14.7**	**22.6**	**34.2**	**52.7**
F	Less: Tax		1.0	2.1	3.7	5.7	8.6	13.3
G	**NOPAT**		**3.0**	**6.3**	**11.0**	**16.9**	**25.6**	**39.4**
H	Add: Depreciation and Amortisation		0.1	0.1	0.2	0.2	0.2	0.2
I	Less: Change in Working Capital		(1.5)	(0.0)	0.0	-	0.0	0.0
J	Less: Capital Expenditure		0.4	0.4	0.8	1.0	1.1	0.2
L	**Free Cash Flows to Firm**		**4.2**	**6.0**	**10.4**	**16.2**	**24.7**	**39.4**
	Discount rate (a)	16.0%						
	Period (in Years)		1.00	1.00	1.00	1.00	1.00	1.00
	Mid-Year Adjustment (in Years)		0.50	1.50	2.50	3.50	4.50	5.50
	Discount Factor (Mid-Year)		0.93	0.80	0.69	0.59	0.51	0.44
M	**Discounted Cash Flows**		**3.9**	**4.8**	**7.2**	**9.6**	**12.7**	**17.4**
N	**PV of Annual Cash Flows**	**55.6**						
	Terminal Value Calculation							
	Long Term Sustainable growth rate (b)	5.0%						
	Discount Rate (a)	16.0%						
	Capitalization Factor	9.5						
	Terminal Year Value	376.5						
O	**PV of Terminal Value**	**166.5**						
P	**Enterprise Value**	**222.0**						

Notes:

(a) For discount rate calculations, please refer Exhibit C.

(b) We found long term company growth rate at par with long term GDP rate i.e. approximately 5.0%

PolicyX.com Insurance Web Aggregator Private Limited

Exhibit C

Computation of Cost of Capital

Valuation As on 31st March, 2024

Computation of Cost of Capital		
	Cost of Equity as per CAPM Formula	
	Ke = RFR + β*ERP	
	where,	
	Ke = Cost of Equity	
	RFR = Risk Free Return	
	β = Beta Coefficient	
	ERP = Equity Risk Premium	
A	**RFR**	
	Risk Free Return is taken on the basis of 10 year Government securities yield	**7.05%**
B	**Beta is assumed to be**	
	(source: Levered Beta adjusted for leverage over Unlevered Beta corrected for cash of Insurance Industry by Ashwath damodaran.)	**1.15**
C	**ERP**	
	(Source: Equity Risk Premium By Aswath Damodaran)	**7.81%**
E	**Cost of Equity**	
	Ke = RFR + β*ERP + CSRP	**16.00%**
F	**Cost of Debt**	
	Based on discussion with the Management, the cost of debt is considered at	**N/A**
G	**WACC** = Kd * (1-Tax) * D/(D+E) + Ke * E/(D+E)	**16.00%**
	Note: The target Debt to Equity ratio of the company is 100% Equity.	