VISHAL R. LAHERI
B.Com, FCA
Registered Valuer (Securities or Financial Assets)

Recommendation of Share Entitlement Ratio for Merger of Paynx Technologies Private Limited with Vertoz Advertising Limited as on 31st March, 2022

Date: 24rd June 2022

भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

VISHAL R. LAHERI

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Registered Valuer (Securities or Financial Assets)

801, Nirmal Nest, Vayudevta Mandir Compound, Devidas Road, Borivali West, Mumbai, Maharashtra – 400103
IBBI Registration No: **IBBI/RV/05/2019/11283** Email: vishal@mnacaps.com

The Board of Directors
Vertoz Advertising limited
Nirmal Galaxy, 602, Avior, Lal Bahadur Shastri Rd, Mulund West,
Mumbai, Maharashtra 400080

The Board of Directors
Paynx Technologies Private Limited
602, Avior Nirmal Galaxy, Opp. Johnson & Johnson, LBS Road, Mulund West,
Mumbai – 400080

Date: 24rd June, 2022

Dear Sir,

I, Vishal R. Laheri, have been appointed by the Board of Directors of Vertoz Advertising Ltd ("Appointment Date") for recommendation of share entitlement ratio for the proposed merger of **Paynx Technologies Private Limited ("Transferor Company " or "PTPL")** with **Vertoz Advertising Limited ("the Transferee Company" or "Vertoz")** as on March 31, 2022 ("Valuation Date") ("Proposed Transaction") pursuant to a Scheme of Amalgamation under Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 **("Scheme").** The Appointed date for the Scheme is April 1, 2022. I am registered as a Registered Valuer for the asset class (Securities & Financial Assets) with the Insolvency and Bankruptcy Board of India pursuant to which I am recognized to issue this opinion / report.

On the basis of information and management discussions with the Client, I have conducted a fair valuation of the equity shares of PTPL and Vertoz. All information in this report with respect to the valuation subject has been obtained by me from you/ your authorized personnel only. I am responsible only to the Client engaging me and nobody else. I understand that the contents of my report have been reviewed in detail by the Client and that they agree with the contents of this report (especially fact based).

Thanking You,
Yours Sincerely,

Vishal Rahulkumar Laheri   Digitally signed by Vishal Rahulkumar Laheri

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Vishal R. Laheri
Registered Valuer (Securities or Financial Assets)
Registration No: IBBI/RV/05/2019/11283
UDIN: 22115033ALPLIT2138
Place: Mumbai

Contents

1. Background of the Companies

- **Vertoz Advertising Limited**

  - **Incorporation**
    - Vertoz Advertising Limited was incorporated on 13th February 2012 as a private company. Vertoz is listed on National Stock exchange of India on November 24, 2017 and has its registered office at Nirmal Galaxy, 602, Avior Corporate Park, Lal Bahadur Shastri Rd, Mulund West, Mumbai, Maharashtra 400080 engaged in the business of digital programmatic space.
  - **Outline if Business Model**
    - Vertoz is an AdTech company that helps businesses with everything right from building a website to running successful ad campaigns.
    - Vertoz is a completely customizable media buying platform tailored for brands, agencies, ad networks and advertisers. It allows the customers to build their own product without investing time into building RTB infrastructure.
  - **Shareholding Pattern & Capital Structure**
    - The shareholding pattern of the Transferee Company as on the Valuation Date is as follows:

Name of Shareholder	No. of shares held	% Shareholding
Promoter & Promoter Group	67,42,148	56.33%
Public	52,27,852	43.68%
Total	**1,19,70,000**	**100.00%**

- Capital structure of the Transferee Company as on the Valuation Date is as follows:

Particulars	Amount in Rs
Authorized:	
3,50,00,000 Equity Shares of Rs.10 each	35,00,00,000
Total	
Issued, Subscribed and fully paid-up:	
1,19,70,000 Equity Shares of Rs.10 each	11,97,00,000
Total	**11,97,00,000**

We have been informed that the authorized share capital of Vertoz has been increased to Rs. 50 Crores vide shareholders resolution date 11th June, 2022.

- **Paynx Technologies Private Limited**

  - **Incorporation**
    - PayNX Technologies Private Limited is an Indian Company duly incorporated on 2nd June 2010 under the Companies Act 1956 having its registered address at 602, Avior Nirmal Galaxy, Opp. Johnson & Johnson, LBS Road, Mulund West, Mumbai – 400080.

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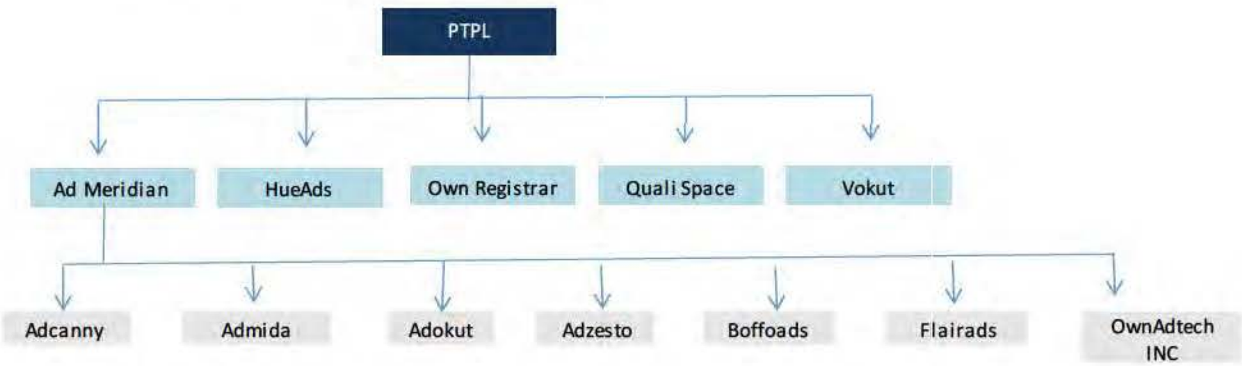
- **Overview of the business model**
  - PTPL is an Online Advertising Company providing IT and IT-enabled services through its subsidiaries. It has incorporated Subsidiaries in the United State of America, which has deep domain expertise in multiple industry verticals and a complete portfolio of offerings – digital online advertising solutions grouped under consulting and service integration, digital transformation services, cloud services, cognitive business operations, and products and platform.
- **Capital Srtucture**
  - Capital structure of the Transferor Company as on the Valuation Date is as follows:

Particular	Amount in Rs
Authorized:	
60,000 Equity Shares of Rs.10 each	600,000
Total	**600,000**
Issued, Subscribed and fully paid-up:	
10,000 Equity Shares of Rs.10 each	1,00,000
Total	**1,00,000**

- We have been informed by the management that PTPL has investments in the following wholly owned subsidiary companies (Collectively referred to as "wholly owned Subsidiaries") as on 31st March, 2022 as follows:



The brief background of the Subsidiaries is as under:

- AdMeridian Inc.
  AdMeridian Inc. is US based profit corporation company duly incorporated on July 29, 2016 under State of New York, USA. It offers Self-Serve DSP in addition to a fully managed service, delivering millions of clicks/impressions per day. It provides media solutions through open bidding for Banner, Native, Video, Push, POP & Contextual. Technically it has one unified system having two sides - selling and buying.

- HueADS Inc
  HueAds Inc. is US based profit corporation company duly incorporated on July 29, 2016 under State of New York, USA. It provides media solution to all online inventory sellers (Publishers) and buyers (Advertisers) in the world of digital media through its advanced Programmatic open RTB system and help them grow throughout their journey

- Own Registrar Inc
  OwnRegistrar Inc. is US based C corporation company duly incorporated on July 29, 2016 under State of New York, USA. OwnRegistrar is a White Labeled Domain Registrar which offers Domain Name Registration services to large corporates, small companies, Web Hosting providers, individuals, domain resellers, etc. OwnRegistrar offers all the top TLDs through its Channel Partners worldwide.

- Qualispace Inc
  Qualispace Inc. is US based C Corporation Company duly incorporated on July 29, 2016 under State of New York, USA. It is engaged in the business of internet based advertising services including e-commerce transactions and provisions of related systems, consultancy, media plan, research & development etc.

- Vokut Inc.
  Vokut Inc. is US based Profit Corporation Company duly incorporated on July 29, 2016 under State of New York, USA. Vokut is a Premium Publisher Network acting as a Strategic Platform, that bridges the gap between a publisher's direct sale of guaranteed inventory and their 3rd party sold, non-guaranteed inventory.

We have been further informed that Ad Meridian, a wholly owned subsidiary of PTPL has further invested in the following companies (Collectively referred to as "Step-down Subsidiaries").

The brief background of Step-down Subsidiaries is as under:

- Adcanny Inc
  AdCanny Inc. is US based Profit Corporation Company duly incorporated on August 3, 2018 under State of New Jersey, USA. Its smart platform analyses every parameter of the campaign in minute detail. Its powerful algorithms help optimize the performance to give you the best ROI.
- Admida Inc
  AdMida Inc. is US based Profit Corporation Company duly incorporated on August 4, 2017 under State of New Jersey, USA. It offers Self-Serve DSP in addition to a fully managed service, delivering millions of clicks/impressions per day. It provides media solutions through open bidding for Banner, Native, Video, Push, POP & Contextual.
- Adokut Inc
  Adokut Inc. is US based Profit Corporation Company duly incorporated on December 19, 2018 under State of New York, USA. It is the ad network of choice for a publisher looking to better monetize their site traffic. The innovative ad platform generates more revenue & increasing the value of each visitor.
- Adzesto Inc
  AdZesto Inc. is US based Profit Corporation Company duly incorporated on August 6, 2018 under State of New Jersey, USA. It is a premium contextual advertising network. It connects global advertisers to relevant publishers with optimum utilization of its algorithms and harnessing the power of data.
- BoffoAds Inc
  BoffoAds Inc. is US based Profit Corporation Company duly incorporated on July 30, 2018 under State of New Jersey, USA. It is a CPC, CPM, CPV, and CPUV network with its RTB –

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enabled in-house programmatic platform. It delivers millions of clicks/impressions per day. A one-stop-shop for all the buying and selling needs.

- FlairAds Inc.

  FlairAds Inc. is US based Profit Corporation Company duly incorporated on July 31, 2018 under State of New Jersey, USA. It offers an RTB enabled in-house programmatic platform. It has successfully delivered millions of clicks/impressions per day, and will continue to do so in the future. It offers a one-stop-shop for all the buying and selling needs.

- OwnAdtech Inc.

  OwnAdtech Inc. is US based Profit Corporation Company duly incorporated on March 16, 2020 under State of Wyoming. It is a white label SAS based solution. It caters to ever-growing demand for adtech analytical solutions in the digital advertising industry. The USP of the business is to provide tools to manage all type ad formats under one roof, be it Mobile, Desktop or Connected TV. It has a robust system for all environments. The product is more B2B offering where the target audience will be digital ad agencies, media buying houses, Large Publishers and Ad exchanges who are looking for a white label solution to manage their digital spends and track performance of respective campaigns or to analyse the traffic on their site

2. Scope & Approach of the Assignment and Certifications of the Assignment

The Scope and approach of the Assignment is as follows:

Sr	Key Particulars	Our Approach
1	Business interest / ownership characteristics and Purpose of valuation	I understand that the management of the Companies is contemplating a Scheme of Arrangement ("Scheme") for the merger of the PTPL into Vertoz
2	Appointing Authority and Date of Appointment	Board of Directors of Vertoz as on 7th January 2022
3	Valuation Date	31st March, 2022
4	Date of Report	24th June, 2022
5	Bases of Value	Fair Value
6	Premise of Value	Going Concern Basis
7	Valuation standards followed	International Valuation Standards
8	Identity of the RV	Please see our Credentials in Annexure 3
9	Any other experts involved in the valuation	Nil
10	Inspections and /or investigations undertaken	Nil
11	Intended Users of the Valuation	The Board of Directors of the Transferor and Transferee Company in terms of the provisions of SEBI Circular CFD/DIL1/CIR/P/2021/000000065 dated 23rd November 2021 and Companies Act, 2013 and rules made thereunder.
12	Disclosure of my interest or conflict	I have no present or prospective interest in the Company that is the subject of this opinion / report, and I have no personal interest with respect to the

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		parties involved. I have no bias with respect to the Company that is the subject of this opinion / report or to the parties involved with this assignment.
13	Whether Fees are contingent	My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this Valuation.
14	Important Caveat on Projections	The various projections of business growth, profitability, and cash flows etc, including their assumptions which are used in the valuation report are the Company's estimates. I have not made or calibrated the projections but have factored our response and the valuation assessment on the reliability and credibility of the information. Further, I have carried out sufficient inspection, enquiry, computations and analysis to ensure that valuation is properly supported.

While my work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. My report is subject to the Caveats, Limitations and Disclaimers as detailed in Annexure 2. Please note that my 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 as on the Valuation Date. Due to possible changes in market forces and circumstances, this document can only be regarded as relevant as at the Valuation Date. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

The scope of my services is to conduct valuation in accordance with generally accepted professional standards for the purpose of Proposed Transaction.

3. Salient Features of the Scheme

- The Scheme of Amalgamation ("Scheme") is presented under Sections 230 to 232, other applicable provisions of the Companies Act, 2013 & the Rules framed thereunder and in compliance with the conditions relating to "Amalgamation" as specified u/s 2(1B) of the Income Tax Act, 1961.
- With effect from the Appointed Date, the entire Undertakings of the Transferor Company including the assets and liabilities as on the Appointed Date, shall pursuant to Section 232 and other applicable provisions of the Act, without any further act, instrument or deed, be and

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shall stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company as a going concern.

- With effect from the Appointed Date, all the debts, unsecured debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the applicable provisions of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company.
- The accounting treatment to be given to the amalgamation shall be for Amalgamation in the Nature of Purchase as given in Accounting Standard 14 issued under the Companies Accounting Standard Rules, 2006 ("AS14").

4. Nature & Sources of Information

a) Source of Information

For the purposes of undertaking this Valuation exercise, I have relied on the following sources of information and documents:

- Audited Financial statements of PTPL as on 31st March, 2022;
- Provisional Financial statements of wholly owned Subsidiaries and Step-down Subsidiaries as on 31st March, 2022
- Projected Financial statements of wholly owned Subsidiaries and Step-down Subsidiaries for the F.Y 2022-23 to FY 2026-27;
- Shareholding pattern of wholly owned Subsidiaries and Step-down Subsidiaries;
- Draft Scheme of Amalgamation
- Write up on brief overview of the Companies, wholly owned Subsidiaries and Step-down Subsidiaries;

In our course of valuation analysis, we have also relied on certain public information for data extraction and research

- www.ventureintelligence.com
- Other publicly available information such as articles and websites

b) Limitation of Information:

The Fair Value of assets of PTPL has been performed on the audited standalone balance sheet of PTPL provided by management as of the valuation date. The management has also confirmed that there has not been any material change in the financials of PTPL and wholly owned subsidiaries and sub – subsidiaries of PTPL since the last available financial statements.

c) Quality and adequacy of Information

The information provided to me and the time for carrying out the valuations has been adequate for the nature and size of this valuation and the assumptions used by management/others in developing projections have been appropriately reviewed, enquiries made regarding basis of key assumptions in context of business being valued and the industry/economy and we find them reasonable.

I assume that the Client has brought to our attention all material transactions, events or any other factors having an impact on the valuations. I have not conducted any inspection or investigations of the Company and have solely relied on the documents and representations provided by the Client and as stated above.

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5. Applicable Regulations &Valuation Methodologies

a) Accounting Standards

- Section 133 of the Companies Act, 2013 (Cos Act) read with the Companies (Indian Accounting Standards) Rules, 2015 have prescribed Indian Accounting Standards ("Ind-AS"). The relevant Ind-AS considered for the purpose of this report are as follows:
  - Ind-AS 107 – Financial Instruments: Disclosures
  - Ind-AS 109 – Financial Instruments
  - Ind-AS 32 – Financial Instruments - Presentation
  - Ind-AS 113 –Fair Value measurement

b) Valuation Standards

- Further, Section 247 of the Companies Act, 2013 prescribes that "*where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company*".

- Sub-section 2 of Section 247 further states that "the valuer appointed under sub-section (1) shall,
  - make an impartial, true and fair valuation of any assets which may be required to be valued;
  - exercise due diligence while performing the functions as valuer;
  - make the valuation in accordance with such rules as may be prescribed; and
  - not undertake valuation of any assets in which he has a direct or indirect interest or becomes so interested at any time during a period of three years prior to his appointment as valuer or three years after the valuation of assets was conducted by him.

- Further, the Ministry of Corporate Affairs (MCA) have prescribed Companies (Registered Valuers and Valuation) Rules, 2017 ("Valuation Rules") which prescribe the conditions of registration and conduct of valuation.

- Rule 8 of the Valuation Rules, which deals with the conduct of valuations, prescribe that the registered valuer shall, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18. Provided that until the valuation standards are notified or modified by the Central Government, a valuer shall make valuations as per:
  - Internationally accepted valuation standards;
  - Valuation standards adopted by any registered valuers organisation.

Since the Central Government has yet not notified any valuation standards, I have carried out the valuation on the basis of International Valuation Standards 2019 ("IVS") and Indian Valuation Standards 2018 issued by the Institute of Chartered Accountants of India, a registered valuers organization.

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c) Concept of Fair Value

- Fair value measurement is a fundamental concept forming the underlying basis for the Ind AS framework. Fair valuation of certain assets and liabilities is a prerequisite for the adoption of Ind AS.

- Ind AS 113 defines "**Fair Value**" as *"price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

- Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

d) Fair Value Hierarchy

- To increase consistency and comparability in fair value measurements and related disclosures, Ind AS establishes a fair value hierarchy that categorises into three levels as below:

	Definition	Examples
Level 1	Quoted prices (unadjusted) in active markets for identical assets/liabilities that entity can access at measurement date	• Quoted prices of shares traded on stock exchange • Dealer Markets • Brokered Markets
Level 2	Inputs other than quoted prices with in level 1 those are directly/indirectly observable	• Quoted prices for similar assets/liabilities in active or unquoted markets • Market corroborated inputs
Level 3	Unobservable inputs for asset/liability	• Financial forecasts • Historical volatility

e) Fair Valuation of Financial instruments

- Financial instrument is defined as any contract that gives rise to both
  - A financial asset of one entity, and

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- A financial liability or equity instrument of another entity

- All financial assets and liabilities are measured initially at fair value under Ind AS 109.

- The way financial instruments are classified under Ind AS 109 drives how they are measured and where measurement changes are accounted for.

- Para 15 of Ind-AS 32 provides for classification of a financial instrument into debt or equity on the basis of substance over form. It provides that "the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

- An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The presentation by the issuer of a financial instrument or its component parts as liability or equity is determined based on principles of classification contained in Ind AS 32.

f) Valuation Bases

- IVS 102 defines the Valuation Bases and prescribes the corresponding fundamental assumptions on which valuation will be based and provides the premises of values.

- IVS 102 provides three valuation bases which are required to be chosen by the Valuer considering the terms and purpose of the valuation engagement.

  - **<u>Fair value</u>**: Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.
  - **<u>Participant specific value</u>**: Estimated value of an asset or liability after considering the advantages and disadvantages that may arise to the owner, identified participant or identified acquirer.

    <u>Premise of Value</u>: The logic behind the current and future use of the asset. Some common premises of value are highest-and-best-use, as-is-where-is, going concern value, orderly liquidation and forced transaction.

g) SEBI Guidelines for pricing of quoted equity shares

SEBI circular CFD/DIL1/CIR/P/2021/000000065 dated 23rd November 2021 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) as amended on 14th January 2022, prescribes guidelines for pricing of shares to be as below:

Pricing of equity shares

'Frequently traded shares' as defined under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is as below:

164 (5). Frequently traded shares means shares of an issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer: Provided that where the

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share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.]

For the definition of 'frequently traded' shares, 'relevant date' for the purpose of computing pricing shall be the date of board meeting in which the scheme is approved.

We understand that the shares of Vertoz are frequently traded as the trading volume of the equity shares of Listed were more than 10% of the total number of shares during the 240 trading days preceding the relevant date.

Explanation to section 164 of the ICDR Regulations provides that–

For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90days prior to the relevant date.

In the present case, since equity shares of Vertoz are listed o NSE and the shares are being frequently traded (in terms of relevant regulation of SEBI issue of Capital and Disclosure Requirements (ICDR) Regulations). In line with Explanation to section 164, we have considered volume weighted average price as per NSE for the appropriate period for valuation.

For determining the price of shares of Vertoz, we have also considered the computation of market price as prescribed in Regulation 164(1) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes using Market prices being higher of the following:

(a) The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or

(b) The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

h) Valuation Methodologies

The valuation standards provides for following main valuation methods:

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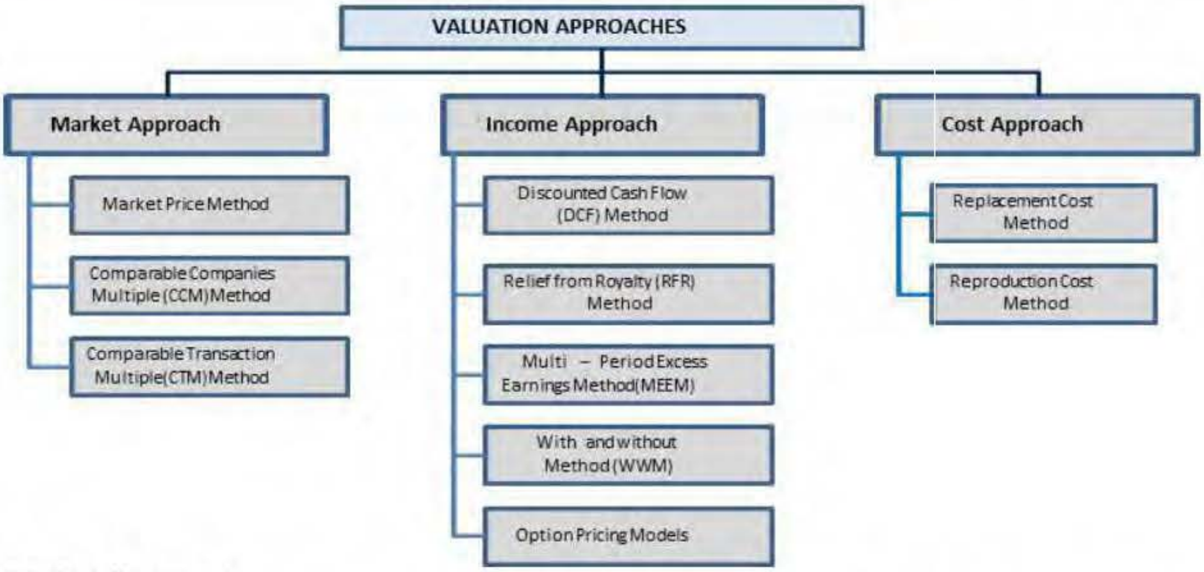

- **Market Approach**

  Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

  - **Market Price Method**

    Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investor's perception about the true worth of the company.

  - **Comparable Companies Multiples (CCM) Method**

    The value is determined on the basis of the multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on 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 Transactions Multiples (CTM) Method**

    Under CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between circumstances.

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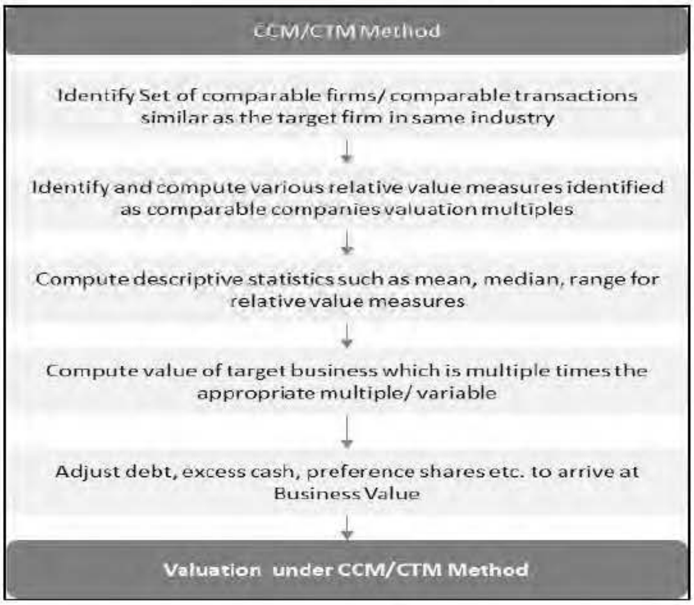

- **Income Approach**

  - **Discounted Cashflow Approach ("DCF")**

    - DCF Approach is widely used for valuation under 'Going Concern' basis. It focuses on the income generated by the company in the past as well as its future earning capability.
    - Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows in the explicit period and those in perpetuity are discounted by Weighted Average Cost of Capital (WACC). The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of future cash flows as it considers debt-equity risk by incorporating debt-equity ratio of the firm.
    - The perpetuity (terminal value) is calculated based on the business potential for further growth beyond the explicit forecast period. The "Constant Growth Model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of forecast period.
    - The discounting factor reflects not only the time value of money, but also the risk associated with the future business operations. The Enterprise Value (aggregate of present value of explicit period and terminal period cash flows) so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business.

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- **Cost Approach**

  Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

  - **Replacement Cost Method**
    Replacement Cost Method, also known as 'Depreciated Replacement Cost Method' involves valuing an asset based on the cost that a market participant shall have to incur to recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

  - **Reproduction Cost Method**
    Reproduction Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

  - **Net Asset Value / Asset based Approach**
    The NAV Method considers assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any represent the value of the Company. It is best used when the company is non-operating or has been generating losses.

6. Valuation Analysis

a) Procedures adopted in carrying out the valuation

The principal procedures adopted in carrying out the valuation are briefly summarized below:

- Review of past financials;
- Review and analysis of financial projections;
- Industry analysis;
- SWOT analysis;
- Comparison with similar transactions;
- Comparison with other similar listed companies;
- Discussions with the management;
- Review of principal agreements/documents etc;

b) Significant Assumptions on Management Projections

The various projections of business growth, profitability, and cash flows etc, which are used in the valuation report are the company's estimates. I have considered the reliability and credibility of projections after testing the assumptions made by the management/owners/company in given market conditions and after sufficient inspection, enquiry, computation and analysis and I believe they are reasonable as on the Valuation date given the state of the economy, sector, business and government policies

c) Selection of Valuation Methodology

The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment, based on the facts and circumstances as applicable to the business of the Companies to be valued.
As mentioned earlier, the present valuation exercise is being undertaken in order to derive the Share Entitlement Ratio for the Proposed Transaction.

Hence, the following valuation approach has been adopted:

- For valuation of PTPL – – Since PTPL and AdMeridian is a Parent Holding Company having investments in Wholly owned Subsidiaries and Step-Down Subsidiaries; the NAV method of Valuation reflects the potential value of PTPL. Therefore, we have considered Net Asset Method of Valuation for PTPL and AdMeridian.

- For valuation of Vertoz - Since Vertoz is a listed company, it is governed by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018 as amended from time to time ("ICDR Regulations"). Therefore, we have used the pricing guidelines as prescribed under SEBI ICDR Regulation 2018 as amended on 14th January 2022.

- For valuation of wholly owned Subsidiaries and Sub-Subsidiaries – Since the wholly owned subsidiaries and sub-subsidiaries are operating companies, we believe that NAV is not appropriate for valuing the business. DCF approach reflects the potential value of the business in the future years. Hence, DCF Method would be an appropriate method for the valuation of subsidiaries.

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7. Valuation Conclusion

Based on the forgoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I have arrived at the values per share as follows:

Company	Per share value
PayNX Technologies Private Limited	Rs. 1,79,668.04
Vertoz Advertising Limited	Rs. 94.33

The Share Entitlement Ratio is based on the valuation methodologies explained herein earlier and various qualitative factors relevant to the business dynamics and growth potential of the business having regard to key underlying assumptions and limitations.

Based on the above, and on the consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Share Entitlement Ratio (as elaborated in Annexure 1):

- 1,904 (One Thousand Nine hundred and four) Equity Shares of Rs. 10/- each of Vertoz for every 1 (one) fully paid up equity share of Rs. 10/- each held in PTPL.

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8. Annexure 1 : Computation of Fair Share Entitlement Ratio

The Computation of Fair Share Entitlement Ratio as derived by us is given below:

Valuation Approach	Equity Shares of PTPL (A)		Equity shares of Vertoz (B)	
	Value per Share	Weights	Value per Share	Weights
Asset Approach	179,668.04	100%	N.A	-
Income Approach	N.A	-	N.A	-
Market Approach (Market Price Method)	N.A	-	94.33	100%
Relative Value per share	**179,668.04**		**94.33**	
Exchange Ratio (A/B)			**1,904**	

N.A = Not Adopted / Not Applicable

1. The Asset Approach is used for PTPL since it is an Parent Holding Company having Investments in Wholly owned Subsidiaries and Step-Down Subsidiaries
2. DCF Approach is widely used for valuation under 'Going Concern' basis therefore in case of Wholly owned Subsidiaries and Step-Down Subsidiaries of PTPL we have used the financial Projections as provided by the Management of PTPL for the Valuation of Wholly owned Subsidiaries and Step-Down Subsidiaries under DCF method. For Vertoz, DCF method is not approved by ICDR regulations by SEBI.
3. The Shares of PTPL are not listed; therefore Market Price Method cannot be used for its Valuation. As a mandatory requirement by law, the Shares of Listed Entity Vertoz are required to be valued as per the Pricing Guidelines issued by SEBI. We have given due consideration to this requirement.

SHARE ENTILEMENT RATIO

1,904 (One Thousand Nine hundred and four) Equity Shares of Rs. 10/- each of Vertoz for every 1 (one) fully paid up equity share of Rs. 10/- each held in PTPL.

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Vishal Rahulkumar Laheri
IBBI/RV/05/2019/11283
Registered valuer (securities or financial assets)

9. Annexure 2 - Caveats, Limitations and Disclaimers

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this report and is restricted for the purpose indicated in appointment terms letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/we do not take any responsibility for the unauthorized use of this report. 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.

ii. Our Responsibility

I/We owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. We 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 we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

iii. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

iv. Achievability of the forecast results

We do not provide assurance on the achievability of the results forecast by the management/owners 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.

v. Post Valuation Date Events

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.

vi. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. value and we normally express our opinion on the value as falling within a likely range. However, as the purpose of this report requires the expression of a single value, we have adopted a value at the mid-point of

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our valuation range. Whilst, I / we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

vii. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged

The actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management and other third parties

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 and other operational and tangible assets data, as applicable to this case except as specifically stated to the contrary in the report. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

ix. No procedure performed to corroborate information taken from reliable external sources

We 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 we 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.

x. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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 us.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of my / our judicious discretion and judgment 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.

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xii. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

I/We are fully aware that based on the opinion of value expressed in this report, I/we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.

10. Annexure 3 - Valuer's Credentials

I, Vishal Laheri, have around 20 years of experience in tax, accounting, valuation and M&A and have worked on several large transactions across a variety of sectors including financial services, Technology Media & Telecom and Infrastructure & Power Sector.

I have worked with the Reliance Group since its inception in 2005 across tax, accounting and M&A structures. My latest role was as the Head - Mergers & Acquisition & Strategy at Reliance Capital Limited (RCAP), the financial arm of the Reliance Group. I was also inducted in the Leadership Committee of RCAP as part of accelerated management development program. He was instrumental in negotiating and closing several joint ventures with Nippon Life Insurance (Japan), Sumitomo Mitsui Trust & Bank (Japan), Ming Yang Group (China) and various other transactions in the financial services, telecom media & technology & Infra space. Prior to Reliance, I worked for about 4 years in the transaction advisory practice of RSM Advisors Pte Ltd, Mumbai where I worked on several transactions for both domestic & overseas acquisition for reputed conglomerates assisting on complex structures, cross border deals, valuations, diligences and implementations. Currently, I am advising several corporates and funds on valuations, restructuring and M&A transactions.

I am a Fellow Chartered Accountant and a Company Secretary besides being a Registered Valuer for Securities and Financial Asset under IBC Code under IBBI Act. I am a state government merit scholarship student with graduation from the N.M College of Commerce & Economics, Mumbai (1999).

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Vishal Rahulkumar Laheri
IBBI/RV/05/2019/11283
Registered valuer (securities or financial assets)

VISHAL R. LAHERI
B.Com, FCA
Registered Valuer (Securities or Financial Assets)

Recommendation of Share Entitlement Ratio for Merger of QualiSpace Web Services Private Limited with Vertoz Advertising Limited

Date: 24th June 2022

VISHAL R. LAHERI
B. Com, FCA, CS
Registered Valuer (Securities or Financial Assets)
801, Nirmal Nest, Vayudevta Mandir Compound, Devidas Road, Borivali West, Mumbai, Maharashtra – 400103
IBBI Registration No: **IBBI/RV/05/2019/11283** Email: vishal@mnacaps.com

The Board of Directors
Vertoz Advertising limited
Nirmal Galaxy, 602, Avior, Lal Bahadur Shastri Rd, Mulund West,
Mumbai, Maharashtra 400080

The Board of Directors
QualiSpace Web Services Private Limited
602, Avior Nirmal Galaxy, Opp. Johnson & Johnson, LBS Road, Mulund West,
Mumbai – 400080

Date: 24th June, 2022

Dear Sir,

I, Vishal R. Laheri, have been appointed by the Board of Directors of Vertoz Advertising Ltd ("Appointment Date") for recommendation of share entitlement ratio for the proposed merger of **QualiSpace Web Services Private Limited ("Transferor Company " or "QWSPL")** with **Vertoz Advertising Limited ("the Transferee Company" or "Vertoz")** as on March 31, 2022 ("Valuation Date") ("Proposed Transaction") pursuant to a Scheme of Amalgamation under Section 230 to Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 **("Scheme").** The Appointed date for the Scheme is April 1, 2022. I am registered as a Registered Valuer for the asset class (Securities & Financial Assets) with the Insolvency and Bankruptcy Board of India pursuant to which I am recognized to issue this opinion / report.

On the basis of information and management discussions with the Client, I have conducted a fair valuation of the equity shares of QWSPL and Vertoz. All information in this report with respect to the valuation subject has been obtained by me from you/ your authorized personnel only. I am responsible only to the Client engaging me and nobody else. I understand that the contents of my report have been reviewed in detail by the Client and that they agree with the contents of this report (especially fact based).

Thanking You,
Yours Sincerely,

Vishal Rahulkumar Laheri — Digitally signed by Vishal Rahulkumar Laheri

Vishal Rahulkumar Laheri ★ IBBI/RV/05/2019/11283 ★ Registered Valuer (Securities or Financial Assets)

Vishal R. Laheri
Registered Valuer (Securities or Financial Assets)
Registration No: IBBI/RV/05/2019/11283
UDIN: 22115033ALPLUJ9682
Place: Mumbai

Contents

Vishal Rahulkumar Laheri ★ IBBI/RV/05/2019/11283 ★ Registered Valuer (securities or financial assets)

1. Background of the Companies

- **Vertoz Advertising Limited**
  - **Incorporation**
    - Vertoz Advertising Limited was incorporated on 13th February 2012 as a private company. Vertoz is listed on National Stock exchange of India on November 24, 2017 and has its registered office at Nirmal Galaxy, 602, Avior, Lal Bahadur Shastri Rd, Mulund West, Mumbai, Maharashtra 400080 engaged in the business of digital programmatic space.
  - **Outline if Business Model**
    - Vertoz is an AdTech company that helps businesses with everything right from building a website to running successful ad campaigns.
    - Vertoz is a completely customizable media buying platform tailored for brands, agencies, ad networks and advertisers. It allows the customers to build their own product without investing time into building RTB infrastructure.
  - **Shareholding Pattern & Capital Structure**
    - The shareholding pattern of the Transferee Company as on the Valuation Date is as follows:

Name of Shareholder	No. of shares held	% Shareholding
Promoter & Promoter Group	67,42,148	56.33%
Public	52,27,852	43.68%
Total	**1,19,70,000**	**100.00%**

- Capital structure of the Transferee Company as on the Valuation Date is as follows:

Particulars	Amount in Rs
Authorized:	
3,50,00,000 Equity Shares of Rs.10 each	35,00,00,000
Total	
Issued, Subscribed and fully paid-up:	
1,19,70,000 Equity Shares of Rs.10 each	11,97,00,000
Total	**11,97,00,000**

We have been informed by the management that the authorized share capital of Vertoz has been increased to Rs. 50 Crores vide shareholders' resolution date 11th June, 2022.

- **QualiSpace Web Services Private Limited**
  - **Incorporation**
    - QualiSpace Web Services Private Limited is an Indian Company duly incorporated on 24th April 2017 under the Companies Act 2013 having its registered address at 602, Avior Nirmal Galaxy, Opp. Johnson & Johnson, LBS Road, Mulund West, Mumbai – 400080.

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- **Overview of the business model**
  - QWSPL is engaged in the business of development of domain name and shared hosting. It also provides services like Email services, cloud services, SSL backup and security services and other managed services.

- **Capital Structure**
  - Capital structure as on the Valuation date is as follows:

Particulars	Amount in Rs
Authorized:	
10,000 Equity Shares of Rs.10 each	1,00,000
Total	**1,00,000**
Issued, Subscribed and fully paid-up:	
10,000 Equity Shares of Rs.10 each	1,00,000
Total	**1,00,000**

2. Scope & Approach of the Assignment and Certifications of the Assignment

The Scope and approach of the Assignment is as follows:

Sr	Key Particulars	Our Approach
1	Business interest / ownership characteristics and Purpose of valuation	I understand that the management of the Companies is contemplating a Scheme of Arrangement ("Scheme") for the merger of the QWSPL into Vertoz
2	Appointing Authority and Date of Appointment	Board of Directors of Vertoz as on 7th January 2022
3	Valuation Date	31st March, 2022
4	Date of Report	24th June, 2022
5	Bases of Value	Fair Value
6	Premise of Value	Going Concern Basis
7	Valuation standards followed	International Valuation Standards
8	Identity of the RV	Please see our Credentials in Annexure 3
9	Any other experts involved in the valuation	Nil
10	Inspections and /or investigations undertaken	Nil
11	Intended Users of the Valuation	The Board of Directors of the Transferor and Transferee Company in terms of the provisions of SEBI Circular CFD/DIL1/CIR/P/2021/000000065 dated 23rd November 2021 and Companies Act, 2013 and rules made thereunder.
12	Disclosure of my interest or conflict	I have no present or prospective interest in the Company that is the subject of this opinion / report, and I have no personal interest with respect to the

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		parties involved. I have no bias with respect to the Company that is the subject of this opinion / report or to the parties involved with this assignment.
13	Whether Fees are contingent	My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this Valuation.
14	Important Caveat on Projections	The various projections of business growth, profitability, and cash flows etc, including their assumptions which are used in the valuation report are the Company's estimates. I have not made or calibrated the projections but have factored our response and the valuation assessment on the reliability and credibility of the information. Further, I have carried out sufficient inspection, enquiry, computations and analysis to ensure that valuation is properly supported.

While my work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. My report is subject to the Caveats, Limitations and Disclaimers as detailed in Annexure 2. Please note that my 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 as on the Valuation Date. Due to possible changes in market forces and circumstances, this document can only be regarded as relevant as at the Valuation Date. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and I do not assume any obligation to update, revise or reaffirm this Report.

The scope of my services is to conduct valuation in accordance with generally accepted professional standards for the purpose of Proposed Transaction.

3. Salient Features of the Scheme

- The Scheme of Amalgamation ("Scheme") is presented under Sections 230 to 232, other applicable provisions of the Companies Act, 2013 & the Rules framed thereunder and in compliance with the conditions relating to "Amalgamation" as specified u/s 2(1B) of the Income Tax Act, 1961.
- With effect from the Appointed Date, the entire Undertakings of the Transferor Companies including the assets and liabilities as on the Appointed Date, shall pursuant to Section 232 and

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other applicable provisions of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to have been transferred to and vested in the Transferee Company as a going concern.

- With effect from the Appointed Date, all the debts, unsecured debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Companies shall also under the applicable provisions of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company.
- The accounting treatment to be given to the amalgamation shall be for Amalgamation in the Nature of Purchase as given in Accounting Standard 14 issued under the Companies Accounting Standard Rules, 2006 ("AS14").

4. Nature & Sources of Information

a) Source of Information

For the purposes of undertaking this Valuation exercise, I have relied on the following sources of information and documents:

- Audited Financial statements of QWSPL as on 31st March, 2022;
- Projected Financial statements of QWSPL for the F.Y 2022-23 to FY 2026-27;
- Shareholding pattern of QWSPL;
- Draft Scheme of Amalgamation
- Write up on brief overview of the Companies.

In our course of valuation analysis, we have also relied on certain public information for data extraction and research

- www.Ventureintelligence.com
- Other publicly available information such as articles and websites

b) Limitation of Information:

The Fair Value of assets of QWSPL has been performed on the audited financials of QWSPL provided by management as of the valuation date. The management has also confirmed that there has not been any material change in the financials of QWSPL since the last available financial statements.

c) Quality and adequacy of Information

The information provided to me and the time for carrying out the valuations has been adequate for the nature and size of this valuation and the assumptions used by management/others in developing projections have been appropriately reviewed, enquiries made regarding basis of key assumptions in context of business being valued and the industry/economy and we find them reasonable.

I assume that the Client has brought to our attention all material transactions, events or any other factors having an impact on the valuations. I have not conducted any inspection or investigations of the Company and have solely relied on the documents and representations provided by the Client and as stated above.

5. Applicable Regulations &Valuation Methodologies

a) <u>Accounting Standards</u>

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- Section 133 of the Companies Act, 2013 (Cos Act) read with the Companies (Indian Accounting Standards) Rules, 2015 have prescribed Indian Accounting Standards ("Ind-AS"). The relevant Ind-AS considered for the purpose of this report are as follows:
  - Ind-AS 107 – Financial Instruments: Disclosures
  - Ind-AS 109 – Financial Instruments
  - Ind-AS 32 – Financial Instruments - Presentation
  - Ind-AS 113 –Fair Value measurement

b) <u>Valuation Standards</u>

- Further, Section 247 of the Companies Act, 2013 prescribes that "*where a valuation is required to be made in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provision of this Act, it shall be valued by person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company*".

- Sub-section 2 of Section 247 further states that "the valuer appointed under sub-section (1) shall,
  - make an impartial, true and fair valuation of any assets which may be required to be valued;
  - exercise due diligence while performing the functions as valuer;
  - make the valuation in accordance with such rules as may be prescribed; and
  - not undertake valuation of any assets in which he has a direct or indirect interest or becomes so interested at any time during a period of three years prior to his appointment as valuer or three years after the valuation of assets was conducted by him.

- Further, the Ministry of Corporate Affairs (MCA) have prescribed Companies (Registered Valuers and Valuation) Rules, 2017 ("Valuation Rules") which prescribe the conditions of registration and conduct of valuation.

- Rule 8 of the Valuation Rules, which deals with the conduct of valuations, prescribe that the registered valuer shall, while conducting a valuation, comply with the valuation standards as notified or modified under rule 18. Provided that until the valuation standards are notified or modified by the Central Government, a valuer shall make valuations as per:
  - Internationally accepted valuation standards;
  - Valuation standards adopted by any registered valuers organisation.

Since the Central Government has yet not notified any valuation standards, I have carried out the valuation on the basis of International Valuation Standards 2019 ("IVS") and Indian Valuation Standards 2018 issued by the Institute of Chartered Accountants of India, a registered valuers organization.

c) <u>Concept of Fair Value</u>

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- Fair value measurement is a fundamental concept forming the underlying basis for the Ind AS framework. Fair valuation of certain assets and liabilities is a prerequisite for the adoption of Ind AS.

- Ind AS 113 defines "**Fair Value**" as *"price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

- Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same—to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (ie an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

d) Fair Value Hierarchy

- To increase consistency and comparability in fair value measurements and related disclosures, Ind AS establishes a fair value hierarchy that categorises into three levels as below:

	Definition	Examples
Level 1	Quoted prices (unadjusted) in active markets for identical assets/liabilities that entity can access at measurement date	• Quoted prices of shares traded on stock exchange • Dealer Markets • Brokered Markets
Level 2	Inputs other than quoted prices with in level 1 those are directly/indirectly observable	• Quoted prices for similar assets/liabilities in active or unquoted markets • Market corroborated inputs
Level 3	Unobservable inputs for asset/liability	• Financial forecasts • Historical volatility

e) Fair Valuation of Financial instruments

- Financial instrument is defined as any contract that gives rise to both
  - A financial asset of one entity, and
  - A financial liability or equity instrument of another entity

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- All financial assets and liabilities are measured initially at fair value under Ind AS 109.
- The way financial instruments are classified under Ind AS 109 drives how they are measured and where measurement changes are accounted for.

- Para 15 of Ind-AS 32 provides for classification of a financial instrument into debt or equity on the basis of substance over form. It provides that "the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

- An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The presentation by the issuer of a financial instrument or its component parts as liability or equity is determined based on principles of classification contained in Ind AS 32.

f) Valuation Bases

- IVS 102 defines the Valuation Bases and prescribes the corresponding fundamental assumptions on which valuation will be based and provides the premises of values.

- IVS 102 provides three valuation bases which are required to be chosen by the Valuer considering the terms and purpose of the valuation engagement.

  - **Fair value**: Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.
  - **Participant specific value**: Estimated value of an asset or liability after considering the advantages and disadvantages that may arise to the owner, identified participant or identified acquirer.

    Premise of Value: The logic behind the current and future use of the asset. Some common premises of value are highest-and-best-use, as-is-where-is, going concern value, orderly liquidation and forced transaction.

g) SEBI Guidelines for pricing of quoted equity shares

SEBI circular CFD/DIL1/CIR/P/2021/000000065 dated 23rd November 2021 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) as amended on 14th January 2022, prescribes guidelines for pricing of shares to be as below:

Pricing of equity shares

'Frequently traded shares' as defined under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is as below:

164(5). Frequently traded shares means shares of an issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer: Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the

Vishal Rahulkumar Laheri ★ IBBI/RV/05/ 2019/11283 ★ Registered Valuer (securities or financial assets) *weighted average number of total shares of such class of the issuer shall represent the total number of shares.]*

For the definition of 'frequently traded' shares, 'relevant date' for the purpose of computing pricing shall be the date of board meeting in which the scheme is approved.

We understand that the shares of Vertoz are frequently traded as the trading volume of the equity shares of Listed were more than 10% of the total number of shares during the 240 trading days preceding the relevant date.

Explanation to section 164 of the ICDR Regulations provides that–

For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90days prior to the relevant date.

In the present case, since equity shares of Vertoz are listed o NSE and the shares are being frequently traded (in terms of relevant regulation of SEBI issue of Capital and Disclosure Requirements (ICDR) Regulations). In line with Explanation to section 164, we have considered volume weighted average price as per NSE for the appropriate period for valuation.

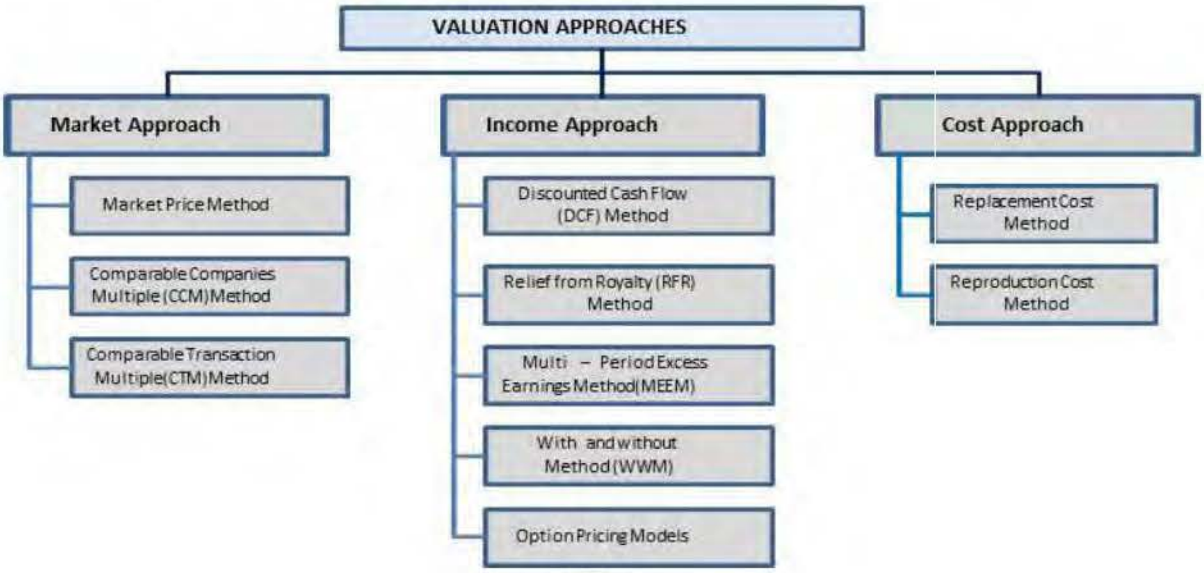
For determining the price of shares of Vertoz, we have also considered the computation of market price as prescribed in Regulation 164(1) under SEBI (Issue of Capital and Disclosure Requirements) Regulations, which prescribes using Market prices being higher of the following:

(a) The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or

(b) The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

h) Valuation Methodologies

The valuation standards provides for following main valuation methods:

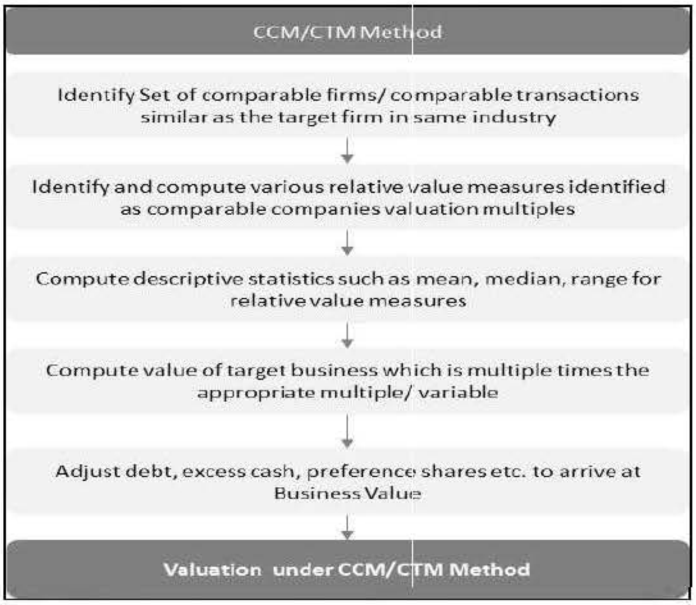


- **<u>Market Approach</u>**
  Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

  - **<u>Market Price Method</u>**
    Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investor's perception about the true worth of the company.

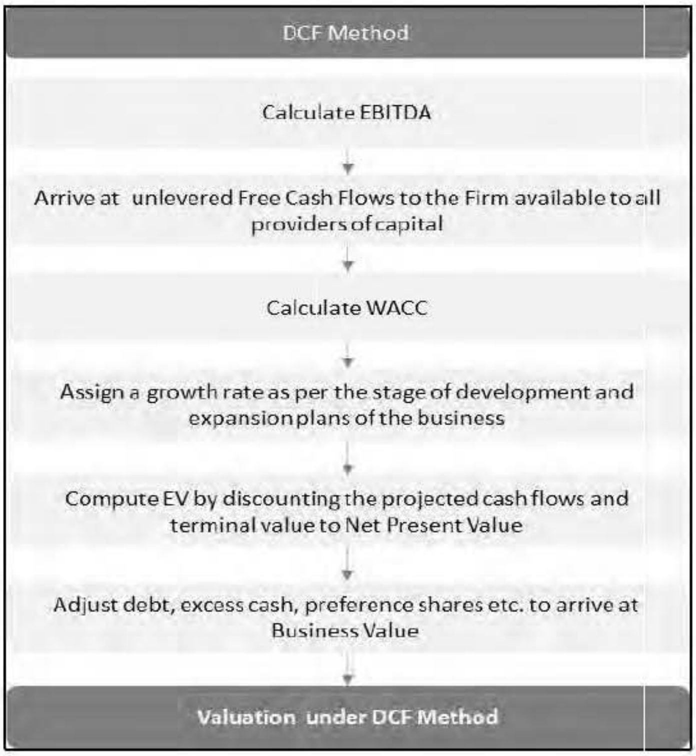
  - **<u>Comparable Companies Multiples (CCM) Method</u>**
    The value is determined on the basis of the multiples derived from valuations of comparable companies, as manifest in the stock market valuations of listed companies. This valuation is based on principle that market valuations, taking place 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.

  - **<u>Comparable Transactions Multiples (CTM) Method</u>**
    Under CTM Method, the value is determined on the basis of multiples derived from valuations of similar transactions in the industry. Relevant multiples need to be chosen carefully and adjusted for differences between circumstances.



- **<u>Income Approach</u>**
  - **<u>Discounted Cashflow Approach ("DCF")</u>**
    - DCF Approach is widely used for valuation under 'Going Concern' basis. It focuses on the income generated by the company in the past as well as its future earning capability.

- Under the DCF method, the business is valued by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows in the explicit period and those in perpetuity are discounted by Weighted Average Cost of Capital (WACC). The WACC, based on an optimal vis-à-vis actual capital structure, is an appropriate rate of discount to calculate the present value of future cash flows as it considers debt-equity risk by incorporating debt-equity ratio of the firm.
- The perpetuity (terminal value) is calculated based on the business potential for further growth beyond the explicit forecast period. The "Constant Growth Model" is applied, which implies an expected constant level of growth for perpetuity in the cash flows over the last year of forecast period.
- The discounting factor reflects not only the time value of money, but also the risk associated with the future business operations. The Enterprise Value (aggregate of present value of explicit period and terminal period cash flows) so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business.



- **Cost Approach**
  Cost approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

  - **Replacement Cost Method**
    Replacement Cost Method, also known as 'Depreciated Replacement Cost Method' involves valuing an asset based on the cost that a market participant shall have to incur to

recreate an asset with substantially the same utility (comparable utility) as that of the asset to be valued, adjusted for obsolescence.

- **Reproduction Cost Method**
  Reproduction Cost Method involves valuing an asset based on the cost that a market participant shall have to incur to recreate a replica of the asset to be valued, adjusted for obsolescence.

- **Net Asset Value / Asset based Approach**
  The NAV Method considers assets and liabilities, including intangible assets and contingent liabilities. The Net Assets, after reducing the dues to the preference shareholders, if any represent the value of the Company. It is best used when the company is non-operating or has been generating losses.

6. Valuation Analysis

a) Procedures adopted in carrying out the valuation
   The principal procedures adopted in carrying out the valuation are briefly summarized below:
   - Review of past financials;
   - Review and analysis of financial projections;
   - Industry analysis;
   - SWOT analysis;
   - Comparison with similar transactions;
   - Comparison with other similar listed companies;
   - Discussions with the management;
   - Review of principal agreements/documents etc;

b) Significant Assumptions on Management Projections
   The various projections of business growth, profitability, and cash flows etc, which are used in the valuation report are the company's estimates. I have considered the reliability and credibility of projections after testing the assumptions made by the management/owners/company in given market conditions and after sufficient inspection, enquiry, computation and analysis and I believe they are reasonable as on the Valuation date given the state of the economy, sector, business and government policies

c) Selection of Valuation Methodology
   The valuation exercise involves selecting a method suitable for the purpose of valuation, by exercise of judgment, based on the facts and circumstances as applicable to the business of the Companies to be valued. As mentioned earlier, the present valuation exercise is being undertaken in order to derive the Share Entitlement Ratio for the Proposed Transaction.

Hence, the following valuation approach has been adopted:
- For valuation of QWSPL - Since the company is operating company, we believe that NAV is not appropriate for valuing the business. DCF approach reflects the potential value of the business in the future years. Hence, DCF Method would be an appropriate method for the current valuation exercise.

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- For valuation of Vertoz - Since Vertoz is a listed company, it is governed by Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 as amended from time to time ("ICDR Regulations"). Therefore, we have used the pricing guidelines as prescribed under SEBI ICDR Regulation.

7. Valuation Conclusion

Based on the forgoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I have arrived at the values per share as follows:

Company	Per share value
Qwalispace Web services Private limited	Rs. 47,379.46
Vertoz Advertising Limited	Rs. 94.33

The Share Entitlement Ratio is based on the valuation methodologies explained herein earlier and various qualitative factors relevant to the business dynamics and growth potential of the business having regard to key underlying assumptions and limitations.

Based on the above, and on the consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Share Entitlement Ratio (as elaborated in Annexure 1):

- 502 (Five hundred and two) Equity Shares of Rs. 10/- each of Vertoz for every 1 (One) fully paid up equity share of Rs. 10/- each held in QWSPL

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8. Annexure 1: Computation of Fair Share Entitlement Ratio

The Computation of Fair Share Entitlement Ratio as derived by us is given below:

	Equity Shares of QWSPL (A)		Equity shares of Vertoz (B)	
	Value per Share	Weights	Value per Share	Weights
Asset Approach	N.A	-	N.A	-
Income Approach	47,379.46	100%	N.A	-
Market Approach (Market Price Method)	N.A	-	94.33	100%
Relative Value per share	**47,379.46**		**94.33**	
Exchange Ratio (A/B)			**502**	

N.A = Not Adopted / Not Applicable

1. The Asset approach is not used as in the present case, both the companies i.e QWSPL and Vertoz in the process of amalgamation are going concerns and an actual realization of their operating assets is not contemplated.
2. DCF Approach is widely used for valuation under 'Going Concern' basis therefore in case of QWSPL, we have used the financial projections as provided by the management of QWSPL for the valuation of QWSPL under DCF method. For Vertoz DCF method is not approved by ICDR regulations by SEBI.
3. The shares of QWSPL are not listed; therefore Market price method cannot be used for its valuation. As a mandatory requirement by law the shares of listed entity Vertoz are required to be valued as per the pricing guidelines issued by SEBI. We have given due consideration to this requirement.

SHARE ENTITLEMENT RATIO

502 (Five hundred and two) Equity Shares of Rs. 10/- each of Vertoz for every 1 (One) fully paid up equity share of Rs. 10/- each held in QWSPL

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9. Annexure 2 - Caveats, Limitations and Disclaimers

i. Restriction on use of Valuation Report

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Client is the only authorized user of this report and is restricted for the purpose indicated in appointment terms letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use and the Regulations. I/we do not take any responsibility for the unauthorized use of this report. 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.

ii. Our Responsibility

I/We owe responsibility to only to the authority/client that has appointed me/us under the terms of the engagement letters. We 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 we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.

iii. Accuracy of Information

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

iv. Achievability of the forecast results

We do not provide assurance on the achievability of the results forecast by the management/owners 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.

v. Post Valuation Date Events

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.

vi. Range of Value Estimate

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is, therefore, no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. value and we normally express our opinion on the value as falling within a likely range. However, as the purpose of this report requires the expression of a single value, we have adopted a value at the mid-point of our valuation range. Whilst, I / we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.

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vii. No Responsibility to the Actual Price of the subject asset if sold or transferred/ exchanged

The actual market price achieved may be higher or lower than our estimate of value (or value range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.

viii. Reliance on the representations of the owners/clients, their management and other third parties

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 and other operational and tangible assets data, as applicable to this case except as specifically stated to the contrary in the report. I/We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

ix. No procedure performed to corroborate information taken from reliable external sources

We 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 we 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.

x. Compliance with relevant laws

The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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 us.

xi. Multiple factors affecting the Valuation Report:

The valuation report is tempered by the exercise of my / our judicious discretion and judgment 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.

xii. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

I/We are fully aware that based on the opinion of value expressed in this report, I/we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the

Vishal Rahulkumar Laheri
IBBI/RV/05/2019/11283
Registered Valuer (securities or financial assets)

proceedings shall bear the cost/professional fee of attending court / judicial proceedings and my / our tendering evidence before such authority shall be under the applicable laws.

10. Annexure 3 - Valuer's Credentials

I, Vishal Laheri, have around 20 years of experience in tax, accounting, valuation and M&A and have worked on several large transactions across a variety of sectors including financial services, Technology Media & Telecom and Infrastructure & Power Sector.

I have worked with the Reliance Group since its inception in 2005 across tax, accounting and M&A structures. My latest role was as the Head - Mergers & Acquisition & Strategy at Reliance Capital Limited (RCAP), the financial arm of the Reliance Group. I was also inducted in the Leadership Committee of RCAP as part of accelerated management development program. He was instrumental in negotiating and closing several joint ventures with Nippon Life Insurance (Japan), Sumitomo Mitsui Trust & Bank (Japan), Ming Yang Group (China) and various other transactions in the financial services, telecom media & technology & Infra space. Prior to Reliance, I worked for about 4 years in the transaction advisory practice of RSM Advisors Pte Ltd, Mumbai where I worked on several transactions for both domestic & overseas acquisition for reputed conglomerates assisting on complex structures, cross border deals, valuations, diligences and implementations. Currently, I am advising several corporates and funds on valuations, restructuring and M&A transactions.

I am a Fellow Chartered Accountant and a Company Secretary besides being a Registered Valuer for Securities and Financial Asset under IBC Code under IBBI Act. I am a state government merit scholarship student with graduation from the N.M College of Commerce & Economics, Mumbai (1999).

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Vishal Rahulkumar Laheri ★ IBBI/RV/05/2019/11283 ★ Registered Valuer (securities or financial assets)

ADDENDUM TO THE VALUATION REPORT DATED 24TH JUNE 2022

भारतीय दिवाला और शोधन अक्षमता बोर्ड
Insolvency and Bankruptcy Board of India

VISHAL R. LAHERI
B. Com, FCA, CS
Registered Valuer (Securities or Financial Assets)

801, Nirmal Nest, Vayudevta Mandir Compound, Devidas Road, Borivali West, Mumbai, Maharashtra – 400103
IBBI Registration No: **IBBI/RV/05/2019/11283** Email: vishal@mnacaps.com

Ref: NSE/LIST/31583 **22nd July, 2022**

To,
National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Dear Sir, Ma'am,

Sub: Clarification on requirement letter w.r.t application seeking NOC under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

We have been appointed by Vertoz Advertising Limited ('Vertoz'), PayNx technologies Limited ('PTPL') and QualiSpace Web Services Private Limited ('QWSPL') (Collectively referred to as "the Clients") on January 07, 2022 for providing Valuation services for the proposed merger. We have issued our report for recommendation of share entitlement ratio as on June 24, 2022.

Subsequent to our reply to the letter dated 30th June, 2022 our Clients are in receipt of an additional letter dated 11th July, 2022 from the National Stock Exchange of India Limited ("NSE" or "Yourself") seeking clarifications, inter-alia, regarding our share entitlement ratio. Please see our clarification to your query below.

- **Clarification sought by NSE:**

1. Response provided by the Company for not adopting DCF approach for Vertoz Advertising Limited ('Vertoz') is not satisfactory

- **Our Clarification:**

In our opinion, the market price of a listed (quoted) and frequently traded equity shares on a recognised stock exchange is normally considered as the base value of the equity shares of that company where such quotations are arising from the shares being freely traded in (Market Approach). Over and above this, weightages may be given to other approaches – viz, DCF and NAV approach such that, a fair value for the purpose of share swap is ascertained, for factors that are not captured in the market price approach.

Basis on the financial projections provided by the management of Vertoz and as approved by the Audit Committee of the Company dated 30th May, 2022, we have also carried out the DCF Method valuation of Vertoz. However, as per our analysis and in our opinion, the value of the equity shares of Vertoz, based on the management projections, **is lower than the market price** of Vertoz derived as per the pricing guidelines under the SEBI ICDR Regulations. We are not in a position to provide the DCF calculations due to our client confidentiality and price sensitivity to the data.

We are of the opinion that if weightages are to be given to DCF Method for the valuation of Vertoz in our recommendation of the share entitlement ratio, it would result in the valuation of Vertoz being lower than the market price prescribed under the SEBI ICDR Regulations, which will be detrimental to the interest of the retail public shareholders.

Therefore, in the case of Vertoz, we have given 100 weightages to Market Approach (Market Price Method) basis rather than the value under Income Approach (DCF).

We hope this clarifies. Please let us know for any further clarifications / information required.

Thanking You,

Yours faithfully,

Vishal Rahulkmar Laheri
Registered Valuer (Securities or Financial Assets)
Registration No: IBBI/RV/05/2019/11283
Place: Mumbai