NOTICE IS HEREBY GIVEN THAT THE EXTRAORDINARY GENERAL MEETING (SERIAL NO.: 2/2020-21) OF THE MEMBERS OF ANVITI INSURANCE BROKERS PRIVATE LIMITED WILL BE HELD ON MONDAY, NOVEMBER 23, 2020, AT 1:50 P.M. THROUGH VIDEO CONFERENCING ("VC") TO TRANSACT THE FOLLOWING BUSINESS:**

Special Business:

1. **To approve issuance of Equity Shares on a Private Placement Basis**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 42, 62 and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) read with rules framed thereunder (**Act**), clause 5.2 of the amended and restated initial call and put option agreement dated 29 January 2020 executed by and among Aon Holdings B.V. (**Aon**), Catamaran Ventures LLP and the Company (together, the **Parties**), read with the Memorandum and Articles of Association of the Company and any other applicable laws, rules and regulations, including the Foreign Exchange Management Act, 1999 and rules and regulations made thereunder (**FEMA**) and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued by any regulatory authority in India, including the Insurance Regulatory and Development Authority of India (**IRDAI**), and subject to the approval(s) or permission(s) obtained from IRDAI and/or any other regulatory authorities in India, to the extent applicable, and such conditions as may be prescribed, stipulated or imposed by any of them while granting any such approval(s) or permission(s), the consent of shareholders of the Company be and is hereby accorded to create, offer, issue and allot issue equity shares on a private placement basis as per details mentioned below (**Private Placement Offer**).

Name and address of the proposed allottee	***No. of Equity Shares having face value of INR 10/- each***	***Issue Price per Equity Shares (INR)***	***Aggregate (INR)***
Name: *Aon Holdings B.V.* ***Address:*** *Admiraliteitskade 62, 3063 ED Rotterdam, The Netherlands*	*1,26,47,000*	*16.263/-*	*20,56,78,161/-*

RESOLVED FURTHER THAT the equity shares so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and shall rank pari-passu with the existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the board of directors of the Company (**Board**) be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for and in connection with the Private Placement Offer, including the finalization, approval and execution of the private placement offer letter(s) cum application form, signing, certifying and filing necessary forms, declarations, undertakings, documents, agreements, papers etc., as be necessary, and to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of, and resolve and settle all questions or difficulties that may arise in regard to, the Private Placement Offer without being required to seek further consent or approval of the members.

RESOLVED FURTHER THAT the Board be and are hereby severally authorised to sign and file all necessary forms, agreements and documents with any Governmental authority including but not limited to, the Registrar of Companies/Ministry of Corporate Affairs and to do such acts and deeds that may be required for the purpose of effecting aforesaid resolutions and completing the issue of Equity Shares by the Company."

By Order of the Board of Directors
For Anviti Insurance Brokers Private Limited

Gurmeet Kaur

Gurmeet Kaur
Company Secretary
Membership No.: A42894

Date: November 23, 2020

ANVITI INSURANCE BROKERS
A CATAMARAN COMPANY

NOTES:

1. The deemed venue for the Extraordinary General Meeting ("EGM") shall be the Registered Office of the Company situated at Unit 102, 1st Floor, The Estate, #121, Dickenson Road, Bengaluru-560042, Karnataka, India.

2. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013, in respect of the business set out above, is annexed hereto.

3. A member entitled to attend and vote at the EGM is entitled to appoint another person as a proxy to attend and vote at the meeting instead of himself and such proxy need not be a member of the company. Pursuant to the MCA circulars, provision for appointment of proxy by the members are not available for the EGM held through VC. Accordingly, the facility for appointment of proxy for this EGM has not been provided to the members and the proxy form is not annexed to this notice.

4. Members attending the EGM through VC shall only be counted for the purpose of quorum under Section 103 of the Act and the attendance of the members shall be reckoned accordingly. No separate attendance form is being enclosed with the notice.

5. The facility for joining the EGM will be opened 15 minutes before and will be open up to 15 minutes after the scheduled start time of the EGM, i.e., from 1:35 P.M. to 2:05 P.M.

6. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained under section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the EGM. Members seeking to inspect such documents can send an email to cs @anviti.in.

7. Since the meeting will be conducted through VC facility, the route-map is not annexed to this Notice.

8. EGM has been convened through VC in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

As required by Section 102(1) of the Companies Act, 2013 the following statements sets out all the material facts relating to the Special business under Item No. 1 mentioned in the accompanying Notice and should be taken as forming part of it.

ITEM NO.1

To approve the issuance of Equity Shares on a Private Placement Basis

For use in the ordinary course of business of the Company and other general corporate purposes and in accordance with the provisions of the amended and restated initial call and put option agreement dated 29 January 2020 executed by and among Aon Holdings B.V. (**Aon**), Catamaran Ventures LLP and the Company (**ICPOA**), the Company is planning to raise funds from Aon by issuance of Equity Shares.

Accordingly, the Company is proposing to issue 1,26,47,000 (One Crore Twenty Six Lakhs Forty Seven Thousand) Equity Shares of INR 10 (Indian Rupees Ten Only) each at an issue price of INR 16.263/- (Indian Rupees Sixteen Point Two Six Three Only) Per Equity Share aggregating to INR 20,56,78,161/- (Indian Rupees Twenty Crores Fifty Six Lakhs Seventy Eight Thousand One Hundred and Sixty One Only) to Aon on a private placement basis (**Private Placement Offer**).

In accordance with the provisions of the Companies Act, 2013 and rules framed thereunder, the Company needs to issue an offer letter for private placement to Aon for the proposed Private Placement Offer and such issue needs to be approved by the shareholders of the Company.

The disclosure in respect of this Private Placement Offer as required under rule 14(1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 is as follows:

a) **Particulars of the offer including date of passing of Board resolution:**

The issuance of 1,26,47,000 (One Crore Twenty Six Lakhs Forty Seven Thousand) Equity Shares to Aon Holdings B.V. The Board Resolution was passed on November 23, 2020;

b) **Kinds of securities offered and price at which the security is being offered:**

Equity Shares at INR 10/- (Indian Rupees Ten Only) each at a price of INR 16.263/- (Indian Rupees Sixteen Point Two Six Three Only) each.

c) **Basis or justification of price (including premium, if any) at which the offer or invitation is being made:**

The price has been arrived at by the Board based on the valuation report dated November 21, 2020 obtained from Mr. Santosh Nagalingaswamy (Registered Valuer Number: IBBI/RV/05/2019/11458), the registered valuer appointed by the Company pursuant to the requirement of Section 42 and 62 of the Companies Act, 2013.

d) Name and address of valuer who performed the valuation:

Mr. Santosh Nagalingaswamy
(Registered Valuer Number: IBBI/RV/05/2019/11458)
Unit No. 303, 4th Floor,
SKAV Lavelle 909,
Lavelle Road,
Bangalore– 560001

e) Amount which the company intends to raise by way of issue of such securities:

INR 20,56,78,161/- (Indian Rupees Twenty Crores Fifty Six Lakhs Seventy Eight Thousand One Hundred and Sixty One Only)

f) Material terms of raising such securities, proposed time schedule, purposes or objects of offer, contribution being made by promoters or directors either as part of the offer or separately in furtherance of objects; principle terms of assets charged as securities:

(i) *Material terms of the offer:* Issuance of 1,26,47,000 Equity Shares of INR 10/- each of the Company at a price of INR 16.263/- each to Aon**;**

(ii) *Proposed time schedule:* the offer will be open for a period of 15 days from the date of circulation of the offer letter;

(iii) *Purpose and object of offer:* The Private Placement Offer is being undertaken to raise funds from Aon in accordance with the terms of the ICPOA. The proceeds of the Private Placement Offer are proposed to be utilised in the ordinary course of business of the Company and other general corporate purposes.

(iv) Contribution being made by promoters or directors either as part of the offer or separately in furtherance of objects: Nil

(v) Principle terms of assets charged as securities: Not Applicable

The disclosure in respect of this Private Placement Offer as required under rule 13(2) of the Companies (Share Capital and Debentures) Rules, 2014 is as follows:

S. No.	Details	Particulars
1.	Objects of the issue	The proceeds of the Private Placement Offer are proposed to be utilised in the

		ordinary course of business of the Company and other general corporate purposes.
2.	Total number of Equity Shares to be issued	1,26,47,000 (One Crore Twenty Six Lakhs Forty Seven Thousand)
3.	Price ~~or price band~~ at~~/within~~ which the allotment is proposed	INR 16.263/- (Indian Rupees Sixteen Point Two Six Three Only) per Equity Share
4.	Basis on which the price has been arrived at along with the report of the registered valuer	For the basis on which the price has been arrived at by the Registered Valuer, please refer to the valuation report attached to this Notice.
5.	Relevant date with reference to which the price has been arrived at	September 30, 2020
6.	Class or classes of persons to whom the allotment is proposed to be made	Foreign body corporate
7.	Intention of promoters, directors or key managerial personnel to subscribe to the offer	None of the promoters, directors or key managerial personnel intend to subscribe to the offer.
8.	Proposed time within which the allotment shall be completed	The Equity Shares shall be allotted within a period of 60 days from the date of receipt of share application money for the Private Placement
9.	Names of the proposed allottees and the percentage of the post preferential offer that may be held by them	Name of the allottee: Aon Holdings B.V. (Aon) Percentage of post private placement capital that may be held by them: Aon Holdings B.V. is proposed to hold an aggregate of 49% of the paid up share capital of the Company post the preferential offer and pursuant to a purchase of equity shares by Aon Holdings B.V. in terms of the amended and restated initial call and put option agreement dated 29 January 2020 executed by and among Aon Holdings B.V., Catamaran Ventures LLP (Catamaran) and the Company.

10.	Change in control, if any, in the company that would occur consequent to the preferential offer	Following acquisition of 49% of the paid up share capital of the Company by Aon, control of the Company will be exercised in accordance with the amended and restated shareholders' agreement dated 29 January 2020 executed among Aon, Catamaran and the Company.
11.	The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price	Nil
12.	Justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
13.	The Shareholding pattern of the Company before and after the allotment of securities under the preferential offer	Refer the table below

The pre issue and post issue shareholding pattern of the company in the following format:

Sr No	Category	Pre-issue		Post-issue*	
		No of shares held	% of share holding	No of shares held	% of share holding
A	Promoters' holding				
1	Indian				
	Individual	100	0.00010	-	-
	Bodies corporate	10,49,99,900	99.99990	6,00,00,000	51
	Sub-total	**10,50,00,000**	**100**	6,00,00,000	51
2	Foreign promoters	-	-	-	-
	Individual	-	-	-	-
	Bodies corporate	-	-	5,76,47,000	49
	sub-total (A)	**10,50,00,000**	**100**	**11,76,47,000**	**100**
B	Non-promoters' holding				

1	Institutional investors	-	-	-	-
2	Non-institution	-	-	-	-
	Private corporate bodies	-	-	-	-
	Directors and relatives	-	-	-	-
	Indian public	-	-	-	-
	others (including NRIs)	-	-	-	-
	Sub-total (B)	-	-	-	-
	GRAND TOTAL	**10,50,00,000**	**100**	**11,76,47,000**	**100**

** Aon will acquire an aggregate of 49% of the share capital of the Company, in accordance with the provisions of the ICPOA through a primary issuance of 1,26,47,000 equity shares and a secondary acquisition of 4,50,00,000 equity shares. Aon has been classified as a foreign promoter as per the approval received from the IRDAI dated November 11, 2020 effective at the closing of the above transactions.*

Accordingly, the Board of Directors recommends the passing of the proposed resolution as set out in Item No. 1 in the accompanying notice as a Special Resolution.

None of the Directors, Key Managerial Personnel, relative of the Director or Key Managerial Personnel of the Company, are concerned or interested in the said resolution.

By Order of the Board of Directors
For Anviti Insurance Brokers Private Limited

Gurmeet Kaur

Gurmeet Kaur
Company Secretary
Membership No.: A42894

Date: November 23, 2020

Santosh N
Unit No. 303, 4th Floor,
SKAV Lavelle 909, Lavelle Road, Bangalore.
Karnataka – 560001
T +91 80 6125 6100
Registered Valuer No.: IBBI/RV/05/2019/11458

Anviti Insurance Brokers Private Limited

November 21, 2020

Valuation of Anviti Insurance Brokers Private Limited as of September 30, 2020

Santosh N
Unit No. 303, 4th Floor,
SKAV Lavelle 909, Lavelle Road, Bangalore.
Karnataka – 560001
T +91 80 6125 6100
Registered Valuer No.: IBBI/RV/05/2019/11458

The Management
Anviti Insurance Brokers Private Limited
ILFS Financial Centre
7th Floor Quadrant D
Plot C-22, Block – G
BKC, Mumbai – 400051

November 21, 2020

Re: Fair value of equity shares of Anviti Insurance Brokers Private Limited for compliance under Companies Act, 2013

Dear Sir/ Madam,

In accordance with the terms of my engagement letter, dated November 19, 2020, I enclose my valuation report providing my estimate of the fair value of equity shares of Anviti Insurance Brokers Private Limited as of September 30, 2020.

I understand that Anviti Insurance Brokers Private Limited is planning to raise funds and issue shares on a preferential basis to potential investors. As per Section 62 of the Companies Act, 2013, “when a company proposes to increase its subscribed share capital by issue of shares on a preferential basis, the prices of shares issued must be determined by a registered valuer”.

In the above context, Anviti Insurance Brokers Private Limited has appointed me, Mr. Santosh Nagalingaswamy, a Registered Valuer, to estimate the fair value of equity shares of Anviti Insurance Brokers Private Limited to comply with the provisions under Companies Act, 2013.

Basis of preparation

My work has been based on financial information provided by Anviti Insurance Brokers Private Limited in consultation with the management of Anviti Insurance Brokers Private Limited. I have relied on the accuracy and completeness of that financial information.

Regarding the information provided, I have not carried out any form of audit, independent confirmation or verification of the reliability, accuracy or completeness of the information. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of the information provided to me.

I note the valuation has been performed as of September 30, 2020 and reflects the information available to me as of that date. Economic conditions, market factors and performance change may result in my conclusions becoming quickly outdated.

Santosh N
Unit No. 303, 4th Floor,
SKAV Lavelle 909, Lavelle Road, Bangalore.
Karnataka – 560001
T +91 80 6125 6100
Registered Valuer No.: IBBI/RV/05/2019/11458

The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and I normally express my estimate of the value as falling within a likely range. However, to comply with the requirements of this engagement, I have provided you with a single point estimate. Whilst I consider my valuation to be both reasonable and defensible based on the information available to me, others may place a different value.

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Unless required by law it shall not be provided to any third party or used for any other purpose. In no event, regardless of whether consent has been provided, shall I assume any responsibility to any third party to which the report is disclosed or otherwise made available.

I expressly disclaim all liability for any loss or damage of whatever kind which may arise from any person acting on any information and estimates contained in this report which are contrary to the stated purpose. Full terms and conditions of my work are included in my engagement letter dated November 13, 2020.

The outbreak of COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020 and has severely impacted global financial markets. The current response to COVID-19 presents an unprecedented set of circumstances on which to base a valuation judgement.

Consequently, the level of management documentation and the rigor of audit and regulatory reviews may be significantly higher than those experienced in prior similar engagements. In addition, valuation results and underlying projections and assumptions may be materially affected by increased volatility in current and future economic, political, regulatory, financial, market or other circumstances as a result of COVID-19. As such, a higher degree of caution should be attached to my valuation than may normally be the case.

If you would like to discuss any aspect of this report, please contact me on +91-99453 66221.

Sincerely,

Santosh Nagalingaswamy
Registered Valuer No.: IBBI/RV/05/2019/11458

Contents

Section 01

Executive Summary

Executive Summary

Summary

I understand that Anviti Insurance Brokers Private Limited is planning to raise funds and issue shares on a preferential basis to potential investors.

As per Section 62 of the Companies Act, 2013, “when a company proposes to increase its subscribed share capital by issue of shares on a preferential basis, the prices of shares issued must be determined by a registered valuer”.

In the above context, Anviti Insurance Brokers Private Limited has appointed me, Mr. Santosh Nagalingaswamy, a Registered Valuer, to estimate the fair value of equity shares of Anviti Insurance Brokers Private Limited.

My findings are submitted in this valuation report.

Scope and Purpose of Valuation

The purpose of this valuation is to estimate the fair value of equity shares of Anviti Insurance Brokers Private Limited, as of September 30, 2020, to comply with the provisions under Companies Act, 2013.

The valuation is carried out in line with the terms of my engagement letter dated November 19, 2020.

Business Overview

Anviti Insurance Brokers Private Limited is a composite insurance broker delivering insurance and reinsurance broking services to corporate clients in India.

User of Report

Anviti Insurance Brokers Private Limited is the sole intended user of this report, and the use of the report is restricted to Anviti Insurance Brokers Private Limited for the purpose indicated herein. This restriction does not preclude Anviti Insurance Brokers Private Limited from providing a copy of the report to third parties whose review would be consistent with the intended use. However, no third party shall have the right of reliance on this report, and neither receipt nor possession of the report by any third party shall create any express or implied third-party beneficiary rights. I am not responsible for the unauthorized use of this report.

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Valuation Conclusion

Considering the nature and reliability of data, I have used the Discounted Cash Flow Method under the Income Approach to arrive at the enterprise value of Anviti Insurance Brokers Private Limited.

The indicated enterprise value was further adjusted for non-operating assets such as cash and cash equivalents to arrive at estimated fair value of equity.

My estimate of the fair value of equity of Anviti Insurance Brokers Private Limited, as of September 30, 2020, is presented below:

Valuation Approach	Weight	Value (INR Mn)
Income Approach: Discounted Cash Flow Method	100.0%	1,350.0
Indicated Enterprise Value		**1,350.0**
Add: Cash and Cash Equivalents		350.0
Indicated Value of Equity		**1,700.0**
Concluded Fair Value of Equity of Anviti (Rounded)		1,700.0
Number of Shares outstanding as of Valuation Date		105,000,000
Concluded Fair Value of Equity per share (INR)		16.2

Limitations regarding the scope of my analysis and this report are laid out in my engagement letter. For detailed analysis, please refer to Exhibit 1 of this report.

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Section 02

Introduction

Introduction

Overview

I understand that Anviti Insurance Brokers Private Limited ("Anviti" or the "Client" or the "Company") is planning to raise funds and issue shares on a preferential basis to potential investors (the "Proposed Transaction").

In the above context, Anviti Insurance Brokers Private Limited has appointed me, Mr. Santosh Nagalingaswamy, Registered Valuer ("RV" or the "Valuer"), to estimate the fair value of equity shares of Anviti Insurance Brokers Private Limited as of September 30, 2020 (the "Valuation Date").

Scope and Purpose of Valuation

As the Proposed Transaction involves issuance of equity shares by an Indian company on a preferential basis, the price is subject to compliance with the provisions of Section 62 of the Companies Act, 2013.

As per Section 62 of the Companies Act, 2013, "when a company proposes to increase its subscribed share capital by issue of shares on a preferential basis, the prices of shares issued must be determined by a registered valuer".

User of Report

Anviti is the sole intended user of this report, and the use of the report is restricted to the purpose indicated herein. This restriction does not preclude Anviti from providing a copy of the report to third parties whose review would be consistent with the intended use. However, no third party shall have the right of reliance on this report, and neither receipt nor possession of the report by any third party shall create any express or implied third-party beneficiary rights. I am not responsible for the unauthorized use of this report.

Basis of Preparation

In the process of formulating my estimate of value, I held discussions with the management of Anviti (the "Management") and were provided various documents by the Management. The historical financial data and other records and documents pertaining to Anviti have been accepted without verification as proper representation of operations and financial conditions of Anviti.

Full details of the scope of my valuation and the terms and conditions which apply to my work are set out in my engagement letter dated November 19, 2020.

In developing my analyses, I included, but did not necessarily limit myself to, the following primary activities:

- Discussions with Management regarding the Company, including the following;
  - Nature of the business;
  - Outlook for growth and profitability in the future periods;

- Products and services offered;
- Future capital requirements; and
- Key performance drivers.

- Review and analysis of the internal environment of the Company, including the following;
  - Historical operating and financial performance; and
  - Prospective operating and financial plan.

- Review and analysis of the external environment, including the following;
  - The economy;
  - The relevant market sectors and their outlook; and
  - Competition and market potential.

- A comparative analysis (benchmarking) of the operating and financial characteristics of the Company with the following:
  - Historical performance of the business;
  - Industry information; and
  - Comparative businesses.

- Review of pro forma financial projections of the revenue, operating expenses, income, and cash flow of the Company based upon historical and prospective operating performance;

- Development of an appropriate discount rate for the Company;

- Review and analysis of all the facts and data gathered, resulting in an estimate of the fair value of equity of the Company, as of the Valuation Date; and

- Preparation of a report summarizing my methodology, scope, analyses, assumptions, and conclusions of value.

The valuation is based on prospective financial information ("PFI") provided by the Management as of the Valuation Date. The principal information provided to me and used in arriving at my valuation conclusion is outlined in Appendix A.

The information thus prepared has been assumed without further verification to correctly represent the results of the actual and/or estimated operations and the financial condition of the Company.

An analysis of published information concerning the economy and the industry were used to understand the context in which the Company was operating as of the Valuation Date and to assess the risks associated with its ability to generate future investment returns. These and other research sources are cited in the relevant sections.

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value has been established based on premises of value and underlying analytical approaches appropriate to the facts and circumstances.

The scope of work performed, and the premise of value referenced in the estimation of fair value for the business are described in the relevant sections of this report.

Approaches to Value

In developing my estimates, I have considered all three approaches to value the business and chose the most appropriate approach or approaches. My conclusions rely on the approaches judged to be most appropriate for the purpose and scope of my analysis, as well as the nature and reliability of the data available to me. The three approaches to value are summarized as follows:

- **Income approach** – The income approach explicitly recognizes that the current value of a business is premised on the expected receipt of future economic benefits from the business and should include the perpetuity value. Value indications are developed by discounting expected benefits to their present value at the required rate of return that incorporates the time value of money and risks associated with the business. The discount rate selected is generally based on expected rates of return available from alternative investments of similar type, quality, and risk as of the valuation date.

- **Market approach** – The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for guideline businesses available as of the valuation date. The process is essentially that of comparison and correlation between the subject businesses and similar businesses those have been recently sold or are offered for sale in the market. The transaction or offering prices of the comparable businesses are adjusted for dissimilarities in characteristics including riskiness, growth prospects and profitability.

- **Cost (NAV) approach** – The NAV approach arrives at the value 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 of the subject company. 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. However, this is a methodology which is often used for distressed companies, shell entities, investment vehicles and entities with limited operations.

The valuation exercise may be carried out using the above generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business;
- Industry to which the entity belongs;
- Economic life cycle in which the industry or the company is operating;
- Extent to which industry and guideline public companies' information is available; and
- Past track record of the business and estimates of future profits.

For the purpose of this analysis, I have relied on the income approach to estimate the fair value of the equity of Anviti. The selected approach and specific methodology applied in the valuation of the business is described in the related section of this report.

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Section 03

Nature of the Business

Background

Business Description

Anviti is a registered composite insurance broker with Insurance Regulatory and Development Authority (IRDAI). It provides insurance and reinsurance broking services to corporate clients in India.

Year of Incorporation and Offices

The Company was incorporated in August 2016 and received its license on October 16, 2017. It has its registered office in Bangalore and other offices in Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Kolkata, and Pune.

Shareholding Pattern

Anviti is promoted and wholly owned by Catamaran Ventures LLP, a stage and sector agnostic diversified investment firm. Catamaran Ventures LLP is a proprietary investment firm with the following shareholding pattern, as of FY 2020:

Business Segment	Shareholding
N.R. Narayana Murthy	9.998%
Mrs. Sudha Murthy	89.998%
Mr. Suresh Kamath	0.002%
Mrs. Sheetal Bhat	0.002%
Total	**100.0%**

Revenue split by Business Segment

The revenue split by business segment, as of FY2020, is as follows:

Business Segment	Revenues	Revenue Share
Direct Insurance	571.3	79.2%
Reinsurance	49.7	6.9%
Insurance Consultancy	100.2	13.9%
Total	**721.2**	**100.0%**

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Financial Review

The historical financial statements of Anviti were provided by the Management, which were relied on, without further verification as correctly reflecting the results of business operations and financial conditions of Anviti.

Income Statement (in INR Mn)

Fiscal year ended March 31,	2019	2020	6 months ending Sep 30, 2020
Revenues	**242.4**	**721.2**	**450.1**
Employee cost	332.3	520.1	300.4
Other overheads	183.7	229.8	117.7
EBITDA	**(273.5)**	**(28.8)**	**31.9**
EBITDA Margin	*-112.8%*	*-4.0%*	*7.1%*
Depreciation and Amortization	8.1	10.9	5.8
EBIT	**(281.6)**	**(39.6)**	**26.2**
Other Income	10.9	14.7	6.1
EBT	**(270.7)**	**(25.0)**	**32.3**
Tax	-	-	-
EAT	**(270.7)**	**(25.0)**	**32.3**

Observations

- Revenues increased from INR 242.4 Mn in FY 2019 to INR 721.2 Mn in FY 2020, representing annual growth of 197.4 percent. Revenues for 6-month period ending September 30, 2020 were INR 450.1 Mn. The increase in growth is mainly on account of higher than usual growth in the MNC business. Moreover, the Covid-19 pandemic has had a positive impact on the Company's revenue growth.

- The Company incurred a loss of 4.0 percent in FY 2020 compared to a loss of 112.8 percent in FY 2019. It turned profitable with an EBITDA margin of 7.1 percent for the 6-month period ending September 30, 2020. I understand that the improvement in margins is mainly due to the following reasons:

  - Higher than usual growth in the MNC business which has a higher margin compared to the domestic business; and

  - Cost control by the Company through lower than anticipated investment in manpower due to COVID-19. The headcount increased from 183 as on March 31, 2020 to 218 as of September 30, 2020.

Balance Sheet (in INR Mn)

As of March 31,	2019	2020	Sep 30, 2020
ASSETS			
Non-current Assets			
Fixed assets			
(i) Tangible assets	17.8	15.5	
(ii) Intangible assets	4.5	4.1	
(iii) Capital work-in-progress	-	-	
Total Fixed Assets	**22.3**	**19.5**	**17.7**
Long-term loans and advances	30.7	70.3	41.7
Other non-current assets	5.5	-	-
Total other non-current assets	**36.1**	**70.3**	**41.7**
Current Assets			
Trade receivables	88.4	287.6	270.0
Cash and cash equivalents	168.9	241.4	350.0
Short-term loans and advances	28.8	30.6	180.8
Other current assets	109.2	305.4	
Total Current Assets	**395.2**	**864.9**	**800.8**
TOTAL ASSETS	**453.7**	**954.8**	**860.2**
LIABILITIES & EQUITY			
Shareholders' funds			
Share capital	700.0	1,050.0	1,050.0
Reserves and surplus	(506.2)	(531.2)	(498.9)
Total shareholders' equity	**193.8**	**518.8**	**551.1**
Non-current liabilities			
Other long-term liabilities	0.4	-	-
Long-term provisions	3.6	9.5	-
Total non-current liabilities	**4.0**	**9.5**	**-**
Current liabilities			
Trade payables	2.1	21.5	31.5
Other current liabilities	242.8	389.2	277.6
Short-term provisions	10.9	15.8	
Total Current Liabilities	**255.8**	**426.5**	**309.0**
TOTAL EQUITY & LIABILITIES	**453.7**	**954.8**	**860.2**

Observations

- Total Assets of the Company decreased from INR 954.8 Mn as of March 31, 2020 to INR 860.2 Mn as of September 30, 2020. The decrease is primarily attributable to the following:

  - Decrease in Non-current assets from INR 70.3 Mn as of March 31, 2020 to INR 41.7 Mn as of September 30, 2020; and

  - Decrease in Current Assets from INR 864.9 Mn as of March 31, 2020 to INR 800.8 Mn as of September 30, 2020.

- Total Liabilities of the Company decreased from INR 436.0 Mn as of March 31, 2020 to INR 309.0 Mn as of September 30, 2020 on account of the following:

  - Decrease in Other current liabilities and provisions from INR 414.5 Mn as of March 31, 2020 to INR 277.6 Mn as of September 30, 2020.

- Debt Free Non-Cash Working Capital requirements (as a percent of revenues) decreased from 37.1 percent in FY 2020 to 22.6 percent for the 6-month period ending September 30, 2020 primarily on account of a significant reduction in other current assets.

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Section 04

External Environment

Economic Overview

Overview

A sound valuation of a business or business interest must consider current and prospective economic conditions, both in the overall economy and in the industry or industries with which the business is allied. An overview of the Indian economy in recent years, as well as consideration of certain forecasted data is discussed herein.

Coronavirus Impact

The outbreak of coronavirus (a.k.a., COVID-19) has generated an unprecedented reaction in both financial markets and the real economy. On March 11, 2020, the World Health Organization (WHO) announced that it was changing its classification of COVID-19 to a "pandemic", which meant the disease was spreading rapidly to different parts of the world. Real gross domestic product (GDP, i.e., output adjusted for the impact of inflation) projections have been slashed, with several sources predicting a global recession in 2020. Major central banks have begun to implement quantitative easing ("QE") and other crisis-related monetary policy measures last employed in the aftermath of the 2008-2009 global financial crisis, as well as some new and untested measures. Because of the normal lag in the release of economic data, the discussion in this section will not be fully reflective of the impact of COVID-19 on the economic outlook.

Economic Overview - India

According to ICRA, a rating agency, the Indian economy had started to recover from the troughs experienced in April 2020, when the lockdown was at its severest, and many sectors seemed to be adjusting to a new normal. However, the unabated rise in Covid-19 infections in the unlock phase and localized re-imposition of lockdowns in several states, have interrupted this recovery. The rating agency said the pandemic will likely result in deeper contractions in the second and third quarter of the fiscal and a longer recovery timeline. The timeline for a firmer recovery out of the contractionary phase is now being pushed ahead to at least Q4 FY 2021 from Q3 FY 2021. This presumes that a vaccine will be widely available by then, which now appears necessary for discretionary consumption to recover in certain sectors.[1]

[1] ICRA projects Indian economy to contract 9.5% in 2020-'21, cites rising coronavirus cases, lockdown, Scroll.in, July 2020

India's economic performance can be understood by the following factors:

Gross Domestic Product[2]

- According to National Statistical Office, India's Gross Domestic Product (GDP) contracted by 23.9 percent in the April to June 2020 quarter in comparison to the same period last year.
- The contraction reflects the severe impact of the COVID-19 lockdown, which halted most economic activities, as well as the slowdown trend of the economy even pre-COVID-19.
- Agriculture was the only sector which recorded modest growth of 3.4 percent in year on year terms. All other sectors saw contraction, with the steepest fall coming from the 50.0 percent in construction, and 47.0 percent fall in trade, hotels, transport and communication. Manufacturing shrank more than 39.0 percent, while mining and quarrying dropped 23.0 percent.
- On the expenditure side, private consumption fell 26.7 percent, while investments, as reflected by gross fixed capital formation plunged 47.0 percent, and exports contracted almost 20.0 percent. Government final consumption expenditure grew 16.4 percent.

Inflation[3]

- According to the data released by the Ministry of Statistics & Programme Implementation, India's retail inflation, which is measured by the Consumer Price Index grew 6.69 percent in the month of August 2020.
- The retail inflation has grown beyond the Reserve Bank of India's (RBI) upper margin of 6.0 percent. The government has mandated the Indian central bank to keep inflation within the range of 4.0 percent with a margin of 2.0 percent on either side.
- The Consumer Food Price Index or the inflation in the food basket decreased to 9.05 percent in the month of August.

Monetary Condition[4]

- The Reserve Bank of India (RBI)'s Monetary Policy Committee (MPC) in its August 2020 meeting kept repo rate untouched at 4.0 percent and reverse repo rate 3.35 percent while maintaining accommodative stance.
- The MPC has cumulatively cut the repo rate by 115 basis points (bps) over last two meetings, resulting in total policy rate reduction of 250 bps since February 2019, with an aim to boost economic growth.

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[2] GDP contracts by record 23.9% in Q1, The Hindu, Aug 2020

[3] India CPI Retail Inflation Rate August 2020: Govt data shows retail inflation grew 6.69% in August, Indian Express, Sept 2020

[4] RBI keeps repo rate unchanged: Key things to know, Times of India, Aug 2020

Foreign Trade[5]

- India's overall exports (Merchandise and Services combined) in April-August 2020 are estimated to be USD 182.1 Bn, exhibiting a negative growth of 19.32 percent over the same period last year.
- Overall imports in April-August 2020-21 are estimated to be USD 167.9 Bn, exhibiting a negative growth of 38.0 percent over the same period last year.

Growth Potential[6]

The economic outlook for India by the IHS is illustrated below:

	FY20A	FY21E	FY22E	FY23E	FY24E
Real GDP Growth (%)	4.23	-10.81	9.25	5.36	5.86
CPI Inflation (Average Consumer Prices)	3.72	6.39	5.29	6.08	5.82

Future Outlook[7]

According to the Asian Development Bank ("ADB"), India's economy will degrow by 9.0 percent in FY2021, due to lockdowns stalling private spending. Other downside risks include increasing public and private debt levels that could affect technology and infrastructure investment, as well as rising non-performing loans caused by the pandemic that could further weaken the financial sector and its ability to support economic growth.

S&P Global Ratings also forecasted FY21 growth for India to -9.0 percent, saying that rising COVID-19 cases would keep private spending and investment lower for longer. Two other global rating agencies Moody's and Fitch projected the Indian economy to contract 11.5 percent and 10.5 percent respectively in the current fiscal.

Inflation is expected to fall in the remainder of FY21 to 4.5 percent with tamed food prices and decreased economic activity, and then further decline to 4.0 percent in the next fiscal.

[5] INDIA'S FOREIGN TRADE: JUNE2020, Ministry of Commerce & Industry, August 2020
[6] IHS Markit, World Economic Overview, Sept 2020
[7] Indian economy to shrink 9 per cent in FY21: ADB, Financial Express, Sept 2020

Industry Overview

Industry Overview[8]

Insurance Industry in India[9]

The Indian insurance sector in India when compared to the developed and emerging economies is highly under penetrated with insurance penetration of 3.69 percent and density of USD 73.0. Gross premiums written in India reached USD 108.4 Bn in FY20, with USD 81.3 Bn from life insurance and USD 27.1 Bn from non-life insurance policies.

According to the MarketLine report on Non-Life insurance market in India, Non-Life insurance market in India was valued at USD 26.6 Bn recording a growth of 15.2 percent in FY18 and a CAGR of 19.5 percent from FY14 to FY18. In 2023, the Indian non-life insurance market is forecast to have a value of USD 42.0 Bn, an increase of 57.9 percent since 2018.

The Motor segment was the market's most lucrative in 2018, with total gross written premiums of USD 14.1 Bn, equivalent to 53.2 percent of the market's overall value. The Property segment contributed gross written premiums of USD 3.1 Bn in 2018, equating to 11.6 percent of the market's aggregate value

The performance of the market is forecast to decelerate, with an anticipated CAGR of 9.6 percent for the five-year period 2018 - 2023, which is expected to drive the market to a value of USD 42.0 Bn by the end of 2023[10].

Insurance Broking

Key Drivers[11]

Following are the key drivers for the non-life insurance space in India:

- Economic Growth and rise of private insurers – Increasing young population with higher purchasing power will lead to a demand for insurance products. Also, market share of private insurers has been increasing in the past few years resulting in superior customer service, faster claims settlement and proactive regulatory measures which created new avenues for growth and eased restrictions on existing product categories.
- Online Distribution Channel – Increasing internet user base, online channel has the potential to become a strong distribution channel. Further, IRDAI has also made digitization of insurance policies mandatory and it is expected that in the next five years, around 75.0 percent of the policies will be sold through

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[8] Intermediaries Handbook, IRDAI
[9] IBEF Report on Indian Insurance Industry, September 2020
[10] Report on Non-Life Insurance Market in India by Market Line | February 2020
[11] Research on India Report, October 2018

online platforms. This has also enabled an overall reduction in the cost of insurance.

- Innovative Products for new age risks – In this age of social media, corporates / brands expect that insurance service providers cover the damages caused due to unfavorable social media posts or content, including those by their own employees (E.g. Directors and officer's liability insurance)
- Growth in related industries – Growing demand for cars with higher purchasing power and rising young working population will boost the motor insurance, as it is compulsory in India. Further, growth in health awareness, and rising inclination towards preventive healthcare are also encouraging demand for the health insurance products.

Competitive Landscape[12]

FY19 saw a capital infusion of INR 22,150.0 Mn which has increased by ~22.0 percent vis-à-vis FY18. In FY19, 5 Standalone Health Insurers ("SHI") have infused capital. Reliance Health is a new entrant in the SHI squad. Amongst the PSU's, ECGC and New India have infused capital in FY18. A total of 18 companies have infused fresh capital in FY19. New India Assurance Company Ltd, ICICI Lombard General Insurance Corporation of India are the only listed non-life insurance companies. While Capital infusion is essential for the financial health of the company, it also facilitates expansion and developmental activities.

The broking channel in the Non-Life insurance has recorded the highest growth of 18.0 percent, followed by direct business channel's growth 17.0 percent and Corporate agents' channel growth at 13.0 percent.

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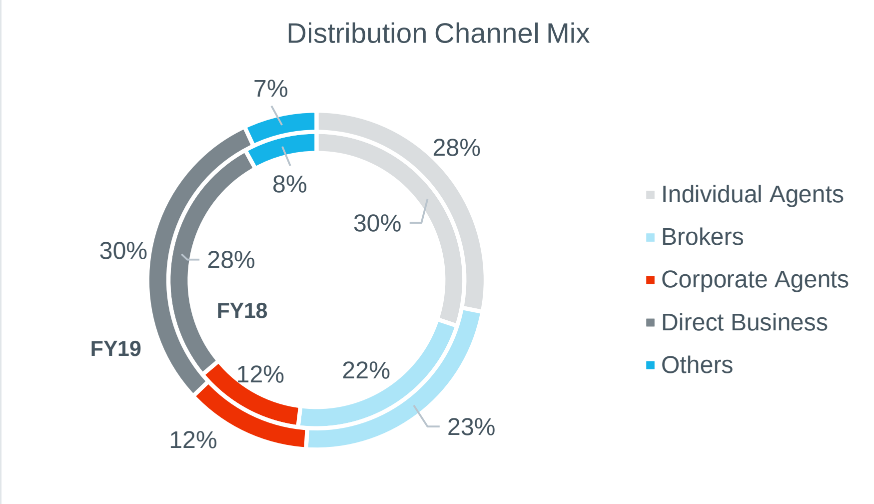
[12] Indiainsure Report, March 2020

The distribution channel mix is as shown below:



In the brokers segment, there are about sixty-one composite brokers (one who sells both direct insurance and reinsurance products) in India registered with IRDAI, of which top ten companies (based on revenue) constitute more than 70.0 percent of the total revenue of the industry. This is presented below -

List of Composite brokers in India[13]	Market Share	Revenue (FY19)[14]
Marsh India Insurance Brokers Pvt. Ltd	14.6%	4,804.1
Aditya Birla Insurance Brokers Ltd.	13.6%	4,487.0
Mahindra Insurance Brokers Ltd.	9.8%	3,233.6
Toyota Tsusho Insurance Broker (India) Pvt Ltd	7.3%	2,392.1
Tata Motors Insurance Broking & Advisory Services Ltd	6.1%	1,996.2
K.M. Dastur Reinsurance Brokers Private Limited	5.9%	1,940.7
Global Insurance Brokers Private Limited	4.3%	1,415.7
Willis Towers Watson India Insurance Brokers Pvt. Ltd	3.3%	1,073.2
Prudent Ins. Brokers Private Limited	3.2%	1,056.0
Bajaj Capital Ins. Broking Ltd.	3.1%	1,023.4
Others	25.0%	8,229.1
Total	**100.0%**	**31,651.1**

[13] IRDAI website.
[14] Private Circle Database

Impact of Covid-19

Recent outbreak of diseases like Covid-19 has led to more awareness among people towards insurance and a majority of them are now considering it as a necessity to be ready (at least for future) for such unforeseen situations. Before the outbreak of coronavirus pandemic in India, only 10.0 percent of people were interested in buying insurance to cover healthcare emergencies including infectious and pandemic diseases, but now 71.0 percent people consider health insurance as a necessity to fight unforeseen pandemics like Covid-19.[15]

As per the General Insurance Council, the health insurance premium segment amounted to 32.7 per cent of the total general insurance market in July 2020. Before the pandemic, people were content with a health policy of INR 5.0 lakh but looking at how high the treatment cost of COVID-19 can get, most of them are now choosing to opt for a sum insured of at least INR 10.0 lakh. Besides, health insurance policy with a higher sum insured has also become more affordable today.

Going by the predictions, the health insurance industry is expected to keep growing as long as the pandemic continues to create a need for a health cover for everyone.[16]

Outlook[17]

Insurance cover for employee benefit plans, fire, engineering, property, or marine had seen a drop because of the slowdown. However, due to the announcement of making health plans mandatory for employees, a rise in the product can be anticipated. Moreover, due to a natural disaster, Amphan and other perils causing gas leakage and fire in a chemical plant, there could be a significant rise in this category and will continue to grow at a gradual rate.

The silver lining for the insurance industry will be on the health business side, this segment is likely to accelerate going forward. Investors are recognizing the importance of health insurance after the recent unprecedented crisis. Health insurance has a market share of around 26.0-28.0 percent in the non-life insurance industry. Having said that, exact implications on general insurance will be uncovered as the economic situation progresses.

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[15] COVID-19 impact: Here's why insurance may never be the same again, Indian Express, Sept 2020
[16] Coronavirus: How COVID-19 Pandemic Turned the Tables for Health Insurance in India? The Stateman, Sept 2020
[17] How Covid-19 has changed the direction of life and non-life insurance, Financial Express, June 2020

Section 05

Equity Valuation of Anviti Insurance Brokers Private Limited

Valuation Approach

Valuation Approach

In estimating the fair value of equity shares of Anviti, I have evaluated the suitability of the three approaches to value (described in section 2 of this report). Considering the nature of the business and stage of the Company, I have considered the Income approach to value the equity shares.

Market approach was considered but could not be relied upon on account of the following factors:

- Guideline Public Company Method could not be considered due to lack of pureplay publicly listed insurance brokers.
- Guideline Transactions Method was not considered due to paucity of recent transactions in Insurance broking space.

Cost approach was not considered appropriate on account of the following factors:

- The approach fails to capture the Going Concern Value of the Company; and
- The value embedded in the Company's workforce and intangible assets such as internally developed brands, distributor relationship etc., does not get captured, as the same is not reflected in a company's balance sheet.

Income Approach – Discounted Cash Flow Method

Income Approach – Discounted Cash Flow (DCF) Method

A DCF analysis provides an indication of the value of a business by reference to the present value of the future cash flows which are expected to arise from the business asset's operations.

I have used a Free Cash Flow to Firm ("FCFF") method to arrive at the fair value of the enterprise of Anviti owing to the nature of its operations. This method involves discounting of the future forecasted free cash flows to the firm using cost of capital to arrive at the firm value. This involves the following steps:

- Estimating the cash flows in the discrete forecast periods;
- Determining an appropriate discount rate to reflect the present-day value of money and risk; and
- Discounting the discrete free cash flows to arrive at their Net Present Value ("NPV").

Since cash flow projections can only be prepared for a definite period, the valuation will not capture the cash generating capacity of the business beyond the projection period and also the whole concept of going concern will not be considered. Hence, a terminal value is considered to capture value beyond the projection period through to perpetuity.

The terminal value is estimated taking into consideration the past growth rates of the business, economic life cycle of the business, the expected growth rates in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

Prospective Financial Information – Discrete Period Assumptions

Management has provided financial projections for the period starting FY 2021 until FY 2025 (“discrete period”). Based on my discussions with the Management, I note the following key drivers for estimating the future free cash flows available to the firm:

- **Revenues**: Revenues for FY 2021 are expected to be INR 1,000.0 Mn, implying a y-o-y growth of 38.7 percent. Thereafter, revenues are projected to increase to INR 3,335.0 Mn by FY 2025, representing a compound annual growth rate (“CAGR”) of 35.1 percent for FY 2021-25 period. FY 2021 revenues are positively impacted by the COVID-19 pandemic, in line with the industry expectations of growth in General Insurance sector[18]. While in the past, MNC business has been the key contributor to the Company’s performance, the revenue mix is expected to be increasingly skewed towards domestic business going forward.

- **EBITDA Margin**: The Company is estimated to break-even in FY 2021, primarily due to high contribution of MNC business which is a higher margin business compared to domestic business.

  Going forward, EBITDA margins are projected to increase from 5.9 percent in FY 2022 to 22.1 percent by FY 2025. The expected margin expansion is mainly attributable to Improvement in sales per employee and fixed costs being spread over a larger revenue base.

  However, the Company is expected to invest in manpower to grow the domestic business leading to a gradual improvement in margins before reaching normalized margins of 22.1 percent by FY 2025.

- **Estimated Income Taxes:** Statutory corporate tax rate of India applicable to the Company was considered to arrive at income tax expenses in the discrete period after adjusting for unaccumulated losses and unabsorbed depreciation, as provided by the Management.

- **Capital Expenditure and Depreciation**: Capital expenditures primarily pertains to acquisition cost of computers and related equipments. These are estimated to be depreciated over a period of 3 years.

[18] Various industry reports, Thomson Reuters

- **Debt Free Non-Cash Net Working Capital (DFNWC):** The working capital that were considered in cash flow calculations reflect the debt-free, non-cash net working capital necessary to run the business.

  Working Capital requirements (as a percent of revenues) are expected to improve from 28.7 percent as of FY 2021 to 22.7 percent by the end of FY 2025 primarily on account of improvement in collections.

Prospective Financial Information – Terminal Period Assumptions

The terminal value has been computed using the Gordon Growth model and has been applied to normalized cash flows. I have made the following specific assumptions for the terminal period:

- Revenue are expected to grow at a long-term growth rate ("LTGR") of 4.0 percent considering the projected growth and inflation of the Indian economy.
- Sustainable EBITDA margin is projected to be 22.0 percent based on FY 2025 expected EBITDA margin and benchmarking with guideline public companies.
- A tax rate of 25.2 percent, the statutory corporate tax rate of India, has been considered for the Company.
- Capital expenditure was considered to be maintenance in nature and equated to depreciation.
- Working capital requirements have been considered to be 22.7 percent, i.e., ~2.8 months of normalized revenues.

Discount Rate

The estimated free cash flows to the firm were discounted to present value using a Weighted Average Cost of Capital ("WACC"). The sum of the discounted present value of cash flows along with the present value of discounted terminal value is the estimated Enterprise Value ("EV") of the Company. I have discounted the free cash flows to the firm using a discount rate of 24.5 percent (please see Appendix C).

Income Approach – Summary

The indicated EV for Anviti as implied under the Discounted Cash Flow Method is INR 1,350.0 Mn. Detailed analysis is presented in Exhibit 2 of this report.

Section 06

Valuation Conclusion

Fair Value of Equity Shares of Anviti

Fair Value of Equity Shares of Anviti

Considering the nature and reliability of data, I have used only the Discounted Cash Flow Method under the Income Approach to arrive at the estimated enterprise value.

The indicated enterprise value was further adjusted for non-operating assets such as cash and cash equivalents to arrive at the estimated Fair Value of Equity of Anviti.

The per share fair value of equity of Anviti as of September 30, 2020 is concluded to be INR 16.2 (i.e. Indian Rupees Sixteen and Twenty Paise).

Valuation Approach	Weight	Value (INR Mn)
Income Approach: Discounted Cash Flow Method	100.0%	1,350.0
Indicated Enterprise Value		**1,350.0**
Add: Cash and Cash Equivalents		350.0
Indicated Value of Equity		**1,700.0**
Concluded Fair Value of Equity of Anviti (Rounded)		1,700.0
Number of Shares outstanding as of Valuation Date		105,000,000
Concluded Fair Value of Equity per share (INR)		16.2

Valuation Summary is presented in Exhibit 1. Please refer Exhibit 2 for detailed analysis.

No third party shall have the right of reliance on this report and neither receipt nor possession of this report by any third party shall create any express or implied third-party beneficiary rights.

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Section 07

Appendices

A. Sources of Information

A. Sources of Information

During my valuation analysis, I have relied upon financial and other information, obtained from Management and from various public, financial, and industry sources. My conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing my valuation include:

- Historical audited financial statements of the Company for the financial years ended March 31, 2018, March 31, 2019 and March 31, 2020;
- Provisional unaudited financial statements of the Company for the six months ended September 30, 2020;
- Prospective financial information provided by the Company in consultation with the Management;
- Bloomberg database covering financial markets, commodities and news
- S&P Capita IQ's database for publicly traded companies and comparable transactions;
- Merger Market and Private Circle for comparable transactions; and
- Publicly available information (i.e. analyst reports, articles, studies, websites and court cases).

RV has relied upon the information provided to it and referred to above and has not endeavoured to seek any independent confirmation of its reliability, accuracy or completeness. It does not imply, and it should not be construed, that RV has carried out any form of audit or other verification of the information that it has relied upon. RV notes that he has not conducted any audit of the financial model/ business plan of the Company.

Accordingly, whilst the statements made in this report are given in good faith, RV, does not accept any responsibility for any errors in the information on which they are based nor for the effect of any such errors on the valuation.

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B. Guideline Public Companies

B. Guideline Public Companies Descriptions

As mentioned earlier, I could not find pureplay publicly listed companies in India operating as insurance brokers. Hence, I expanded my search to include publicly listed companies engaged into providing insurance and risk management solutions globally. Below is the list of companies identified as guideline public companies considered for my discount rate analysis.

Company	Business Description
Marsh & McLennan Companies, Inc.	Marsh & McLennan Companies, Inc. is a professional services company which provides advice and solutions to clients in the areas of risk, strategy, and people worldwide. It operates in two segments, Risk and Insurance Services, and Consulting. The Risk and Insurance Services segment offers risk management services, such as risk advice, risk transfer, and risk control and mitigation solutions, as well as insurance, reinsurance broking, catastrophe and financial modeling, and related advisory services; and insurance program management services. This segment serves businesses, public entities, insurance companies, associations, professional services organizations, and private clients. The company was founded in 1871 and is headquartered in New York, New York.
Aon plc	Aon plc is a professional services firm which provides advisory and solutions based on risk, retirement, and health to clients. It offers commercial risk solutions, including retail brokerage, cyber, and global risk consulting solutions, as well as acts as a captive insurance provider; and health solutions, such as health and benefits brokerages, and health care exchanges. The company also provides reinsurance solutions, such as treaty and facultative reinsurance, as well as investment banking services, including mergers and acquisition, capital raising, strategic advisory, restructuring, and recapitalization services; insurance-linked securities; and corporate finance advisory services, capital markets solutions, and risk management products. Aon plc was founded in 1919 and is headquartered in London, the United Kingdom.
Arthur J. Gallagher & Co.	Arthur J. Gallagher & Co. provides insurance brokerage, consulting, and third-party claims settlement and administration services to entities in the United States and internationally. Its Brokerage segment consists of retail and wholesale insurance brokerage operations. It offers brokerage and consulting services to businesses and organizations, including commercial, not-for-profit, and public entities, as well as individuals in the areas of insurance placement, risk of loss management, and management of employer sponsored benefit programs. This segment also assists retail brokers and other non-affiliated brokers in the placement of specialized and hard-to-place insurance; acts as a brokerage wholesaler and managing general agent or managing general underwriter distributing specialized insurance coverage's for underwriting enterprises. Arthur J. Gallagher & Co. was founded in 1927 and is headquartered in Rolling Meadows, Illinois.

Company	Business Description
Brown & Brown, Inc.	Brown & Brown, Inc. markets and sells insurance products and services in the United States, England, Canada, Bermuda, and the Cayman Islands. It operates through four segments: Retail, National Programs, Wholesale Brokerage, and Services. The Retail segment offers commercial packages, group medical, workers' compensation, property risk, and general liability insurance products; and group and individual life. The National Programs segment offers professional liability and related package insurance products for dentists, oral surgeons, hygienists, lawyers, optometrists, opticians, ophthalmologists, insurance agents, financial advisors, registered representatives, securities broker-dealers, benefit administrators, real estate title agents, and escrow agents, as well as supplementary insurance products related to weddings, events, medical facilities, and cyber liabilities. This segment also offers outsourced product development, marketing, underwriting, actuarial, compliance, and claims and others. Brown & Brown, Inc. was founded in 1939 and is headquartered in Daytona Beach, Florida.
Willis Towers Watson Public Limited Company	Willis Towers Watson Public Limited Company operates as an advisory, broking, and solutions company worldwide. The company's Human Capital and Benefits segment offers actuarial support, plan design, and administrative services for traditional pension and retirement savings plans; plan management consulting, broking, and administration services for health and group benefit programs; and benefits outsourcing services. It also provides advice, data, software, and products to address clients' total rewards and talent issues. Its Corporate Risk and Broking segment offer risk advice, insurance brokerage, and consulting services in the areas of property and casualty, financial lines, transport, and facultative. The company's Investment, Risk and Reinsurance segment offers capital markets-based products to insurance and reinsurance companies. Willis Towers Watson Public Limited Company was founded in 1828 and is based in London, the United Kingdom.

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C. Derivation of Discount Rate

C. Derivation of Discount Rate

When applying the DCF methodology, the cash flows expected to be generated by a business is discounted to their present value equivalent using a rate of return that reflects the relative risk of the investment, as well as the time value of money.

Since I am discounting free cash flows available to all the stakeholders, I have used a Weighted Average Cost of Capital as the discount rate. WACC is calculated by multiplying cost of equity and cost of debt with their respective weights in the overall capital structure of the Company and adding both.

Weighted Average Cost of Capital

WACC provides an expected rate of return based on the capital structure, the required return on the equity, and the required yield on the interest-bearing debt. Since value is premised on a current transaction between willing parties, industry specific estimates relative to capital structure, required return on equity, and required yield on interest-bearing debt have been applied.

The formula for calculating the weighted average cost of capital is:

WACC	=	$K_e * W_e + K_d * (1-t) * W_d$
Where,		
K_e	=	Cost of equity
W_e	=	Equity weight in the total capital
W_e	=	Cost of debt
T	=	Tax rate
W_d	=	Debt weight in the total capital

The derivation of each of the inputs into the model is described below.

Cost of Equity (K_e)

Due to lack of publicly listed pure-play insurance brokers in India, I have considered an International Cost of Capital (“ICOC”) based on a US build-up. The indicated base cost of equity is estimated using a Capital Asset Pricing Model (“CAPM”). It also factors in the country risk premium for India based on a Country Yield Spread model.

The CAPM uses a risk-free rate of return and an appropriate market risk premium for equity investments and the specific risks of the investment. As part of the analysis, five guideline companies were selected and studied, as discussed previously in Appendix B.

The CAPM can be expressed as follows:

$K_e = R_f + ß \times (ERP) + \text{Implied CRP}$

Where

K_e	=	Cost of equity (Base)			
R_f	=	Risk-free rate of return	=	2.5%	The yield on the Normalized US 20-Year treasury Bond Yield as of the Valuation Date was used for the risk-free rate. (Source: D&P ERP Study).
β	=	Beta	=	0.72	Beta is a measure of the risk of a given security relative to that of the overall market. The concluded beta is based on the median of the unlevered beta(s) of the selected guideline public companies, which was then re-levered based on the concluded capital structure.
ERP	=	Equity risk premium	=	6.0%	The equity risk premium is estimated based on consideration of historical realized returns on equity investments over a risk-free rate as represented by 20-year government bond and forward-looking equity risk premium estimates. Data sources reviewed generated a range of equity risk premium indications. However, a 6.0 percent equity risk premium for the U.S. was considered to reasonably represent a consensus viewpoint of the market equity risk premium (Source: Duff & Phelps Valuation Handbook 2020).
CRP	=	Implied Country Risk Premium	=	2.2%	The CRP represents the difference between the yield-to-maturity on a foreign country government bond (issued in the home country's currency) and the yield-to-maturity on a home country government bond with a similar maturity.

All factors relevant to the K_e calculation are based on publicly available sources and considered reliable.

International Fisher's Effect

The base cost of equity is then adjusted for the International Fisher Effect, an economic hypothesis stating that the real interest rate is equal to the nominal rate minus the expected rate of inflation.

The indicated base K_e has been adjusted for differences in inflation between the US and India based on the International Fisher's theory, as stated above.

International Fisher's Effect	K_e
Indicated Base Cost of Equity (K_e)	9.0%
International Fisher's Effect	
US's Long-Term Avg Inflation Rate	2.2%
India's Long-Term Avg Inflation Rate	4.7%
K_e after International Fisher's Effect	**11.7%**

Lastly, the indicated base cost of equity (after International Fisher Effect adjustment) is adjusted for Size Premium and Company Specific Risk Premium.

Size Premium

A size premium of 10.9 percent was considered based on the 10z decile according to the market capitalization. This adjustment factor is sourced from Size Premium Study as per the Duff & Phelps Cost of Capital Navigator as of the Valuation Date.

Company Specific Risk Premium

A CSRP of 2.0 percent was considered to account for company specific risk factors affecting a company's competitive position in the industry and high revenue growth expectations as well as margin expansion in the discrete period.

Cost of Equity – Concluded

The concluded cost of equity for the Company is presented below:

Particulars	K_e (after Fisher's effect)	Size Premium	CSRP	Concluded K_e
Anviti	11.7%	10.9%	2.0%	24.6%

Cost of Debt (K_d)

The pre-tax cost of debt of 11.0 percent is arrived by adding a spread of 50 basis points to the FIMMDA BBB Corporate Bond Yield in India. The after-tax cost of debt is estimated to be 8.2 percent based on a marginal tax rate of 25.2 percent applicable to the Company.

Capital Structure

RV looked at the average capital structure of guideline public companies (as listed in Appendix B) and the current capital structure of the Company to conclude on the appropriate capital structure for the Company.

Based on the nature of business and the current capital structure of the Company, below capital structure was considered appropriate.

Debt	Equity	Capital Structure
0.0	100.0	0:100

Concluded Discount Rate

Based on the above inputs, Weighted Average Cost of Capital for the Company is concluded to be 24.5 percent, as presented below.

K_e	K_d (after tax)	Capital Structure	WACC (rounded)
24.6%	8.2%	0:100	24.5%

For detailed analysis, please refer to Workpaper 2 of this report.

Discount Rate Benchmarking

The concluded discount rate was found consistent with several studies which illustrates average rates of return expected by various types of venture capital funds, as presented below:

	Long term expected return	
Type of Fund	2002	2008
Seed / Early Stage[19]	34.9%	25.5%
Balanced [20]	20.9%	12.0%
Later stage [21]	21.6%	7.3%
All Ventures	26.3%	13.4%

[19] Venture Economics uses the term seed stage to refer to enterprises that have not yet fully established commercial operations and may involve continued research and development. Venture Economics uses the term early stage to refer to enterprises involved in product development and initial marketing, manufacturing, and sales activities.

[20] Venture Economics uses the term balanced to refer to enterprises at a variety of stages of development (seed stage, early stage, later stage).

[21] Venture Economics uses the term later stage to refer to enterprises that are producing, shipping, and increasing sales volume

D. Assumptions and Limiting Conditions

D. Assumptions and Limiting Conditions

This service was performed with the following general assumptions and limiting conditions.

RV's valuation report for the fair value of equity shares of Anviti does not constitute an audit in accordance with auditing standards. RV has relied on explanations and information provided by the Management and accepted the information and projections provided to RV as accurate. Although, RV has reviewed such data for consistency and reasonableness, RV has not independently assessed or otherwise verified the data provided. Nothing has come to RV's attention to indicate that the information provided had material miss-statements or would not afford reasonable grounds upon which to base the report.

RV's valuation is primarily from a business perspective and has not considered various legal and other corporate structures beyond the limited information made available.

RV has relied on data from external sources. These sources are considered to be reliable and therefore, RV assumes no liability for the accuracy of the data. RV has assumed that the business continues normally without any disruptions due to statutory or other external/ internal occurrences.

The scope of work has been limited both in terms of the areas of the business and operations which have been reviewed. There may be matters, other than those noted in this report, which might be relevant in the context of the transaction and which a wider scope might uncover.

This report is issued on the understanding that Management has drawn my attention to all matters of which they are aware concerning the financial position of the businesses, which may have an impact on this report up to the date of issue. RV has no responsibility to update this report for events and circumstances occurring after the date of this report.

The valuation has been carried out independently to assess the fair value of equity shares of Anviti. RV has no present or planned future interest in Anviti or any of its group companies and the fee for this report is not contingent upon the values reported herein. RV's valuation should not be construed as investment advice; specifically, RV does not express any estimate on the suitability or otherwise of entering into any transaction with Anviti.

These are the conditions and assumptions upon which RV's reports are normally prepared and form an integral part of RV's appointment together with RV's related Engagement Letter and Terms of Engagement. These conditions and assumptions apply to the report that is the subject of this instruction. RV has made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement but rather, treated as “a supposition taken to be true”. In the event that any of these assumptions prove to be incorrect then RV’s estimate of value will need to be reviewed.

Anviti is the sole intended user of this report, and the use of the report is restricted for the purpose indicated herein. This restriction does not preclude Anviti from providing a copy of the report to third parties whose review would be consistent with the intended use. RV is not responsible for the unauthorized use of this report.

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