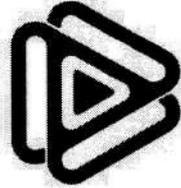


**VALUATION OF SERIES E3 CUMULATIVE COMPULSORILY
CONVERTIBLE PREFERENCE SHARES**

OF



SHIPROCKET PRIVATE LIMITED

Plot No. B, Khasra No.360, Sultanpur,
New Delhi – 110030, Delhi, India

AS ON December 12, 2024

-: REGISTERED VALUER: -

RV SHREYANSH M JAIN

Registered Valuer (S & FA)

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

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RV SHREYANSH M JAIN

Registered Valuer (SFA)

REF: - RV/SMJ/SPL/2024-25

December 12, 2024

To,
Board of Directors
Shiprocket Private Limited
Plot No. B, Khasra No.360, Sultanpur,
New Delhi-110030, Delhi, India

Dear Sir,

Subject – Valuation of Series E3 Cumulative Compulsorily Convertible Preference Shares (Series E3 CCPS) for the purpose of proposed issue of Series E3 CCPS under provisions of Companies Act, 2013.

Shiprocket Private Limited (hereinafter referred to as "Shiprocket", "SPL", "Company", "you", "your") has appointed Shreyansh M Jain, Registered Valuer (SFA) registered with IBBI having Registration Number - IBBI/RV/03/2019/12124 (hereinafter referred to as "Valuer", "I", "me" or "my") vide engagement letter dated September 11, 2024 to arrive at the fair value of Series E3 Cumulative Compulsorily Convertible Preference Shares (Series E3 CCPS) for the purpose of proposed issue of Series E3 CCPS under Section 62(1)(c), Section 42 of Companies Act, 2013, read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014.

Please find enclosed the report (comprising 22 pages) detailing my recommendation of fair value of Series E3 CCPS, the methodologies employed and the assumptions used in my analysis.

This report sets out my scope of work, background, sources of information, procedures performed by me and my opinion on the value analysis of the Series E3 CCPS for the purpose of issue of Series E3 CCPS of the company.

Date: 12/12/2024

Place: Surat



Shreyansh M Jain

CP No.: ICSIRVO/SFA/38

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

RV SHREYANSH M JAIN

Registered Valuer (SFA)

TABLE OF CONTENTS

1. BACKGROUND OF COMPANY.....	4
2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY.....	8
3. IDENTITY OF THE REGISTERED VALUER.....	9
4. USE OF WORK OF EXPERT	9
5. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT.....	9
6. DATE OF APPOINTMENT, VALUATION DATE AND DATE OF THE VALUATION REPORT	9
7. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN	9
8. NATURE AND SOURCES OF THE INFORMATION USED OR RELIED UPON	9
9. PROCEDURES ADOPTED IN CARRYING OUT VALUATION.....	10
10. VALUATION METHODOLOGY USED	13
11. RESTRICTIONS ON USE OF THE VALUATION REPORT	19
12. MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION	19
13. CONCLUSION.....	19
14. LIMITING FACTORS.....	20
ANNEXURE-A	22



RV SHREYANSH M JAIN

Registered Valuer (SFA)

1. BACKGROUND OF COMPANY

Shiprocket Private Limited is a private limited company bearing CIN U72900DL2011PTC225614 and was incorporated on September 28, 2011. The registered office of the company is Plot No. B, Khasra No.360, Sultanpur, New Delhi-110030, Delhi, India.

Shiprocket is an e-commerce logistics and shipping software solution provider headquartered in New Delhi. It operates as a technology platform for business owners of various industries in India. It provides SaaS (Software as a service) solutions to retailers in India to enable them to sell online. Further, their innovative data-backed platform drives logistics efficiency, helps reduce cost, increases sales throughput by reducing RTO and improves post-order customer engagement and experience.

The shares and securities of Shiprocket India are not listed on any stock exchange. Further, Shiprocket India has four wholly owned subsidiaries i.e. Shiprocket Pte. Limited ("Shiprocket Singapore") which operate as global business of Shiprocket India, Shiprocket Omuni Private Limited ("Omuni"), Shiprocket Merchant App Private Limited ("SMAPL") and Pickrr Technologies Private Limited ("Pickrr").

During Q4 FY22, Shiprocket India acquired 64.1% stake in Glaucus Supply Chain Solutions Private Limited ("Glaucus" or "GSCSPL") for INR 741.9 million and 75.9% stake in Wigzo Technologies Private Limited ("Wigzo" or "WTPL") for INR 690.0 million. However, Shiprocket India had filled a scheme of amalgamation and arrangement to merge Glaucus with itself with appointed date of 01 April 2022. Further, the Management has represented to us that Glaucus has merged with Shiprocket India vide NCLT order dated 28 April 2023. Further, Shiprocket India purchased the business division of Wigzo vide BTA dated 20 September 2023 and disposed-off its investment in Wigzo in after the business transfer.

During FY23, Shiprocket India also acquired 100% stake in Shiprocket Omuni Limited ("Omuni" or "SOL") for INR 1,590.1 million and ~90% stake in Pickrr Technologies Private Limited ("Pickrr" or "PTPL") for ~INR 10,727 million. Further, on June 21, 2024, the Company acquired remaining ~10% stake in Pickrr for ~INR 1269.1 million.

(Shiprocket Singapore, Omuni and Pickrr are hereinafter referred to as "Shiprocket India Operating Companies"; Shiprocket India along with Shiprocket India Operating Companies is together referred to as "Shiprocket India Group".)

BRIEF ABOUT SHIPROCKET'S SUBSIDIARIES

❖ **Shiprocket Omuni Limited**

Shiprocket Omuni Limited or Omuni (previously known as Arvind Internet Limited), a wholly owned subsidiary of Shiprocket India, is an omnichannel commerce company. Omuni provides software-as-a-service and is working on next-gen platforms to create seamless fashion shopping journeys for customers that bridge the offline & digital worlds. It is India's largest omnichannel enablement company under the brand name **Omuni** and built by retail practitioners and industry insiders understanding the complexities of omnichannel retail transformations, both technological and operational.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

and thus optimizing customization to suit brands and retailers. It enables brands to create a unified retail ecosystem by providing a uniform commerce SaaS platform along with certain support services (such as transport, customer support etc.). It is built for plug-and-play deployment with Integrations API (for leading ERP, WMS, POS, website platforms, payment gateways, logistics partners, etc.) It connects physical network to digital store-fronts and bridges the gap between traditional retail tech & evolving retail tech to deliver seamless journeys for customer & close data loops.

During FY23, Shiprocket India has acquired 100% stake in Shiprocket Omuni Limited for consideration of INR 1,590.1 million. The share capital of Omuni as at the Valuation Date comprises of 3,30,55,600 equity shares with a face value of INR 10/- each.

❖ **Pickrr Technologies Private Limited**

Pickrr owns and operates a logistical platform under the brand name of '**Pickrr**'. It is engaged in providing logistics services to the customer. It offers delivery services of products to any location around the globe. Its services include reverse logistics, shipment status and financial analytics for business, multi-channel order processing, etc. Its dashboard provides business customers with reports and analytics to manage their business. It also takes care of picking up the product, packing it and shipping it to any destination. It also allows the customer to track the order. The company was founded in 2015 and is based in Gurgaon, Haryana.

During FY23, Shiprocket India acquired a ~90% stake in Pickrr for a consideration of INR 10,727 million. Further, I understand from the Management that Shiprocket India has entered into an agreement with promoters to acquire a balance 10% stake representing 2,274 equity shares from the promoters in 3 tranches on June 2023, October 2023 and June 2024 for a consideration of INR 635.1 million, 210.9 million and INR 423.1 million respectively.

I understand from the Management that it has acquired the remaining equity shares from the promoters of Pickrr in June 2024 and accordingly owns 100.0% of diluted shareholding as at Valuation Date.

In addition to above, the Company received an approval on July 15, 2024 from the National Company Law Tribunal, New Delhi for the Scheme the Arrangement filed for the demerger of the "Shipping Business" of Pickrr into the Company.

❖ **Shiprocket Merchant App Private Limited ('Shiprocket Merchant')**

Shiprocket Merchant is the wholly owned subsidiary of Shiprocket. It is engaged in the business of operating as a seller app on the Open Network for Digital Commerce (ONDC) network for independent third-party retailers/sellers.

❖ **Shiprocket Pte. Limited ('Shiprocket Pte.')**

Shiprocket Pte. Limited is the wholly owned subsidiary of Shiprocket and was incorporated to carry out business operations globally. Currently, Shiprocket Pte. does not carry out any significant business operations.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

❖ **Shiprocket Inc. ('Shiprocket Inc.')**

Shiprocket Inc. was incorporated on September 12, 2023 as a wholly owned subsidiary of the Shiprocket with an objective to to scale and expand the business internationally.

SECURITY HOLDING PATTERN OF THE COMPANY AS ON VALUATION DATE

The Company has issued and outstanding mix of equity shares, Series A to E2 Compulsorily Convertible Preference Shares and ESOPs as on the date of valuation.

The key terms of the existing Series A to E2 CCPS of the Company including the dividend rate, tenure, conversion terms, etc. is as follows:

Note: Terms not defined below shall carry the meaning as defined in their respective agreements.

Particulars	
Nature	Cumulative, Compulsorily Convertible Preference Shares
Dividend rate	0.0001% p.a.
Tenure	19 years
Voting	CCPS will carry voting rights pari-passu with the equity shares, on an as-if converted basis.
Conversion terms	CCPS may at any time be, fully or partly converted into equity shares at the sole option and discretion of the CCPS holder in the ratio 1:1* except for Series D1 CCPS**

**every 1 (One) CCPS shall get converted into 1 (One) equity share*

***every 1 (One) CCPS shall get converted into ~0.53 equity share*

The key terms of the Series E3 CCPS of the Company proposed to be issued including the dividend rate, tenure, conversion terms, etc. is as follows:

Note: Terms not defined below shall carry the meaning as defined in their respective agreements.

Particulars	
Nature	Cumulative, Compulsorily Convertible Preference Shares
Dividend rate	0.0001% p.a.
Tenure	Subject to compliance with Applicable Laws and conversion terms, each Series E3 CCPS from the date of its issuance shall have the maximum maturity period as may be permitted under Applicable Law, on the expiry of which, the Series E3 CCPS shall compulsorily and automatically convert into Equity Shares in accordance with Conversion terms.
Voting	CCPS will carry voting rights pari-passu with the equity shares, on an as-if converted basis.
Conversion terms	CCPS may at any time be, fully or partly converted into equity shares at the sole option and discretion of the CCPS holder in the ratio 1:1*

**every 1 (One) CCPS shall get converted into 1 (One) equity share*

(Source: Management)



RV SHREYANSH M JAIN

Registered Valuer (SFA)

The holding pattern of the shares outstanding as on the date of valuation on a fully diluted basis is set out below:

Name of shareholder	Number of shares	% holding	Number of diluted shares	% holding on a fully diluted basis
Equity shares (Face Value INR 10/- each)				
Promoters	2,99,893	46.1%	2,99,893	13.0%
ESOP Trust	1,16,511	17.9%	1,16,511	5.1%
ESOP Plan 2022	30,000	4.6%	30,000	1.3%
Others	2,04,409	31.4%	2,04,409	8.9%
Total equity shares	6,50,813	100.0%	6,50,813	28.3%
Compulsorily Convertible Preference Shares (CCPS)				
Series A (Face Value - INR 10)	90,781	5.3%	90,781	3.9%
Series B (Face Value - INR 332.99)	1,91,845	11.1%	1,91,845	8.3%
Series B1 (Face Value - INR 355)	4,43,100	25.7%	4,43,100	19.3%
Series C1 (Face Value - INR 355)	2,27,033	13.2%	2,27,033	9.9%
Series C2 (Face Value - INR 355)	94,968	5.5%	94,968	4.1%
Series C3 (Face Value - INR 355)	81,395	4.7%	81,395	3.5%
Series D1 (Face Value - INR 355)	1,67,148	9.7%	89,255	3.9%
Series E (Face Value - INR 355)	3,49,207	20.2%	3,49,207	15.2%
Series E2 (Face Value - INR 355)	80,706	4.7%	80,706	3.5%
Total preference shares	17,26,183	100.0%	16,48,290	71.7%
Total number of shares	23,76,996		22,99,103	100.0%

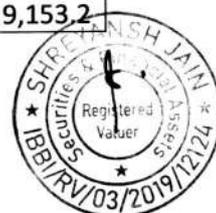
(Source: Management)

FINANCIAL OVERVIEW OF THE COMPANY

Balance Sheet as at

(Amount in INR million)

Particulars	30-Sep-24	31-Mar-24
	Management Certified	Audited
Share Capital		
Share capital	582.4	582.4
Reserve & surplus	12,301.4	12,279.3
Liabilities		
Lease liabilities	914.3	1,026.4
Short term borrowings	1,351.3	2,132.8
Trade payables	2,682.6	2,020.2
Other current liabilities	1,850.6	2,327.3
Provisions	174.3	143.7
Total equity & liabilities	19,857.1	20,512.2
Assets		
Non-Current Assets		
<u>Fixed assets</u>		
Tangible assets and intangible assets	257.0	305.0
Goodwill	9,153.1	9,153.2



RV SHREYANSH M JAIN

Registered Valuer (SFA)

Particulars	30-Sep-24	31-Mar-24
	Management Certified	Audited
ROU Asset	830.6	960.7
Non-current Investments	(0.0)	-
Other non-current assets	1,241.0	2,385.7
Current Assets		
Inventories	16.5	14.7
Trade receivables	1,469.0	1,170.6
Cash and cash equivalents	3,787.4	3,720.3
Current tax asset	258.9	307.9
Current Investments	151.3	145.9
Other current assets	2,692.4	2,347.5
Total assets	19,857.1	20,512.2

(Source: Management)

Profit and loss statement for the period ended

(Amount in INR million)

Particulars	30-Sep-24	31-Mar-24
	Management Certified	Audited
Period in months	6	12
Revenue from operations	8,184.7	13,159.8
Cost of sales	(6,182.0)	(10,123.5)
Employee cost	(1,535.1)	(4,307.9)
Other expenses	(719.0)	(1,662.1)
EBITDA	(251.4)	(2,933.7)
Depreciation & Amortization	(179.4)	(759.8)
EBIT	(430.8)	(4,209.3)
Finance cost (net)	(119.0)	(203.7)
Non-operating income/(expense)	197.1	418.6
PBT	(352.7)	(3,508.0)
Exceptional Items	-	(2,443.8)
Tax expense	-	-
PAT	(352.7)	(5,951.8)

(Source: Management)

2. PURPOSE OF THE VALUATION AND APPOINTING AUTHORITY

I have been informed by the management that the company is in the process of issue of Series E3 CCPS. Thus, a valuation report for the same is required under section 62(1)(c), Section 42 of Companies Act, 2013, read with Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014.

I have been appointed by Board of Directors of Shiprocket to provide a valuation report for the fair value of Series E3 CCPS of Shiprocket for the purpose referred above.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

3. IDENTITY OF THE REGISTERED VALUER

Name of the Valuer	RV Shreyansh M Jain
IBBI Registration Number	IBBI/RV/03/2019/12124
ICSI RVO Reg. No.	ICSIRVO/SFA/38
Address	II KAUTTILYA II Office No. 102, F.P. No. 327, Beside Rajni House, Khatodara, Surat-395002, Gujarat, India
Contact Email of RV	rvshreyanshmjain@gmail.com

4. USE OF WORK OF EXPERT

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

5. DISCLOSURE OF VALUER'S INTEREST OR CONFLICT

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

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

Date of appointment	September 11, 2024
Valuation date	December 12, 2024
Date of valuation report	December 12, 2024

7. INSPECTIONS AND/OR INVESTIGATIONS UNDERTAKEN

I have not carried out any inspection or independent verification of the information provided. I have relied on the publicly available information, management certified financial statements and other financial and non-financial information made available to me as well as the representations made to me in the course of this engagement.

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

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

A. Company Specific Information

- Brief history, present activities and business profile of the Company, etc.;
- Latest security holding pattern of the Company and Shiprocket Operating Companies, including the fully diluted basis as of the Valuation Date;
- List of Directors as at Valuation Date;
- Key terms of existing Series A to E2 CCPS of Shiprocket India including face value, dividend rate, tenure, conversion terms, etc.;
- Key terms of proposed Series E3 CCPS of Shiprocket India including face value, dividend rate, tenure, conversion terms, etc.;



RV SHREYANSH M JAIN

Registered Valuer (SFA)

- f) Key terms of existing CCPS of Shiprocket India Operating Companies including face value, dividend rate, tenure, conversion terms, etc.;
- g) Consolidated Audited Financial Statement of the Company for the year ending on March 31, 2024 and March 31, 2023;
- h) Consolidated Management Certified Financial Statement of the Company for the six months period from April 01, 2024 to September 30, 2024;
- i) Projections of the future profitability, capital expenditure and working capital requirement of Shiprocket India from October 1, 2024 to March 31, 2029;
(Annexure-A)
- j) Income tax return for Shiprocket India and Shiprocket India Operating Companies for FY24 including the statement of carried forward income tax and book losses available for set-off and details regarding tax WDV of the assets, tax losses carried forward and unabsorbed tax depreciation;
- k) Details regarding the employee stock options (ESOPs) as represented by the Management including its exercise price, terms of grant and issue, etc.;
- l) Discussions and correspondence with the Management in connection with the business operations of the Company, past trends, key developments, proposed future business plans and prospects, identification of companies having similar operating and financial parameters as that of the subject company and its operating companies, etc.;
- m) Management Representation Letter ("MRL").

B. Industry Information

- a) Information available in the public domain and databases; and
- b) Such other information and documents as provided by the Management for the purposes of this engagement.

In addition to the above, I have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation.

It may be mentioned that the Management has been provided with an opportunity to review factual information in my report as part of my standard practice to ensure that factual inaccuracies/ omissions etc. are avoided in my final signed report.

9. PROCEDURES ADOPTED IN CARRYING OUT VALUATION

As per the terms, the Series E3 CCPS proposed to be issued are convertible based on a conversion ratio. I have therefore for the purpose of our analysis considered that the value of a Series E3 CCPS is derived from the value of underlying equity share and have therefore conducted our value analysis accordingly.

The value analysis of the Company as at the Valuation Date has been carried out on a going concern basis. It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, I made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the companies themselves.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

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

The following are commonly used and accepted methods for determining the value of equity shares of a company:

- **Cost Approach** - Book Value Method/Net Asset Value Method
- **Market Approach**
 - a. Market Price Method
 - b. Comparable Companies Multiple Method/Comparable Company Transaction Method
- **Income Approach** - Discounted Cash Flow (DCF) Method

COST APPROACH

1. Net Asset Value Method

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).

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

As represented to us by the Management, Shiprocket India presently operates as a going concern and would continue to do so for the foreseeable future. The current net asset value of the business may not be representative of their earning potential. Further, self-generated key intangibles such as technology may not be reflected in their current net asset value. Accordingly, Cost Approach has not been adopted for the valuation of the Company.

MARKET APPROACH

2. Market Price Method

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

The equity shares of Shiprocket India are not listed on any stock exchange, I have therefore not used this method to arrive at the equity value of the Company.

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

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

Based on our discussion with the Management, I understand that there are no direct comparable listed companies having similar operating/financial metrics as that of Shiprocket India, I have therefore not used CCM method.

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

Based on our discussion with the Management, I understand that there are no recent comparable transactions involving companies of a similar nature and having similar operating/financial metrics as that of Shiprocket India, I have therefore not used the CTM method.

INCOME APPROACH

1. Discounted Cash Flows ('DCF') Method

Income approach is a valuation approach that converts maintainable or future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent and added to the present value of the available cash flow to estimate the value of the business.



RV SHREYANSH M JAIN

Registered Valuer (SFA)

Such DCF analysis involves determining the following:

- Free cash flows are the cash flows expected to be generated by the company/ asset that are available to the providers of the company's capital both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e. the cost of capital. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the Company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

The Management has provided the projected financial items for October 1, 2024 to March 31, 2029, which the Management believes to be their estimates as to the future operating performance of the Company. The Management expects the Company to make profits and generate surplus cash for the foreseeable future. I have therefore used DCF method which is one of the most commonly used and internationally accepted pricing methodology for valuing such companies.

10. VALUATION METHODOLOGY USED

The Discounted Free Cash Flows method is one of the most rigorous approaches for the valuation of a business/asset/equity. For arriving at the valuation of equity shares, projected free cash flows to various stakeholders are discounted at the cost of capital to arrive at the value of the business and subtracting outstanding Debts & Preference shareholding, if any, there from and adjusting surplus assets & liabilities, if any, thereto.

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

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

➤ Free Cash Flows to Firm (FCFF)

FCFF are the cash flows expected to be generated by the Company that are available to providers of the Equity and Debt Capital. FCFF is determined by deducting tax on EBIT from EBIT which is adjusted by adding back any depreciation and other non-cash charge. The above is adjusted for (i) change in working capital requirements (ii) investments in capital expenditure and other assets. Free cash flows thus calculated will be equal to the sum of the cash flows available to Equity and Debt holders.

➤ Time Frame of Cash Flows

A problem faced in valuing a business is its indefinite life, especially where the valuation, as in the present case, is on a going concern basis. This problem could be tackled by separating the value of the business into two time periods viz. explicit forecast period and post explicit forecast period. In such a case, the value of the business will be the value of free cash flows generated during the explicit forecast period and the value of free cash flows generated during the post-explicit forecast period. While projected free cash flows of the explicit forecast period could be



RV SHREYANSH M JAIN

Registered Valuer (SFA)

estimated based on the business plan, the free cash flows of the post-explicit forecast period could be estimated using an appropriate method. In the present case, I have been furnished with the financial projections for October 01, 2024 to March 31, 2029, I have considered the same for the purpose of valuation.

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

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

Discounting Factor

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

$$\text{WACC} = \left(K_d * (1 - t) * \left[\frac{D}{D + E} \right] \right) + \left(K_e * \left[\frac{E}{D + E} \right] \right)$$

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

The WACC using the above parameters has been estimated at 18.40% after giving appropriate allowances for company specific risk including risk associated with achieving the financial projections, etc.

Given that the cash flow would be generated over the period, I have applied the mid-period discounting.

• **Cost of Debt (Kd)**

Cost of debt refers to the effective rate a company pays on its current debt. The cost of debt is used after including the tax impact. As informed by the management, the average effective interest rate for the debt will be 10.0% p.a.

I have considered a tax rate for debt at 25.2% to calculate the tax benefit on interest expense. Accordingly, I have arrived at 7.5% as post tax cost of debt.

• **Cost of Equity (Ke)**

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

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



Where,

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

R_f = Risk free rate of return

β = Beta factor as a measure of the systematic risk

R_m = Representative Market Return

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

α = Company Specific Risk Premium

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

- **Risk Free Rate**

The risk-free rate is generally based on the returns available from long-term Government Bonds and securities. These returns are used since they represent a very low default risk, are liquid (freely tradable) and include the expected long-term inflation premium. Based on the average yield of zero coupon Indian Government bond for period ended Valuation Date, risk free rate has been considered as 6.8% in the present case.

- **Equity Risk Premium**

The Equity Risk Premium (ERP) is the additional amount of return over the risk-free rate that is required to compensate the investor for the additional risk of investing in the equity. It is typically measured by the amount by which historical returns in the equity security markets, over a long period of time, have exceeded the returns from risk-free investments. Such historical return from investment in the equity markets – which is the sum of return by way of capital appreciation and return by way of dividend yield – is the market return. I have considered an equity risk premium of 7.0% for the purpose of calculation of the cost of equity (ex-post historical analysis).

- **Beta (β)**

Systematic risk is measured in the CAPM by a factor known as Beta. Beta is a measure of volatility or systematic risk, of a security or a portfolio in comparison to the market as a whole. The beta of the asset has to be estimated relative to the market portfolio and by selecting the comparable companies closely associated with the subject company. I have considered a beta of 1.16 by re-levering the average unlevered beta of comparable companies using the debt-equity ratio of comparable companies.

- **Company Specific Risk Premium (α)**

Company Specific Risk Premium (CSRP) is the risk unique to the company. It includes Additional Business Risk, Economic Risk, Projection Risk, Technology Risk and Legal Risk. Hence to compensate the investor for this aspect, I have considered 4.0% premium towards CSRP.



RV SHREYANSH M JAIN

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STATEMENT SHOWING CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL

Particulars	Value
Risk Free Rate of Return	6.8%
Beta Coefficient	1.16
Market Equity Risk Premium	7.0%
Business Risk	4.0%
Cost of Equity Financing	19.0%
Average Cost of Debt	10.0%
Tax Rate	25.2%
Cost of Debt (Net-off Tax)	7.5%
Debt to Capital	0.05
Weighted Average Cost of Capital (WACC)	18.40%

➤ Terminal Value

The terminal value of an ongoing business could best be determined as the present value of estimated future free cash flows in order to obviate the need to forecast the Company's cash flows in detail for an indefinite period. On this basis, the calculation of the terminal value may be made by capitalizing the free cash flows of the terminal year with the weighted average cost of capital, adjusted for the future expected growth ("g").

Since the Company is in a high growth phase at the end of the explicit period FY 2028-29, I have applied the H model for the calculation of terminal value which assumes that the growth rate will fall linearly towards the terminal growth rate. The revenue of FY 2028-29 has been used as the base to determine the terminal value. Based on the dynamics of the sector and discussions with the Management, I have assumed a long-term growth rate of 5.0% to calculate the terminal value and a period of 4 years would be required to reach to stable long-term growth rate of 5.0% from a high growth rate of 29.3% in FY 2028-29.

CALCULATION OF TERMINAL VALUE

Particulars	INR million
Cash flows for the terminal year	8,076.0
Cash flows for 31 March 2029	8,271.7
WACC	18.4%
Growth rate – high	29.3%
Growth rate – normal	5.0%
High growth period (years)	4.0
H-model terminal value	90,332.2
Present value factor	0.51
Present value of terminal period cash flows	45,966.3



RV SHREYANSH M JAIN

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➤ Other Considerations

To arrive at the total value attributable to the equity shareholders of the business, value arrived through the DCF method for the Company is adjusted by

1. Stub adjustment factor

I would like to emphasize that the latest financials as at the Valuation Date were not provided by the Management for our value analysis, however the Management has represented that they do not expect significant changes in the net asset position between 30 September 2024 and the Valuation Date. I have therefore considered the financials as at 30 September 2024 for the purpose of our value analysis. Equity value arrived at using DCF Method has been adjusted for stub period towards return calculated at cost of equity for the period beginning from 01 October 2024 and ending on the Valuation Date.

2. Surplus Assets totaling to INR 5,405.3 Million as on September 30, 2024

Surplus asset	INR million
Advance tax	258.9
Deposits with original maturity for more than 12 months	1,114.8
Interest accrued on deposits	44.5
Cash and Cash equivalents	3,787.4
Other Surplus Assets	199.7
Total Surplus Assets	5,405.3

3. Debt and debt-like items totaling to INR 2,265.7 Million as on September 30, 2024

Debt and debt-like items	INR million
Bank Overdraft	1,351.3
Lease Liabilities	914.3
Total Debt and debt-like	2,265.7

4. Amount receivable on account of exercise of ESOPs totaling to INR 1.5 million (1,46,511 ESOP * Exercise price of INR 10.0) as on September 30, 2024.

5. Fair value of investments in various securities totaling to INR 152.9 million as on Valuation Date

(Amount in INR million)

Name of the Investment	Carrying value *	Fair value
Aditya Birla Sun Life Liquid Fund Growth Direct Plan	78.4	79.3
Kotak Liquid Fund Growth Direct Plan	72.8	73.6
Total value of Other Investments	151.3	152.9

*Source: Management information

The Management has represented that there are no unascertained or contingent liabilities to be adjusted for the purpose of arriving at the fair market value of equity shares.



RV SHREYANSH M JAIN

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The total adjusted value for equity shareholders is then divided by the diluted number of equity shares to arrive at the value per equity share.

STATEMENT SHOWING FREE CASH FLOW TO FIRM

(Amount in INR million)

Particulars	01.10.2024- 31.03.2025	2025-26	2026-27	2027-28	2028-29	Terminal Year
Revenues	11,384.4	27,233.2	37,315.6	49,455.2	63,970.1	67,168.6
EBITDA	1,105.4	1,869.0	3,792.4	6,598.1	10,514.9	11,040.7
Less: Depreciation	(17.8)	(133.2)	(170.4)	(205.8)	(236.6)	(248.5)
EBIT	1,087.6	1,735.8	3,622.0	6,392.3	10,278.3	10,792.2
Less: Income Taxes @ 25.17%	-	-	(615.8)	(1,590.7)	(2,575.0)	(2,716.2)
EBIT after tax on EBIT	1,087.6	1,735.8	3,006.2	4,801.6	7,703.2	8,076.0
Add: Depreciation	17.8	133.2	170.4	205.8	236.6	248.5
Less: Capital expenditure	(175.3)	(204.7)	(306.1)	(334.9)	(349.0)	(248.5)
Add/(Less): (increase)/decrease in working capital [#]	1,084.0	502.8	568.1	627.9	680.8	-
Free cash flows to firm (FCFF)	2,014.1	2,167.2	3,438.7	5,300.5	8,271.7	8,076.0
PV factor (@ 18.40%)	0.96	0.84	0.71	0.60	0.51	
Discounted Cash Flow	1,930.8	1,830.4	2,452.9	3,193.5	4,209.1	

[#]Release in working capital is on account of the accumulation of customer balances in Wallet of the Company.

STATEMENT SHOWING VALUE PER SHARE

Particulars	INR million
Present Value of explicit period	13,616.7
Add: Present Value of terminal period cash flows	45,966.3
Enterprise value as at September 30, 2024	59,583.0
Stub adjustment factor	1.0
Enterprise value as on the Valuation Date	61,630.1
Add: Surplus assets other than investments	5,405.3
Less: Debt and debt-like items	(2,265.7)
Add: Cash inflow on account of exercise of ESOPs	1.5
Add: Investments in mutual funds	152.9
Equity value as at the Valuation Date	64,924.1
Diluted no. of equity shares outstanding as at the Valuation Date	22,99,103
Value per equity share (Face Value INR 10 each)	28,238.9



RV SHREYANSH M JAIN

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11. RESTRICTIONS ON USE OF THE VALUATION REPORT

This valuation report is meant for use for the limited purpose of issue of Series E3 CCPS as on the valuation date. It should not be used for any other purpose and by any other persons. Further, the valuation report is based on the available financial information from the company and publicly available sources which I believe to be accurate. I accept no responsibility for any errors in the information on which the valuation conclusions are based.

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

For the purpose of issuance of Series E3 CCPS for which this valuation report is issued, I am informed by the company Shiprocket India that the relevant date is **December 12, 2024**.

The key terms of the proposed Series E3 CCPS of the Company including the dividend rate, tenure, conversion terms, etc. is as follows:

Note: Terms not defined below shall carry the meaning as defined in their respective agreements.

Particulars	
Nature	Cumulative, Compulsorily Convertible Preference Shares
Dividend rate	0.0001% p.a.
Tenure	Subject to compliance with Applicable Laws and conversion terms, each Series E3 CCPS from the date of its issuance shall have the maximum maturity period as may be permitted under Applicable Law, on the expiry of which, the Series E3 CCPS shall compulsorily and automatically convert into Equity Shares in accordance with Conversion terms.
Voting	CCPS will carry voting rights pari-passu with the equity shares, on an as-if converted basis.
Conversion terms	CCPS may at any time be, fully or partly converted into equity shares at the sole option and discretion of the CCPS holder in the ratio 1:1 (one equity share for each Series E3 CCPS)

13. CONCLUSION

Based on the valuation exercise carried out by me in terms of the methodology identified above, my estimate of fair value is as under:

❖ Equity Share

I have estimated the fair market value per equity share of the Company as per Discounted Cash Flow Method under Income Approach (being an internationally accepted pricing methodology), to be **INR 28,238.9** as on December 12, 2024.

❖ Series E3 CCPS

As Series E3 CCPS would be convertible into equity shares at a conversion ratio of 1:1 (one equity share for every Series E3 CCPS held), the fair market value of Series E3 CCPS would be determined considering the value of the underlying instrument i.e. equity



RV SHREYANSH M JAIN

Registered Valuer (SFA)

shares of Shiprocket India. Hence, the fair market value per Series E3 CCPS of the Company is **INR 28,238.9** as on December 12, 2024.

14. LIMITING FACTORS

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

1. This report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The Company is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. The Report should not be copied or reproduced without obtaining my prior written approval for any purpose other than the purpose for which it is prepared. The report can be shared with Parties mentioned in the Reliance Letter.
2. While my work has involved an analysis of financial information and accounting records, my engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. This report is issued on the understanding that company has drawn our attention to all the matters relevant for the purpose of the Proposed Transaction as on date of this report which would have an impact on my valuation. My conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.
3. I owe responsibility to only to the authority/client that has appointed me under the terms of the engagement letter. The Management warranted to me that the information they supplied is complete, accurate and true and correct to the best of their knowledge. I shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the management, their directors, employee or agents.
4. I may have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, I assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where I have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and/or reproduced in its proper form and context.
5. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the company will be managed in a competent and responsible manner. However, changes to the same in the future could impact the Company and the industry they operate in, which may impact our valuation.
6. Unless 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 financials provided to us. Further, I have also not carried out any physical verification



RV SHREYANSH M JAIN

Registered Valuer (SFA)

of the assets and liabilities.

7. I do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. I 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.
8. The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
9. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. 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.
10. Except for the valuation part, our report is not, nor should it be construed as our Opinion or Certifying the compliance with the proposed transaction with the provisions of the law including companies, taxation and capital market-related laws or as regards any legal implications or issues arising from such proposed transaction.
11. 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.
12. I am independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.



A handwritten signature in black ink, appearing to read 'Shreyansh M Jain'.

Shreyansh M Jain

CP No.: ICSIRVO/SFA/38

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

Date: 12/12/2024

Place: Surat

RV SHREYANSH M JAIN

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ANNEXURE-A

The Projected financial profile of Shiprocket Private Limited as provided to me by the management are as follows:

Projected Profit & Loss for the year

(Amount in INR million)

Particulars for the year ended on March 31,	2025	2026	2027	2028	2029
Period in months	6	12	12	12	12
Revenue from operations	11,384.4	27,233.2	37,315.6	49,455.2	63,970.1
EBITDA	1,105.4	1,869.0	3,792.4	6,598.1	10,514.9
Depreciation & amortization	(17.8)	(133.2)	(170.4)	(205.8)	(236.6)
EBIT	1,087.6	1,735.8	3,622.0	6,392.3	10,278.3

Forecasted Working Capital statement for the period

(Amount in INR million)

Particulars as at March 31,	30-Sep-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29
Inventory	16.5	-	-	-	-	-
Trade receivables	1,469.0	1,688.9	2,565.7	3,715.4	5,088.4	6,718.0
Other current assets and liabilities	549.4	(490.8)	(725.0)	(1,008.4)	(1,347.3)	(1,751.2)
Trade payables	(2,682.6)	(2,929.9)	(4,075.2)	(5,509.6)	(7,171.7)	(9,078.2)
Net working capital	(647.8)	(1,731.8)	(2,234.6)	(2,802.7)	(3,430.6)	(4,111.4)
% of Revenue		-8.8%	-8.2%	-7.5%	-6.9%	-6.4%
Changes in working capital		1084.0	502.8	568.1	627.9	680.8

Capital Expenditure for the period

(Amount in INR million)

Particulars as at March 31,	2025	2026	2027	2028	2029
Period in months	6	12	12	12	12
Capital Expenditure	175.3	204.7	306.1	334.9	349.0

