Valuation Report

On

Fair Value of Equity Shares of

XYLEM LEARNING PRIVATE LIMITED

CA. RENU PANDEY

REGISTERED VALUER – SECURITIES AND FINANCIAL ASSETS

IBBI REGN NO. IBBI/RV/06/2022/14914

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Dated: February 10, 2025

To,
The Board of Directors
Physicswallah Limited
Plot No. B-8, Tower A, 101-119, Noida One
Noida Sector 62, Gautam Buddha Nagar,
Dadri, Uttar Pradesh, India, 201309

Dear Sir/Madam,

Subject: Valuation Analysis of Xylem Learning Private Limited for the purpose of transfer of unquoted equity shares of the Company.

This has reference to our engagement letter with Physicswallah Limited having its registered office at Plot No. B-8, Tower A, 101-119, Noida One, Noida Sector 62, Gautam Buddha Nagar, Dadri, Uttar Pradesh, India, 201309 (herein referred to as the "Company") in connection with the valuation analysis of the unquoted equity shares of Xylem Learning Private Limited as on January 31, 2025 (the "Valuation Date").

SCOPE AND PURPOSE OF THIS REPORT

Physicswallah Limited provides affordable and comprehensive learning experience to students preparing for JEE, NEET and other competitive preparatory exam across the country through online, offline and hybrid mode. The Company has appointed Renu Pandey, an IBBI-Registered Valuer (SFA) (referred as 'valuer' or 'we') to carry out valuation analysis of the equity shares of Xylem Learning Private Limited as at January 31st, 2025 for the purpose of transfer of equity shares of Xylem Laerning Private Limited to Physicswallah Limited. The valuation is conducted in compliance with the provisions of section 56 of the Companies Act, 2013 read with Rule 11 of Companies (Share Capital & Debentures) Rules, 2014.

The valuation of securities is undertaken based valuation standards issued by ICAI Registered Valuers Organization including ICAI Valuation Standard 103 - Valuation Approaches and Methods.

RENU PANDEY ★ Reg No.IBBI/RV/ ★ REGISTERED VALUER

Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

It should also be understood that the values at which investments are made / price paid in a transaction may differ from the values computed in this report due to factors such as the objective of the parties, negotiation skills of the parties, the structure of the transaction (i.e., financial structure, transition of control, etc.) or other factors unique to the transaction. In the course of the valuation, we were provided with both written and verbal information, including financial and operating data. We have evaluated the information provided to us by the Company through broad inquiry and analysis but have not carried out a due diligence or audit or review of the Company for the purpose of this engagement. We had relied on the business projections shared by the management.

This report and the information contained herein are absolutely confidential. It is intended for sole use and information of the addressee of the report and for purpose of proposed transfer of shares and to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this report. We hereby consent to the disclosure of this report as part of the material contracts and documents for inspection, as required under applicable regulations. This consent is given on the basis that our responsibility is owed solely to the Company that has engaged us and to no other person or entity. To the fullest extent permitted by law, we accept no responsibility or liability to the shareholders of the Company or any other third party in connection with this report, except as required under applicable laws and regulations.

The results of our valuation and our report will not be permitted to be used or relied by the Company for any other purpose or any other party for any purpose whatsoever, except stated above. We are not responsible to any other person / party for any decision of such person / party based on our report. It is hereby notified that reproduction, copying or otherwise quoting of our report or any part thereof, except for the purpose as set out in restrictive clause at point no. 18 of this report, is not permitted.

During the course of this engagement, we have provided draft copies of this Valuation Report to management for comment on factual accuracy of the contents of our report. Management has confirmed that they have reviewed report in detail and have also confirmed to us the factual accuracy of contents in report. It may kindly be noted that the current report being issued and signed by us represents the final assessment and supersedes all draft versions that may have been shared by us in the past.



Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandeo@gmail.com

RENU PANDEY

IBBI REGISTERED VALUER (SFA)

Regn No. IBBI/RV/06/2022/14914

If you have any questions or require additional information, please do feel free to contact us.

Yours Sincerely,

RENU PANDEY
Reg No.IBBI/RV/06/2022/14914
REGISTERED VALUER

Renu Pandey

IBBI Registered Valuer

Securities and Financial Assets

Regn No :- IBBI/RV/06/2022/14914

UDIN: 25408043BMKZXA4208

Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

CONTENTS

1. Context and Purpose;
2. Conditions and major assumptions;
3. Background of the company, Economy Analysis and Industry Analysis;
4. Purpose of valuation and appointing authority;
5. Identity of the valuer and any other experts involved in the valuation;
6. Disclosure of valuer interest/conflict, if any;
7. Date of appointment, valuation date and date of report;
8. Basis/ bases of value used;
9. Valuation Standards;
10. Premise of Value
11. Source of Information;
12. Valuation Methodology, Approach and Procedures adopted in carrying out the valuation;
13. Valuation Methodology Used;
14. Basis of Arriving at Fair Value;
15. Equity Valuation of the company;
16. Major factors that influenced the valuation;
17. Caveats, limitations and disclaimers;
18. Distribution of Report;
19. Opinion of value of the business and valuation summary.



Registered Office:• N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

VALUATION ANALYSIS

We refer to our Engagement Letter confirming our appointment as independent valuers of Xylem Learning Private Limited (the "Company"). In the following paragraphs, we have summarized our Valuation Analysis (the "Analysis") of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work as mentioned in herein below in this report.

1. Context and Purpose

Based on our discussion with the Management, we understand that the Xylem Learning Private Limited is propose to transfer its upquoted equity shares to Physicswallah Limited pursuant to the provisions of the Companies Act, for which a fair value benchmark is required under section 56 of the Companies Act, 2013. In this context, the Management of the transferee company requires our assistance in determining the fair value of equity shares of the transferer company.

2. Conditions and major Assumptions

Conditions

The historical financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose. Because of the limited purpose as mentioned in the report, it may be incomplete and may contain departures from generally accepted accounting principles prevailing in the country. We have not audited, reviewed, or compiled the financial statements and express no assurance on them. The financial information about the company presented in this report includes normalization adjustments made solely for the purpose to arrive at value conclusions presented in this report.

Normalization adjustments as reported are hypothetical in nature and are not intended to present restated historical financial results or forecasts of the future.

This report is only to be used in its entirety, and for the purpose stated in the report. No third party should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We acknowledge that we have no present or contemplated financial interest in the Company. We confirm that we are not related to the Company, its promoters, directors,

RENU PANDEY ★ Reg No:IBBI/RV/06/2022/14914 ★ REGISTERED VALUER

Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

key managerial personnel (KMPs), or senior management personnel (SMPs). Our fees for this valuation are based upon our normal billing rates, and not contingent upon the results or the value of the business or in any other manner. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the analyst regarding such additional engagement.

Assumptions

The opinion of value given in this report is based on information provided in part by the management of the Company and other sources as listed in the report. This information is assumed to be accurate and complete.

We have relied upon the representations contained in the public and other documents in our possession concerning the value and useful condition of all investments in securities or partnership interests, and any other assets or liabilities except as specifically stated to the contrary in this report.

We have not attempted to confirm whether or not all assets of the business are free and clear of liens and encumbrances, or that the owner has good title to all the assets.

We have also assumed that the business will be operated prudently and that there are no unforeseen adverse changes in the economic conditions affecting the business, the market, or the industry. This report presumes that the management of the Company will maintain the character and integrity of the Company through any sale, reorganization or reduction of any owner's/manager's participation in the existing activities of the Company.

We have been informed by management that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business, except as may be disclosed elsewhere in this report. We have assumed that no costs or expenses will be incurred in connection with such liabilities, except as explicitly stated in this report.



3. Background

3.1. Economic Analysis

As of February 2025, India's economy is navigating a period of moderated growth, influenced by both domestic and global factors. In FY 2023-24, India's GDP was valued at approximately $3.57 trillion, expanding at a rate of 8.2%. However, growth is expected to slow to 6.4% in FY 2024-25. Retail inflation softened to 4.9% during April-December 2024, aligning with the RBI's target of around 4% for FY 2025-26. Capital expenditure grew by 8.2% between July and November 2024, with expectations of further acceleration. The government's focus remains on stimulating growth through increased capital expenditure and monitoring inflationary pressures to maintain economic stability.

India's economy is projected to grow at a 6-6.5% GDP growth rate in FY 2024-25, driven by strong domestic consumption and investments. The expanding middle class, increasing disposable incomes, and a growing emphasis on education as a key social mobility tool directly impact the EdTech and test preparation markets.

Rising Income Levels: With increasing per capita income, more families are investing in premium coaching and educational services.

- *Urbanization*: Urban and semi-urban areas continue to drive demand for high-quality exam preparation and online learning platforms.
- *Digital Penetration*: India's smartphone and internet user base has crossed 850 million in 2023, boosting access to digital educational services.

3.2. Industry Analysis

The Indian education sector has undergone a significant transformation in recent years with the rise of EdTech platforms, online learning, and professional coaching services.

The entrance coaching centre and learning sector is a rapidly expanding segment within the education industry, driven by increasing competition, technological advancements, and the rising demand for specialized exam preparation. This sector primarily caters to students preparing for engineering (JEE, BITSAT), medical (NEET, AIIMS), government jobs (UPSC, SSC, Banking), and management (CAT, GMAT) entrance exams. The market comprises both traditional coaching institutes with physical classroom setups and online learning platforms offering flexible and digital learning solutions. The Indian coaching industry is valued at over $8 billion, with an expected growth rate of 15-20% CAGR, supported by parental

investment in education, the rise of hybrid learning models, and government job opportunities.

EdTech Industry Growth: `

- In 2020, the Indian EdTech market was valued at approximately $2.8 billion.
- Projections indicate that by 2025, this market will reach $10.4 billion, reflecting a Compound Annual Growth Rate (CAGR) of 30.2%.
- Further forecasts suggest that by 2030, the market could expand to $30 billion.

Competitive Exam Coaching Market Growth:

- The test preparation market in India was valued at INR 1,032.79 billion in 2023.
- It is expected to grow at a CAGR of 23.24% from 2023 to 2027.
- This growth is driven by the increasing number of aspirants for competitive exams and the shift towards online and hybrid learning models.

The industry is currently witnessing a shift towards blended learning models, integrating classroom teaching with digital test series and analytics-based progress tracking.

Despite its promising growth, the sector faces several challenges, including market saturation, high competition, and increasing costs of customer acquisition. The rise of free educational content on platforms like YouTube and open-source resources further threatens the sustainability of paid coaching services. Additionally, regulatory scrutiny concerning fee structures, quality assurance, and online education policies poses a challenge for both traditional and digital learning platforms.

Looking ahead, the entrance coaching industry is expected to evolve with advancements in AI and data-driven personalization, offering customized learning experiences to students. Expansion into tier 2 and 3 cities presents a significant growth opportunity, as the demand for quality education extends beyond metropolitan areas. Furthermore, partnerships between coaching institutes and corporate or government entities for skill-based training could open new revenue streams. To remain competitive, industry players must focus on differentiation through superior content delivery, cost-effective pricing strategies, and innovative technological integrations, ensuring sustained growth in the highly dynamic education sector.

3.3. Background of the Company

Xylem Learning Private Limited is a private company limited by shares. It was incorporated on 4th December 2020, under the provisions of the Companies Act, 2013. Its corporate identity number is U80902KL2020PTC066136. Its registered office is situated at Door No. 64/1798 A2, Nalinam Arcade, Opp Swapna Nagari, Mini Bypass Road, Eranhipalam,

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Kozhikode, Kerala, India, 673006.

Business Activity of the Company –

Xylem Learning Private Limited, established in Kozhikode, Kerala, is a prominent educational technology company specializing in online coaching for competitive examinations such as NEET, JEE, and KEAM. Founded by Ananthu S, who also serves as the CEO, the company has experienced significant growth as of January 2025. The company's platform offers personalized tutoring, comprehensive online courses, structured timetables, and video lessons accessible through its mobile application, available on both Android and iOS devices. Xylem Learning is renowned for its exceptional faculty, comprehensive programs, and high success rates, establishing itself as a leading entrance coaching center in Kerala for medical, engineering, and government exams.

The *Board of Directors* of the company are as follows:-

DIN / PAN	Designation	Name
08983623	Director	SASIKUMAR ANANTHU
08983624	Director	LIJEESH KUMAR
07666632	Director	GOPAL SHARMA

Shareholding pattern of the Company is as follows –

Type of Capital	No. of Shares	Nominal Value per share	Amount (in INR)
Authorised Equity Share Capital	25,000	INR 100 each	25,00,000.00
Total Authorised Share Capital	25,000		25,00,000.00
Paid-up Equity Share Capital	7,567	INR 100 each	7,56,700.00
Total Paid-up Share Capital	7,567		7,56,700.00

RENU PANDEY ★ Reg No.IBBI/RV/06/2022/14914 ★ REGISTERED VALUER

Registered Office: N-305, Prateek Wisteria, Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

4. Purpose of valuation and appointing authority:

Based on our discussions, we understand that the management of the Company requires valuation analysis of unquoted equity shares of the Company as on 31.01.2025 for the purpose of transfer of equity shares in pursuant of the provisions of the Companies Act' 2013. In this regard, the valuation of shares has been carried out as per the provisions of Companies Act, 2013. The report is intended to be used for the purpose of valuation of unquoted shares.

5. Identity of the valuer and any other experts involved in the valuation:

Name: Renu Pandey
IBBI Registered valuer registration no.: IBBI/RV/06/2022/14914
IBBI Assets class registration: Securities and Financial Assets
ICAI RVO Membership No. : ICAIRVO/06/RV-P063/2022-2023
ICAI Membership number : 408043

6. Disclosure of valuer interest/conflict, if any:

I am an independent valuer and am not affiliated to the company being valued in any manner whatsoever. We don't have a present or prospective interest in the property that is the subject of this report, and we have no (or the specified) personal interest with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. Date of appointment, valuation date and date of report:

Date of appointment	08-02-2025
Valuation date	31-01-2025
Date of report	10-02-2025

8. Basis/ bases of value used

Bases of value (sometimes called standards of value) are statements of the fundamental measurement assumptions of a valuation. They describe the fundamental assumptions on which the reported values will be based (e.g. the nature of the hypothetical transaction, the relationship and motivation of the parties, the extent to which the asset is exposed to the market, and the unit of account for the valuation). It is critical for any valuation to be

performed using the basis (or bases) of value that is appropriate to the terms and purpose of the valuation assignment, as a basis of value may influence or dictate a valuer's selection of methods, inputs and assumptions, and the ultimate opinion of value.

We have used "**Fair Value**", as basis of Valuation.

We have considered fair value as defined in ICAI Valuation Standard 101.

According to this standard "Fair Value is 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 Valuation date.

"**Orderly Transaction**" is a transaction that assumes exposure to the market for a period before valuation date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities and that is not a forced transaction. The length of exposure time will vary according to the type of asset and market conditions.

"**Market Participants**" would mean buyers and sellers in the principal or most advantageous market for the asset/liability who are independent of each other, knowledgeable, able and willing to enter into the transaction for the concerned asset/liability and are not forced or otherwise compelled to do so.

9. Valuation Standards

Our valuation methodologies and approaches are in conformity with Valuation Standard issued by the ICAI. The Valuation Standards issued by ICAI set out concepts, principles and procedures which are generally accepted internationally having regard to legal framework and practices prevalent in India.

10. Premise of Value

There are two fundamental bases on which a company may be valued:

a) As a going concern

b) As if in liquidation

The going concern value is the value of a business enterprise that is expected to continue to operate into the future. The intangible elements of going concern value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place. Value as if in liquidation is the net amount that can be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced". In this case, fair value considers the value of the Company as a

going concern. This premise of value assumes that the Company will continue to operate as an income-producing business enterprise.

11. Sources of Information

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to the services sector in which the Company is operating as available in the public domain. Specifically, the sources of information include:

- Information on business and profile as discussed with the Management of the Company.
- Audited Financial as on 31-03-2024 of the Company;
- Provisional financials as on 31.01.2025 of the Company;
- Financials Projections of the company for next 5 years ending 2030 as provided by the management;
- Discussions with the Management;
- Other Information pertaining to general market and industry conditions, obtained from sources in public domain which are considered to be reliable in general.
- In addition to the above, we have also obtained such other information and explanations which were considered relevant for the purpose of the Analysis.

12. Valuation Methodology, Approach and Procedures adopted in carrying out the valuation.

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

- Past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable company information is available.
- Terms of the arrangement between the parties.

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

1. Asset Approach
2. Income Approach
3. Market Approach

i. Asset Approach

The value arrived at under this approach is based on the latest available audited/ unaudited/ provisional financial statements of the business and may be defined as the Shareholder's Funds or Net Assets owned by the business.

Under this method, the net assets as per the financial statements are adjusted for market value of surplus/ non-operating assets, potential and contingent liabilities, if any. The NAV is generally used as the minimum break-up value for any business since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern.

We understand that the business of the company is in service sector. Accordingly, the current NAV method would not be reflective of its growth potential going forward and thus would not reveal the true business value of the company. Hence keeping the context and purpose of the report in mind, we have not used this method in the Analysis.

ii. Market Based

a. Comparable Company Market Multiple Method ("MM")

Under this methodology the market multiples of comparable listed companies are computed and applied to the company being valued in order to arrive at a multiple based valuation. This is based on the principal that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for difference between the circumstances. Considering the nature of business of the Company and non availability of any listed comparable near the valuation date, we have not applied the CCM method.

b. Comparable Company Transaction Multiple ("TM") Method

This method is similar to the above MM Method, with the exception that the companies used as guidelines are those that have been recently acquired. Under this method, acquisitions or divestitures involving similar companies are identified, and the multiples implied by their purchase prices are used to assess the subject company's value. There is no rule of thumb for the appropriate age of a reasonable transaction; however, it is

important to be aware of the competitive market at the time of the transaction and factor any changes in the marketplace environment into the analysis. All other things being equal, the more recent the transaction, the more reliable the value arrived at using this technique.

we have not considered this methodoly in the Analysis as we understand that there are no comparable Indian transactions in the sector to which company belongs.

iii. **Income Based**

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. Usually, under the Income Based Approach, the methods that may be applied are Discounted Cash Flow (DCF) Method or Price Earnings Method.

Under DCF approach, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the Entity. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

13. Valuation Methodology Used

General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the business. There are a number of valuation methodologies to value businesses using historical and forecast financials of the company.

We have laid emphasis on the projections considered as a true reflection of the Company's earning potential. Typically, an investor contemplating an investment in a company with

income and cash-generating capabilities similar to the Company will evaluate the risks and returns of the investment on a going-concern basis.

In the present case, we have considered Discounted Cash Flow Method (Income Approach) for the purpose of our valuation exercise.

14. Basis of Arriving at fair Value – Discounted Cash Flow Method

The DCF analysis involves determining the following:

a) Estimating future free cash flows;

b) The time frame of the cash flows;

c) Appropriate discount rate to be applied to cash flows;

d) The terminal values i.e. the cumulative value of the free cash flows beyond the explicit forecast period.

a) **Estimating future free cash flows**

- Free cash flows are the cash flows expected to be generated by the Company that are available to all providers of the Company's capital - both debt and equity. The free cash flows are determined by adding to EBIT (Earnings before interest tax), (i) depreciation and amortizations and (ii) interest on debt net of tax. 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 paid to or received from all the capital providers (viz. interest, new borrowings and debt repayments in the case of debt holders and dividends, share issues and share repurchases in the case of equity holders), contingent liability and the change in investments of surplus funds in marketable securities.

- **Growth Rate:**

The long-term growth rate in developing countries is usually in the range of 2% to 6% for traditional businesses. The terminal growth rate is an approximation that reflects the ongoing growth potential of the company's cash flows, which is essentially dependent on factors such as historic growth rates, industry dynamics factors and macroeconomic factors like long term GDP growth and the inflation factors. Thus, we have considered the terminal growth as 5%.

b) **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 was 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 business is the value of free cash flows generated during the explicit forecast period and value of free cash flows generated during the post explicit forecast period. While projected free cash flows of the explicit forecast period can be prepared meticulously 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, we have considered it appropriate to take the estimated projections for the 05 years ending 31st March 2030 as the explicit forecast period.

c) Appropriate Discounting Rate to be applied

The cash flows of each year are discounted at the Weighted Average Cost of Capital (WACC) using midyear discounting approach. WACC is considered as the most appropriate discount rate in the DCF Method, since it reflects both the business and the financial risk of the Company. In other words, WACC is the weighted average of the firm's cost of equity and debt. The WACC is worked out using the following parameters:

- ***Cost of Equity (CoE)***

We applied the widely used Capital Asset Pricing Method ["CAPM"] Build Up Appropach to build up the cost of equity. The parameters for computing cost of equity are as follow -

- 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. In India, the risk free rate of return is taken at 6.694% (Government Sector 10 Year Rate based on RBI). *(Source: https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data)*

- Beta is the measure of systematic risk of stock, and is essentially computed by regressing market return for a particular stock against the overall market return. We have considered unlevered beta as 0.86 calculated on the basis of listed comparable companies for Education sector in India.
(source http://www.stern.nyu.edu/~adamodar/New_Home_Page/data.html.)
We have calculated the levered beta from the given unlevered beta using Hamada's equation:

$$\beta_L = \beta_U \times \left(1 + \frac{(1 - T) \times D}{E}\right)$$



where **βU** is the unlevered beta, **T** is the tax rate, **D** is the debt, and **E** is the equity. This formula accounts for the financial leverage effect, incorporating the impact of debt on the company's risk profile.

- The market premium 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 shares of the Company. It is typically the additional return on historical equity market over risk free rate of return. In the present case, we have considered a market rate of return of 13.14% (20 years BSE Sensex Returns) (Source-www.bseindia.com).
- Specific Company Risk Premium is considered at 5%.

- ***Cost of Debt (COD)***

The Cost of Debt is the effective interest rate a company pay on its debt. The cost of debt is often refers to after-tax cost of debt, which is company's cost of debt after taking taxes into account.

Refer *Annexure "B"* for calculation of WACC.

d) **Terminal Value**

Explicit period ending EBITDA

The terminal value of an on-going business could best be determined as present value of the 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 year following the final year in the explicit forecast period into perpetuity using an appropriate rate of return (normally the WACC factoring for an element of growth in the future years). In the present case, we have used the Gordon Growth Method based on a perpetual growth rate of 5% to arrive at the Terminal Value of DCF. The convergence formula is based on the premise that Terminal Value arrived under the Gordon Growth Method (GGM) is nothing but a product of Exit EBITDA multiple and the explicit period ending EBITDA.

Discount for Lack of Marketability (DLOM) and Discount for Lack of Control (DLOC)

Since privately-held shares are not traded publicly, the stocks of these companies are generally not as liquid or marketable as those of a public company. This lack of liquidity increases the cost of transactions involving private company shares and reduces the Fair Value of such shares. Hence, a DLOM is applied to the shares of privately-held companies to derive their Fair Value. Accordingly, based on the above a discount of 10% is applied to

the Enterprise Value of Company as a factor of lack of marketability for the Company's equity share.

15. Equity Valuation of the company

The equity valuation for the Company is arrived at as a function of DCF Projections by giving relevant discount rate representing the risk perception and the terminal growth rate selected, adjusted with cash , Bank Balance.

Detail of Calculation is attached herewith as ***Annexure -A***

16. Major factors that influenced the valuation:

Not Identified.

17. Caveats, limitations and disclaimers

Provision of valuation recommendations and considerations of the issues described herein are areas of our regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by us.

Our review of the affairs of the Company and their books and account does not constitute an audit in accordance with Auditing Standards. We have relied on explanations and information provided by the Management of the Company and accepted the information provided to us as accurate and complete in all respects. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided. Nothing has come to our attention to indicate that the information provided had material mis-statements or would not afford reasonable grounds upon which to base the Report.

The valuation worksheets prepared for the exercise are proprietary to Renu Pandey, Valuer and cannot be shared. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of our engagement.

The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them.

The Valuation Analysis contained herein represents the value only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Company has drawn our attention to all matters of which they are aware, which may have an impact on our Report up to the date of signature. We have no

responsibility to update this Report for events and circumstances occurring after the date of this Report.

We have no present or planned future interest in the Company and the fee for this Report is not contingent upon the values reported herein.

Our Valuation Analysis should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

18. Distribution of report

The Analysis is confidential and has been prepared exclusively for the purpose of transfer of equity shares. We have given opportunity to the parties of the transactions to read our report and rely on the same for carrying out the transaction. The Report, in full or in part, may be included in offer documents such as the Draft Red Herring Prospectus (DRHP), Red Herring Prospectus (RHP), Prospectus, or any other relevant document, and may be made available for public inspection as required under applicable laws and regulations. This Report may be shared with the Book Running Lead Managers (BRLMs) for due diligence purposes and may also be submitted to the Securities and Exchange Board of India (SEBI), stock exchanges, and the Registrar of Companies (RoC), as may be necessary for regulatory compliance. While this Report is prepared for the intended purpose stated above, its inclusion in public documents or regulatory filings does not imply that the Valuer assumes any duty, responsibility, or liability to any third party, other than as required under applicable laws. Except as specified above, no part of this Report may be reproduced, circulated, or used for any purpose other than as stated herein without the express written consent of the Valuer.



This space is intentionally left blank.

19. Opinion of value of the business and valuation summary:

The equity value of the company is summarized in the following table:

Summary of Various methods used to determine fair value as on 31-07-2024			
Valuation Approach	Value/ Equity Shares(INR)	Weights	Weight Value
Asset Approach	NIL	NIL	NIL
Market Approach	NIL	NIL	NIL
Income Approach	7,99,752/-	100	7,99,752/-

Accordingly, based on the information available, the value per share of the company as at 31st January 2025 is estimated at **INR 7,99,752/-** per equity share.

Your's faithfully

RENU PANDEY
Reg No.IBBI/RV/06/2022/14914
REGISTERED VALUER

Renu Pandey

IBBI Registered Valuer

Securities and Financial Assets

Regn No :- IBBI/RV/06/2022/14914

Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Annexure -A

CALCULATION OF FAIR MARKET VALUE OF EQUITY SHARES OF XYLEM LEARNING PRIVATE LIMITED

(Amounts in 'Lacs)

Particulars	FY25 (2 months)	FY26 (12 months)	FY27 (12 months)	FY28 (12 months)	FY29 (12 months)	FY30 (12 months)	Terminal Value
Revenue	612.0	40,807.0	48,588.0	55,543.0	66,651.6	76,649.3	88,146.7
Less: Operating Cost	5,326.0	38,912.0	44,102.0	48,338.0	56,057.3	61,663.0	69,062.5
EBIDTA	(4,714.0)	1,895.0	4,486.0	7,205.0	10,594.4	14,986.4	19,084.2
Less: Depreciation	653.8	4,635.2	4,917.4	5,226.4	5,139.9	5,109.0	5,109.0
EBIT	(5,367.8)	(2,740.2)	(431.4)	1,978.6	5,454.5	9,877.4	13,975.2
Less: Interest	197.8	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0
EBT	(5,565 6)	(4,163.2)	(1,854.4)	555.6	4,031.5	8,454.4	12,552.2
Less: Tax	-	-	-	-	-	2,198.1	3,263.6
PAT	**(5,565.6)**	**(4,163.2)**	**(1,854.4)**	**555.6**	**4,031.5**	**6,256.2**	**9,288.6**
Add: Depreciation	653.8	4,635.2	4,917.4	5,226.4	5,139.9	5,109.0	5,109.0
Add: Interest on Borrowings	197.8	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0
Increase/(Decrease) in Net WC	(5,645.9)	(6,068.2)	(5,739.4)	(4,583.1)	(3,140.9)	4,170.3	4,170.3
Increase/(Decrease) in Non current Assets	184.0	-	-	-	-	-	-
Capex	(1,000.0)	(6,000.0)	(8,000.0)	(10,000.0)	(6,000.0)	(5,000.0)	(5,000.0)
FCFF	**-11,176**	**-10,173**	**-9,253**	**-7,378**	**1,453**	**11,959**	**14,991**
WACC	13.11%	13.11%	13.11%	13.11%	13.11%	13.11%	
Weights (mid year discounting)	0.08	1.08	2.08	3.08	4.08	5.08	
Discounting factor	0.99	0.88	0.77	0.68	0.60	0.53	
Present value of FCFF	**-11,062**	**-8,902**	**-7,159**	**-5,047**	**879**	**6,393**	



Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Particulars	Value in INR
Present Value of Cash Flow	-2,48,97,11,612
Present Value of Terminal value	9,88,36,21,940
Enterprise Value	**7,39,39,10,328**
Add: Cash and bank as on 31/01/2025	7,15,71,758
Add: Investments in marketable securities as on 31/01/2025	5,32,37,265
Less: Borrowings as on 31/01/2025	79,45,85,885
Equity value	**6,72,41,33,466**
Less: DLOM @ 10%	67,24,13,347
Adjusted Equity Value	**6,05,17,20,119**
Number of equity shares	**7,567**
Value per Equity Share (in INR)	**7,99,751.57 OR 7,99,752/- (Round Off)**



Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com

RENU PANDEY
IBBI REGISTERED VALUER (SFA)
Regn No. IBBI/RV/06/2022/14914

Annexure -B

CALCULATION OF WEIGHTED AVERAGE COST OF CAPITAL (WACC)

	FY25	FY26	FY27	FY28	FY29	FY30
Particulars	Figure(s)	Figure(s)	Figure(s)	Figure(s)	Figure(s)	Figure(s)
Risk Free Rate of Return	**6.694%**	6.694%	6.694%	6.694%	6.694%	6.694%
Market Return (BSE)	**13.14%**	13.14%	13.14%	13.14%	13 14%	13.14%
Start Date (31/01/05)	6,555.94					
Valuation Date (31/01/25)	77,500.57					
Equity Risk Premium	**6.45%**	6.45%	6.45%	6.45%	6.45%	6.45%
Unlevered Beta	0.86					
Levered Beta	**674.30**	674.30	674:30	674.30	674 30	674.30
Base COE	4356%	4356%	4356%	4356%	4356%	4356%
Company Specific Risk Premium	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Weight	0.00095	0.00095	0.00095	0.00095	0.00095	0.00095
Cost of Equity (Adjusted)	**4361%**	4361%	4361%	4361%	4361%	4361%
Equity	7,56,000	7,56,000	7,56,000	7,56,000	7,56,000	7,56,000
Debt	80,00,00,000	80,00,00,000	80,00,00,000	80,00,00,000	80,00,00,000	80,00,00,000
Cost of Debt (Post Tax)	**9%**	**9%**	**9%**	**9%**	**9%**	**9%**
WACC	**13.11%**	**13.11%**	**13.11%**	**13.11%**	**13.11%**	**13.11%**



Registered Office: N-305, Prateek Wisteria,
Sector -77, Noida – 201301

Phone No. : +91 9871836035
Email ID: pandeyrandco@gmail.com