Date: 25-June-2023

To,

The Board of Directors

Xylem Learning Private Limited

29/1049-A3, A4, A5, First Floor Bridge View Building,

Thondayad Bypass Kozhikode, KL-673016.

Dear Sir(s),

Subject: Report on fair valuation of Equity Shares of "Xylem Learning Private Limited" (hereinafter referred to as the "XLPL")

I. Purpose:

We have been engaged by the management of Xylem Learning Private Limited (hereinafter referred to as "XLPL") (CIN: U80902KL2020PTC066136) having its registered office at 29/1049-A3, A4, A5, First Floor Bridge View Building, Thondayad Bypass Kozikode, KL-673016 to carry the valuation of equity shares as on March 31st, 2023("**Valuation Date**") in accordance to the provisions of Section 56(2)(vii)(b) of the Income Tax Act 1961 for the purpose of proposed issuance of Equity shares.

This report may be filed with Income Tax Authorities, if required.

II. About 3Dimension Capital Services Limited:

3Dimension Capital Services Limited (hereinafter referred to as "3DCSL") is a Public Limited Company incorporated under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi and Haryana. Our Company is a Category 1 Merchant Banker registered with Securities and Exchange Board of India (SEBI), Mumbai with Registration No.: MB/INM000012528.

III. Background information about the XLPL:

XLPL has been incorporated on 04/12/2020. 'Xylem Learning App is an exam preparation app, which assists you to prepare for the NEET UG medical entrance examination. Download Xylem Learning app for Online preparation; 10000+ MCQ based on previous exams. Video courses

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(Source: Company Management)

IV. Sources of Information:

For the purpose of undertaking this valuation exercise, we have relied on the following sources of information from the management of the XLPL:

- Discussions with the Management.
- Provisional Financial Statements as on March 31st, 2023 as provided to us by the management.
- Financial projections of the company for year ending 2027-28 as provided by management.
- Website of the NSE, BSE, & the company.
- Research websites such as Stern NYU database, MCA etc.

Additionally, we have relied upon the information (industry as well as company specific) available on various public domain.

The Client/Company has been provided with the opportunity to review the draft report as a part of the standard practice to make sure that factual inaccuracies/ omissions are avoided in the final report.

V. Approach Considered in our Value Analysis:

General Principle for Valuation

There is no simple 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 is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable simple value.

Selection of Valuation Methodology

It is understood that the business of the XLPL would continue to operate on its projected lines. Hence, the valuation has been carried out on a "going concern" basis. The objective of the

valuation process is to make a best reasonable judgment of the value of Equity Shares of the XLPL. The best reasonable judgment of the value will be referred to as the fair value (FV).

There are number of valuation methodologies to value companies/ businesses using historical and forecast financials of the company. Commonly used valuation methodologies are as follows:

- Net Asset Value (NAV) Method
- Discounted Cash Flow(DCF) Method
- Comparable Company Multiples(CCM) Method

In the instant case, we have been informed that the XLPL is a closely held company and is not listed on any stock exchange. The fair value of the Equity Shares has been determined using the weighted average value of discounted cash flow (DCF) Method & Adjusted Net Assets Value Method.

V. Basis for arriving at Fair Value: Valuation based on weighted average value of Discounted Free Cash Flow Method & Adjusted Net Assets Value Method.

In DCF Method, the projected free cash flows are discounted at a discount rate which reflects perceived riskiness of the projected cash flows in order to arrive at their present value. Then, the terminal value of the XLPL is calculated based on the free cash flow of the last year of the forecast period, which is based on the future long-term growth of the revenues. This terminal value is then discounted to get the present terminal value. The present value of free cash flows for the projected period and present value of terminal value is added to arrive at the enterprise value. Thereafter, value of non-operating assets, cash and cash equivalents, if any, is added to the enterprise value to arrive at the final enterprise value. From the final enterprise value, adjustment for debt, if any, is made to arrive at the final equity value of the XLPL.

To arrive at value per Share of the XLPL, Final Equity Value is divided by number of outstanding Shares as on the date of valuation.

In this method, the value of the XLPL is based on its capacity to generate cash flows. There is some uncertainty associated with these cash flows. Thus, the difficulty in valuing firms using the DCF method is not a conceptual difficulty but an estimation difficulty. The value of the company is the present value of the expected cash flows from its assets, but those cash

flows are likely to be much more difficult to estimate. The value of the company rests entirely on its future growth potential.

Adjusted net asset per share is the price that is carried on the Company's Balance Sheet, adjusted for changes in fair value of various investment/assets held by the company as of valuation date. Adjusted Net asset value per share is a type of evaluation or measure of the worth of shares issued by a specific company. The calculation makes it possible to identify the specific monetary amount that the investor would receive for each share in the event that the Company's assets had to be liquidated.

The inputs for the valuation have to be estimated and are likely to have considerable error associated with them. The estimates of future growth are based on the competence of the management and their capacity to convert a promising idea into a commercial success.

The value per Share of the company as per Weighted Average Value of Discounted Free Cash Flow Method & Adjusted Net Assets Value Method is as under (Detailed workings has been attached in Annexures to this report):

				All Amount INR Million
Valuation Approach	Methodology Applied	Weight	Equity Value	Weighted Average Equity Value
Asset	NAV	-	218.69	-
Market	CCM	-	-	-
	Market Price	-	-	-
Income	DCF	1.00	900.00	900.00
Weighted Average Equity Value				900.00
No. of Equity Shares				6,000
Value per Equity share (INR)				1,50,000.00

VI. Fair Valuation of Equity Share.

We have formed an opinion on the fair value of Shares of the company, based on the information provided by the Management of the company. We are of the opinion that as on March 31st, 2023 the fair value of one Share of company is Rs.1,50,000 per share (Rupees One Lakh Fifty Thousand Only).

The valuation is subject to the information as made available to us by the management of the company, and no specific audit has been carried on the same.

VII. Restricted Audience Clause:

This Valuation Report has been issued on the specific request of "Xylem Learning Private Limited" for determining the Fair value of equity shares in accordance with Income Tax Act, 1961. This Report including (for the avoidance of doubt) the information contained in it is absolutely confidential and intended only for the sole use and information of the Board of Directors of the Company in connection with the Proposed Transaction, without limiting the foregoing, we understand that the Company may be required to submit this Report to or share this Report with regulatory authorities in connection with the Proposed Transaction. It is clarified that reference to this Report in any document and / or filing or possession of this report by any party, shall not be deemed to be an acceptance by us of any responsibility or liability to any person / party other than the Purchasing company. We accept no duty, obligation, liability or responsibility to any party, other than the Company and or the Purchaser company with respect to the services and/ or this report

VIII. Disclaimer/Limitations on the Valuation of Shares of the company:

Our report is subject to the scope of 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 therein. This report has been prepared solely for the purpose set out in this report and should not be made available to any other person, distributed, published or reproduced (in part or otherwise) in any other document whatsoever, without our written consent save and except for the limited purpose of this report.

The scope of the assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. We do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our report. Any updates or second opinions on this valuation report cannot be sought by the Company from external agencies without our prior written permission.

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The information presented in this valuation report does not reflect the outcome of any due diligence procedures, the outcome of which could change the information contained herein and therefore, the valuation report materially.

Valuation is based on the estimates of future financial performance or opinions, which represent reasonable expectations at a particular point of time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

Our value analysis is based on the information made available to us by the management of the company and the information obtained by us from public domain as mentioned in the report. Any subsequent changes/modifications/revisions (either positive or negative) to the financial parameters and other information provided to us may alter the result of value analysis set out in this report, positively or negatively. Also, the realization to the given projections is dependent on the continuing validity of the assumptions on which they are based. Since the projections relate to the future, actual results are likely to be different from the projected results in case of events and circumstances not occurring as projected and the differences may be material. Our work did not constitute a validation of the financial projections of the company under consideration and accordingly, we do not express any opinion on the same. We have not commented on the appropriateness of or independently verified the assumptions or information provided to us, for arriving at the financial projections. This report is based on the information from the management of the Company. Further, this information has not been independently verified by us. We have assumed that the Company has furnished to us all information, which it is aware of concerning the financial statements and respective liabilities, which may have an impact on our report.

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

It may be noted that in carrying out our work we have relied on the integrity of the information provided to us by the management of the company; other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

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

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

It should be noted that for the purpose of determining fair Value of Shares of the XLPL as on March 31st, 2023, we have not considered the impact of any events on the valuation of the company, which have occurred post the date of the valuation except mentioned in this report. Further, this valuation report is based on the extant regulatory environment and the business/ market conditions, which are dynamic in nature and may change in future, thereby impacting the Company under valuation.

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

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

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

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

No investigation of the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loan disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opining or certifying the compliance with the provisions of any law, including but not limited to, Circulars/ Guidelines/ Notifications/ Rules/ Regulations etc. issued by the Reserve Bank of India, and Tax Laws related laws by the company.

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

Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and opinion give is fair and reasonable, In the particular circumstances of this case, our liability for any economic loss or damage arising out of or in connection with this engagement, however the loss or damage is caused, shall be limited to the amount of fees actually received by us from the company as laid out in the engagement letter, for such review and valuation work.

Notwithstanding anything contained in this report, 3DCSL, its Directors and employees will not be liable to any party for any direct, indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this engagement.

For 3Dimension Capital Services Limited,

Rhydham Kapoor
Executive Vice President

Annexure:(A) Discounted Cash Flow Method.

Discounted Cash Flow Analysis - Xylem Learning Private Limited							
WACC :	25.03%						
GROWTH RATE :	4.00%					Amount In INR Million	
FY	2024 (12M)	2025	2026	2027	2028	Terminal for next 8 years	Forward Terminal
PARTICULARS							
Turnover	1,541.06	2,586.69	3,113.17	3,659.59	4,220.74		
Growth rate %		67.85%	20.35%	17.55%	15.33%		
PBT	*180.37*	*309.80*	*383.22*	*419.69*	*444.27*		
Less : Direct Taxes Paid	47.78	82.06	101.51	111.17	117.68		
PAT	132.59	227.74	281.71	308.52	326.59		
PAT Margin%	8.60%	8.80%	9.05%	8.43%	7.74%		
Add : Depreciation and Amortization	22.69	36.50	55.95	78.04	102.52		
Less :Capital Expenditure	139.64	257.93	310.96	364.32	416.04		
Add : Interest (post Tax)	1.93	1.93	1.93	1.93	1.93		
Opening Non Cash Working Capital	-0.19	-16.92	-58.07	-78.79	-100.30		
Less: Change in Non Cash Working Capital	-	-	-	-	-		
Closing Non Cash Working Capital	-16.92	-58.07	-78.79	-100.30	-122.39		
Free Cash Flows	17.57	8.24	28.63	24.17	15.01	1,624.71	687.38
Discounting Factor	0.89	0.71	0.57	0.46	0.37	0.37	0.37
Present value of Cash flow	15.68	5.88	16.35	11.04	5.48	593.50	251.10

Terminal Adjustment		
Particulars	Terminal Adjustment for next 8 years	Forward Terminal
WACC	25.03%	
Growth Rate	15.00	4.00
H (No. of years)		4
PBT	444.27	
Tax	117.69	
PAT	326.59	
Add: Dep	102.52	
Less Capex	102.52	
Add: Int(Post Tax)	1.93	
FCF without adjustment of Non Cash working Capital	1,624.71	687.38
Adjustment of Non Cash Working Capital	-	-
FCF with adjustment of Non Cash working Capital	1,624.71	687.38

NOTE:

We have discounted the free cash flows of the Company by Weighted Average Cost of Capital (WACC) of 25.03 % after considering additional Company specific Risk Premium (CSRP) of 10% and Terminal Growth rate as 4%. Any changes in economic conditions, market factors,

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performance of the Company and above stated facts may result in our conclusions becoming quickly outdated.

We have not developed any financial based probability weighted scenarios as those scenarios are more critical and harder to predict. However, considering the speed of transition from current performance of the Company to target performance as projected by the Company, we have applied H-model to smooth out the growth rate over time and accordingly calculated the terminal value in two parts i.e., high growth period and long-term stable growth period.

Cumulative present value of Cash Flows from Operations	899.03
Add: Cash & Non Current Investments as on 31.03.2023	11.49
Enterprise Value	**910.52**
Less: Debt as on 31.03.2023	10.52
Add: Amount to be received against ESOP as on 31.03.2023	-
Add: Benefit of Accumulated Losses as on 31.03.2023	-
Less: Share Application Money	-
Equity Value	**900.00**
No. of Shares as on 31.03.2023 (As represented by Management)	6,000
Diluted value per Share (INR)	**1,50,000.00**

FY ended	**31-03-2024**
Date of Valuation	**31-03-2023**
No. of Days	**366**
No. of Months	**12.20**

Risk free rate (Rf)	**7.32%**
03-04-1979	*124.15*
31-03-2023	*58,991.52*
Number of years	**44**
Market rate of return - ER(m)	**15.03%**
Industry Beta	**1.00**
Add: Additional Risk Premium (unsystematic risk)	**10.0%**
Cost of Equity (Ke)	**25.03%**
Weightage	100%
Weightage Cost of Equity (Ke)	**25.03%**

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Calculation Of Weighted Average Cost of Capital	
Ke	25.03%
Interest	0.00%
Tax	0.00%
Equity	100.00%
Debt	0.00%
WAAC	25.03%

Annexure: (B) Net Assets Value Method.

Xylem Learning Private Limited	
Book Value as on 31.03.2023	
Particulars	Amount in INR Million
Share Capital	0.60
Reserves and Surplus	218.09
Add: Amount to be received against ESOP as on 31.03.2023	-
Less: Share Application Money	-
Net Asset Value	**218.69**
No of Equity Shares as on 31.03.2023	6,000
Value Per Equity Share (INR)	**36,447.55**