FAIR MARKET VALUATION

OF

RAYS OF BELIEF LIMITED

Prepared For:

Rays of Belief Limited

J-1919, Basement, Chittranjan Park, South Delhi, New Delhi, Delhi - 110019

For the purpose of:

Recommendation of Fair Market Value of Equity Share as required under Foreign exchange Management Act, 1999 read with Foreign Exchange Management (Non Debt Instrument) Rules, 2019

Prepared By:

REAL GROWTH SECURITIES PRIVATE LIMITED

(Category-I Merchant Bankers)

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ENGAGEMENT OVERVIEW

Background

We **Real Growth Securities Pvt. Ltd. (Category-I Merchant Banker, SEBI registration number-INM 000011492)** have been approached by the management of **Rays of Belief Limited ("RBL" or "Company")** to conduct its share valuation analysis. We have prepared a written report to recommend the fair value per equity share of the company as on **15th April 2025** (the 'Date of Valuation').

Engagement Objective and Scope

Considering that the proposed issuance of equity shares is in connection with the acquisition of shares of a foreign entity through a swap of securities, the Company intends to issue equity shares to new investors. It is understood that this report and its conclusions (Valuation' or the 'report') will be used by the Company's Board of Directors (and authorized Board committees) in connection with elements and points of references that will aid in the determination, in its independent judgment, of the fairness of the valuations of RBL's equity share.

The analysis and valuations contained in this report is on arm's length and on the basis of internationally accepted valuation methodology & have, therefore, the sole scope of determining an appropriate Fair value. As such, the values obtained cannot in any way be considered estimates of the economic value and/or current or future market value on a stand-alone and/or a joint basis.

Accordingly, in the current valuation analysis, by commissioning Discounted Free Cash Flow Method, we evaluated the fair market value of the equity shares of the Company as on the valuation date, based on an analysis of all the information provided by the management regarding the company's business, products & services, operations, past performance and financial results, financial conditions, developments, budgets and forecasts and assumptions considered appropriate under the attendant circumstances. It is assumed that information provided and representations made are accurate and reliable and fairly represent the financial position and prospects of the Company as on the Valuation Date. The validity and accuracy of this recommendation report depend upon the reliability and accuracy of basic data provided by the management and relied on without being subjected to audit or tests of verification by us.

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EXECUTIVE SUMMARY

- **Report Summarized**: Real Growth Securities Private Limited (CAT – I Merchant Bankers) issued the valuation report. The valuation report is subject to the statement of limiting conditions contained in the report.
- **Business Activity**: Company is engaged to empower every parent (**India** and abroad) both of normal and that of autistic and Children with special need so that their child can develop skills through specific resources under their guidance.
- **Purpose of valuation**: Recommendation of Fair Market Value of Equity Share as required under Foreign exchange Management Act, 1999 read with Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.
- **Method of Valuation**: For fair valuation of equity shares of RBL Income Based Approach (DCF Method) has been applied.
- **Standard of Value**: Fair
- **Premise of Value**: Equity shares are valued assuming the business of Rays of Belief Limited will continue on a going concern basis.
- **Date of Valuation**: 15th April 2025
- **Date of Appointment:** 04th April, 2025
- **Value Conclusion**: Price per equity share on the basis of financials of Rays of Belief Limited as at the valuation date i.e. **15th April 2025**– is **INR 130/-**.

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COMPANY OVERVIEW

Rays of Belief Limited is a public company limited by shares incorporated on 23rd August 2017, with Registrar of Delhi having CIN: U85110DL2017PLC322623 classified as Non-government company. The registered office of the company Situated at J-1919, Basement, Chittranjan Park, South Delhi, New Delhi, Delhi – 110019.

Rays of Belief Limited are engaged to empower every parent (India and abroad) both of normal and that of autistic and Children with special need so that their child can develop skills through specific resources under their guidance. Its aim is to enable mother/parents with tools that can help their child to develop or further enhance their developmental skills. The child does not have to be dependent on time-bound classes or time-based development opportunities. This will be provided by parents/guide at home for the comfort of child.

Key Managerial Personnel as on the date of Valuation:

S. No.	Name of KMP	Designation
1.	Mohd Naushad	Director
2.	Nitin Bindlish	Director
3.	Rajeev	Director
4.	Afzal Mohammed Modak	Director
5.	Mayank Bhargava	Company Secretary
6.	Ved Prakash	CFO

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SCOPE LIMITATION

This valuation is subject to the following assumptions and limiting conditions:

- Public information, estimates, industry and statistical information contained in this report have been obtained from sources considered to be reliable. However, we independently did not verify such information and make no representation as to the accuracy or completeness of such information obtained from or provided by such sources.
- Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this. This report and the conclusion of value arrived at herein are for the exclusive use of RBL for the sole and specific purposes as noted herein.
- We are not required to give testimony in court, or be in attendance during any hearings or depositions, with reference to the company being valued.
- Financial information of the subject company is included solely to assist in the development of a value conclusion presented in this report and should not be used to obtain credit or for other purpose. Because of the limited purpose of the information presented, it may be incomplete and contain departures from generally accepted accounting principles. We have not audited, reviewed or compiled this information and express no assurance on it.
- The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation and may not be used out of the context presented herein.
- This valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.
- The valuation contemplates facts and conditions existing as of the valuation date. Events and conditions occurring after that date have not been considered, and we have no obligation to update our report for such events and conditions.
- It is assumed that there is full compliance with all applicable central, state, and local environmental regulations and laws unless non compliance is stated, defined, and considered in the report.
- The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed.

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- Neither the professionals who worked on this engagement nor Real Growth Securities Private Limited have any present or contemplated future interest in RBL or any personal interest with respect to the parties involved, or any other interest that might prevent us from performing an unbiased valuation. Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

- We have made no investigation of title to property, and assume that the owner's claim to the property is valid. 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 entity has good title to all assets

- While we have taken all reasonable steps to ensure that the contents of the report are accurate and in accordance with existing valuation practices, they cannot be held liable for the accuracy, suitability, completeness, currency or otherwise of the information within the report

- This report cannot be used to assess the price at which the shares of the said company may be bought or sold and is certainly not a recommendation to buy/sell the shares at the assessed price.

- Our study did not include the following: -
    - An audit of the financial statements of the company.
    - Carrying out a market survey / financial feasibility for the Business of the company.
    - Financial and Legal due diligence of the company

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

- We have not verified the authenticity of the actual purpose for obtaining this valuation report and have done a pure mathematical calculation based on the information provided to us by the management of the company.

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VALUATION METHODOLOGY AND APPROACHES

- **The Asset Approach** – The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a Book Value basis or Net Asset Value basis or Liquidation Value (realizable value) basis. This valuation approach is mainly used in case where the firm is to be liquidated, i.e., it does not meet the going concern criteria or in case where the assets base dominates earnings capability.

  As a valuation method, neglect the concept of time value of money we have not considered this method for computation of fair value of equity share of the Company.

- **The Comparable Company Approach** – The Comparable Company Multiple serves to estimate the value of similar companies operating in the same industry that are publicly traded. Some of the commonly used multiples are EV/Sales, EV/EBITDA, EV/EBIT, EV /Net Income. Under this method, value of the shares of a company is arrived at by using multiples derived from valuations of comparable company, as manifest through stock market valuations of listed company.

- **The Market Based Approach** - Quoted prices are considered indicative of the perception of investors operating under free market conditions. Under this method, the valuation is done on the basis of share prices of a company quoted on the stock exchange, but the Company is not listed on any stock exchange. Hence, this method does not provide fair valuation to the Company.

- **The Income Based Approach (DCF 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 flow of the business or capitalized using a discount rate depending on the capital structure of the company. 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.

Reason for choice of methodology adopted the Income Approach:

Though there are several methodologies for estimating value of an entity, we relied on Discounted Free Cash Flow method because of its conceptual strength, reasonability of forecasts and material assumptions. It is also one of the widely accepted methodologies of valuation internationally.

BASIS OF VALUATION

Our valuation exercise is based on:

1. Management certified unaudited financial statements for the period ended 15th April 2025.
2. Financial forecasts of the Company from the financial year 2025-26 (11.5 Months) to 2029-30.
3. Information gathered based on discussions with the management and representatives of the Company.
4. The above information has been relied on without subjecting it to audit or tests of verification.
5. Management Representation Letter.

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DISCOUNTED CASH FLOW METHOD (DCF)

The financial forecasts provided by the management form the basis for our DCF analysis and the assumptions based on the perception of attendant circumstances of the case.

The DCF Analysis of Rays of Belief Limited is given below:

DCF ANALYSIS-RAYS OF BELIEF LIMITED						
DCF ANALYSIS						Amount (In Lakhs)
		11.5 Months	**Mar-27**	**Mar-28**	**Mar-29**	**Mar-30**
PAT		74.32	467.99	1,986.94	3,788.13	5,938.40
Add: Depreciation		451.05	763.35	823.95	878.29	986.11
Add: Net Debt		(25.18)	(40.59)	(36.52)	(31.87)	(29.58)
Less : Change in Working Capital		(219.53)	106.74	267.69	199.60	1,216.43
Less : Non Current Assets		84.54	406.69	675.00	1,285.62	629.30
Less : Net Capital Expenditure		761.41	928.35	1,038.45	1,157.14	1,328.62
Free Cash Flows to Equity		**(129.22)**	**(331.02)**	**793.22**	**1,291.19**	**3,700.59**
Period Factor		0.96	1.96	2.96	3.96	4.96
Discounting Factor	15.21%	0.87	0.76	0.66	0.57	0.50
Present Value of FCFE		**(112.82)**	**(250.84)**	**521.71**	**737.20**	**1,833.63**
Sum of Present Values (A)		**2,728.79**				
Perpetuity Growth Rate	5.00%					
Residual Capitalization Rate	10.21%					
Terminal Value		38,050.00				
Present value of Terminal (B)		**18,853.67**				
Total Equity Value (A+B)		**21,582.46**				
Add: Cash and Cash Equivalents		554.22				
Total Equity Value		**22,136.68**				
Discount for lack of marketability	10%	2,213.67				
Equity Value (Post DLOM)		**19,923.01**				
Equity Value (INR)		**1,99,23,01,000.00**				
Total Shares Outstanding		1,53,27,552				
Equity Value Per Share (In INR)		**129.98**				
Equity Value Per Share (In INR) (Rounded Off)		**130.00**				

DCF ASSUMPTIONS

Ke or the Discount Rate

Discount rate is the rate of return that a willing financial buyer, acting rationally, would expect to receive from an investment to compensate the inherent risks involved and for the time value of money. This rate of return should also be acceptable to the willing seller with the same knowledge of facts, as explained in the 'Fair Market Value' definition. Since we are discounting free cash flows available to all equity stake holders, we are using Ke as the discount rate.

Cost of equity:

We applied the widely used Capital Asset Pricing Method ('CAPM') to build up the cost of equity. Additionally other factors considered to impact the cost of equity for the Company are competition, future estimates etc.

Therefore in consideration of the above and erring on the side of caution company specific risks associated with RBL are considered additionally as explained below.

Company specific risk (CSR) considers factors such as company profile, stage risk, diversity of product lines, perceived risk of achieving projections, etc. Accordingly a **2.00%** CSR has been added to the cost of equity.

The CAPM has been expressed as follows:

CoE = Rf + β * (Rm – Rf) + CSR

Where, CoE is Cost of Equity, Rf is the Risk-Free Rate, β is the Beta, Rm is the Market Return, (Rm– Rf) is the Market Risk Premium and CSR is company specific risk.

Risk Free rate

The risk free rate is generally based on the returns from long-term government bonds and securities. In a way it depicts a combination Economic Growth & Inflation Premium. These returns are used since they represent a very low default risk, are liquid (freely tradable) and include the expected long-term inflation premium. The risk free rate of return can be taken at **6.41%** (annualised) based on the yield on 10 Year Government security bond in India as on the date of valuation.

Beta

Beta of 0.98 has been considered appropriate for the company.

Market Return (R_m)

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 expected rate of return from equity has been taken on the basis of rate of return of SENSEX on BSE for a period of 20 years. Accordingly, Market Return (R_m) has been taken as **13.35%.**

Market Risk Premium		
Value as on	15-Apr-05	6,248.34
Value as on	15-Apr-25	76,734.89
	20.01	
CAGR		13.35%

Ke Analysis

Cost of Equity has been arrived at **15.21%**, as shown below:

Assumptions	
R_f	6.41%
R_m	13.35%
Market Equity Risk Premium R_m - R_f	6.94%
βeta	0.98
Company Risk Premium	2.00%
R_e	15.21%

Tax Rate

As per the information provided by the management tax @ 25.17% is applicable on the company.

Terminal Value

The Terminal equity value of the Company is calculated based on the perpetuity growth model assuming a growth factor of **5.00%** which is considered to be appropriate in the light of its past trend and the GDP growth in the country. Subsequently, the present value of this Terminal Value is arrived at by discounting it by the Residual Capitalization Rate (i.e. WACC-Growth Factor)

Equity Value

Both FCFE for the explicit forecast period and Terminal Value were discounted to their present values at the valuation date by applying the discount rate determined above.

Discount for Lack of Marketability ('DLOM')

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 listed company. This lack of marketability increases the cost of transactions involving unlisted public company shares and reduces the Fair Value of such shares. Hence, a DLOM is applied to the shares of unlisted publically held companies to derive their Fair Value (FV). The discounting factor applied generally varies in the range of 10-30%. For the present case, we have applied **DLOM of 10%** to the calculated Fair Value of RBL, which in our opinion is a reasonable rate to apply in this case.

CONCLUSION

Our opinion to determine the fair market value of the business of Rays of Belief Limited, the value determined under Income Based Approach (DCF Method) would be appropriate. The fair value recommended by us is on an arms-length basis and determined considering the internationally accepted pricing methodology.

Valuation Date – 15th April 2025

The Equity value (Post DLOM) of RBL in our opinion as per income based approach (DCF Method) is **INR 1,99,23,01,000/-**

As on the valuation date, the Company had 3,20,257 equity shares. Additionally, 12,955 shares were issued, bringing the total pre-bonus share count to 3,33,212. For the purpose of this Report, 1,53,27,752 equity shares have been considered, factoring in the bonus issue in the ratio of 45:1 approved at the EGM held on June 13, 2025.

Therefore, the per share value of Rays of Belief Limited as on the date of valuation is **INR 130/- per equity share.**

For Real Growth Securities Private Limited
(Cat-I Merchant Bankers)

REAL GROWTH SECURITIES PVT. LTD. NEW DELHI

Rajesh Gupta
(Director)

Date: 14th June 2025
Place: New Delhi