

Navkar Digital Institute Private Limited

Valuation Report

Sep 2024

Vandana Sankhala

Chartered Accountant

Registered Valuer-Securities or Financial Assets

IBBI Registration No. IBBI/RV/06/2019/11578

Certified Valuator and Analyst-NACVA

Mobile: 9940211920

Vandana Sankhala

Chartered Accountant
Registered Valuer
Certified Valuator and Analyst-NACVA



10th December, 2024

Board of Directors
Navkar Digital Institute Private Limited
Chennai

Re: Navkar Digital Institute Solutions Limited – Fair Market Value of Company - 30th September, 2024

Based on my analysis as described in this detailed Valuation Report, the Fair Market Value of Equity per share as of 30th September 2024 is Rs. 70,006.54/-

All information contained herein with respect to the valuation subject is provided to me, by you / your authorized personnel only. The contents of report have been reviewed in detail by the Management, who have also confirmed the factual accuracy. I understand that you agree with the contents of this report (especially fact based) and nothing has been concealed from me that could have had a bearing on the valuation.

Appreciate the cooperation received from Management and executives for the assignment.

Yours Truly,





Vandana Sankhala,
Registered Valuer, Securities and Financial Assets
IBBI/RV/06/2019/11578
ICAIRVO/06/RV-P0056/2019-20
UDIN 24207393BKEAOZ3558

Vandana Sankhala

Chartered Accountant
Registered Valuer
Certified Valuator and Analyst-NACVA



TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
VALUATION SPECIFICS.....	2
COMPANY BACKGROUND	6
INDUSTRY OUTLOOK.....	8
VALUATION APPROACHES AND METHODS	9
VALUATION WORKINGS.....	12
CONCLUSION OF VALUE.....	13
SCOPE, LIMITATIONS AND EXCLUSIONS.....	14
VALUERS CREDENTIALS.....	16

EXECUTIVE SUMMARY

Reference Standard:	Valuation Standards issued by ICAI
Name of Company being Valued	Navkar Digital Institute Private Limited
Subject Interest:	100% Equity interest
Valuation Date:	30 th September, 2024
Report Date:	10 th December 2024
Purpose of Valuation:	Proposed acquisition
Standard of Value:	Fair Market Value
Premise of Value:	Going concern
Valuation Approach & Method Used:	Income Approach
Appraiser Name:	Vandana Sankhala
Fair Market Value of Equity per share	Rs. 70,006.54

INTRODUCTION

VALUATION SPECIFICS

I have performed a valuation engagement, in accordance with the standards set forth by Institute of Chartered Accountants of India, of Navkar Digital Institute Private Limited. This summary report will provide sufficient information to permit the intended users to understand the data, reasoning, and analyses underlying the valuation analyst's conclusion of value.

PURPOSE AND INTENDED USE

Valuation of Equity shares for proposed acquisition.

INTENDED USERS

The distribution and use of this Report is restricted to the above-mentioned client, the client's legal and financial advisors. The valuation Report shall not be distributed to outside parties to obtain credit or for any other purposes. Possession of the Report does not carry with it the right of publication of all or part of it, nor may it be provided to any third parties. I do not assume any liability, obligation or accountability to any unauthorized third-party users of the Report under any circumstances.

VALUATION DATE

The result of this valuation is my conclusion of value as of 30th September, 2024. I have requested and analysed financial data up to and including the valuation date and have made inquiries into material subsequent events that may be known or knowable at 30th September, 2024.

STANDARD OF VALUE

As was appropriate, this valuation engagement used fair market value as the standard of value. This is the most appropriate standard of value to ensure receipt of fair market value to all concerned.

Navkar Digital Institute Private Limited- Valuation of Equity

The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

PREMISE OF VALUE

The premise of value is the assumption regarding the circumstances in which an entity, or the entity's assets, would be sold. The International Glossary of Business Valuation Terms defines the following premises:

Going Concern Value - 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 workforce, an operational plant, and the necessary licenses, systems, and procedures in place.

Liquidation Value – the net amount that would be realized if the business is terminated and the assets are sold piecemeal. Liquidation can be either “orderly” or “forced.”

Orderly Liquidation Value – liquidation value at which the asset or assets are sold over a reasonable period of time to maximize proceeds received.

Forced Liquidation Value – liquidation value, at which the assets or assets are sold as quickly as possible, such as at an auction.

As of the valuation date the Company was not contemplating liquidation. Accordingly, the Company was valued as a going concern entity.

SOURCES OF INFORMATION

In performing the valuation engagement, I was provided with, and relied upon various documents including, but not limited to, the following:

- Audited financial statements of the company for financial year FY 21-22, 22-23 and 23-24
- Provisional Financials for Apr-Sep 2024
- Financial projections for 3 years and 6 months have been given.
- Shareholding pattern as on 30th September 2024

Navkar Digital Institute Private Limited- Valuation of Equity

- Discussions with the Management.
- 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.

Below mentioned metrics have been sourced from reliable public domain:

Risk free rate has been taken from India Government Bond 20Y | 2024 from Clearing Corporation of India @ 6.79%

Risk Premium is the difference between market rate and risk-free rate of return.

Beta has been sourced from average Beta of companies in same segment.

Used Capital Asset Pricing Model (CAPM) for arriving at return on equity. CAPM is widely used for arriving return on equity.

It is assumed that the cashflow continue to grow at 5.5% every year after forecast period Used Gordon (constant) growth model for arriving at terminal value.

All numbers are stated in Indian Rupees-INR Lakhs unless other-wise stated in the Report.

The information provided by the Clients, Company management, or other representatives, in the course of this engagement, has been accepted without any independent verification. This Report is, therefore, dependent upon the information provided. A material changes in critical information relied upon in this Report would be cause for a reassessment to determine the effect, if any, upon my conclusion. I have not provided attest services in regard to any of the sources.

ASSUMPTIONS AND LIMITING CONDITIONS

For Valuation under Market Approach, Valuation Date considered is 31st March 2024 as comparable data for that period was considered. For Valuation under Income and Asset approach, Valuation Date considered is 30th September 2024. The valuation presented in this Report is contingent on the assumptions and limiting conditions as found in “Scope, Limitations and Exclusions” and those found elsewhere in this Report. The Clients are provided with a copy of this Report prior to its final issuance to ensure the accuracy of facts and statements attributed to the Client and Company management.

SUBSEQUENT EVENTS

Generally, the valuation analyst should consider only circumstances existing at the valuation date and events occurring up to the valuation date to form his/her conclusion of value. Subsequent events are indicative of conditions that are not known or knowable at the valuation date. The valuation would not be updated to reflect those events or conditions. I did not, in the course of our engagement, note any subsequent events that would warrant disclosure in this Report.

COMPANY BACKGROUND

Navkar Digital Institute Private Limited is unlisted Private limited company incorporated under Companies Act 2013 on September 20th, 2018 with CIN U80904GJ2018PTC104265 having its registered office at NAVKAR HOUSE-2, Sur No.2274, Navrang Cercle, C/o. Navkar Complex, Opp. Navrang School, Nav, rangpura, Ahmedabad, AHMEDABAD, Gujarat, India, 380009

Capital Structure of Company as on 30th September 2024 is as follows

Particulars	Amt in Rs
Authorised Capital	
10000 Equity Shares of Rs. 10/- each	1,00,000
Issued , Subscribed and Fully paid up Capital	
10000 Equity Shares of Rs. 10/- each	1,00,000

Director/Signatory Details

Sr. No	DIN/PAN	Name	Designation	Date of Appointment	Cessation Date	Signatory
1	01939152	HITESHKUMAR INDULAL SHAH	Director	20/09/2018	-	Yes
2	01949301	SWETA HITESHKUMAR SHAH	Director	20/09/2018	-	Yes

Main Objectives of the business are as follows:

To carry on the business of both formal and informal education to train students in both India and abroad for various educational programs including training for all competitive examinations as well, research and development of products and teaching aids to supplement education in K-12 and higher studies. To carry on the business of both formal and informal education to train students in both India and abroad for various educational programs including training for all competitive examinations. To carry on the business of according various educational video lectures and trade them online and offline through internet, satellite, television, mobiles tablet & PCs.

2. To develop the business of e-learning for all educational programs as well, research and development of products and teaching aids to supplement education in K-12 and higher studies. To enhance education by developing products using latest technology tools using different mediums including internet, satellite, television, mobiles and tablet PCs. To provide classes both through franchising and self owned centres.

3.To carry on the business of e-learning and education in India and/or abroad in all fields of software, hardware and marketing, developing or any other related activity required for any educational, research purpose and any other purpose that may be otherwise specified and to market software related to the business of e-learning and education on behalf of itself and other companies and to carry out consultancy projects in the areas of e-learning, education and technology. To carry on the business of e-learning & e-commerce relating to web site and network designing and architecture development of intelligent web pages and web enabled application, to provide business related information services through the internet and offer internet solutions to clients using emerging technologies, offer e-learning operation solutions, commercial and business advisory models/ aid to all business activities through the medium of internet trading web site creations setting up domain name and registration, develop design on solutions and application in all e-commerce spheres and areas, provide applications services and technologies in the field of graphic designing, multimedia, animation war games, and virtual realities, interactive training stimulators and print/ CD Rom based content.

(This page has been left empty intentionally)

INDUSTRY OUTLOOK

Key Players in Online Education Market in India

The Online Education Market in India is growing at a rapid pace with the increasing penetration of internet and smartphones. The number of online learners in India is expected to grow. The Online Education Market in India is still in its early stages, with a few key players dominating the space. The leading player in the India Online Education Market is Byju's, which was founded in 2011. Byju's offers online tutoring for students from grades 4-12. Another leading player in the India online education market is Unacademy, which was founded in 2015. Unacademy offers online courses for competitive exams such as the IIT JEE, NEET, and UPSC exams. Other notable players in the India online education market include Coursera, edX, Udacity, and Skillshare. The competition scenario in the India Online Education Market is quite intense as all the key players are trying to capture a larger share of the market.

Emerging Trends and Developments in India Online Education Market

India Online Education Market is expected to grow during the forecast period, driven by the rising penetration of internet and smartphones, and the increasing awareness of online education among students and working professionals.

One of the key trends driving the growth of India Online Education Industry is the increasing adoption of blended learning models, wherein students receive both online and offline instruction. This trend is being fueled by the growing popularity of Massive Open Online Courses (MOOCs) among Indian students. MOOCs offer a flexible learning format that allows students to study at their own pace and schedule.

Another major trend driving the growth of online education in India is the increasing focus on personalized learning. Personalized learning refers to an educational approach that tailors instruction to meet the unique needs of each individual student. This approach is becoming increasingly popular in India as it helps students learn more effectively and achieve better outcomes.

The growing popularity of online education has also led to the emergence of new business models such as edtech startups and online tutoring platforms. These new players are redefining the landscape of Indian education with their innovative offerings and technologies. Some notable edtech startups operating in India include Byju's, Toppr, Unacademy, Vedantu, and Eruditus.

VALUATION APPROACHES AND METHODS

Valuation of a business is not an exact science and 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:

1. Whether the entity is listed on a stock exchange
2. Industry to which the company belongs
3. Past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated.
4. Extent to which industry and comparable company information is available.

Ind VS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity share). This standard specifies that following three approaches are used for valuation of business / business ownership interest:

Market Approach

Income Approach

Cost Approach

Each of the above approaches are discussed in the following paragraphs.

Cost Approach or Net Asset Approach:

The value arrived at under this approach is based on the value per share of the underlying net assets and liabilities of the company, either on book value basis, replacement cost basis or reproduction cost basis. This approach is mainly used in case where the firm is to be liquidated, i.e., in case where the assets base dominates the earnings capability.

This method has not been used as company is a recently formed entity and has bright prospects.

Income Approach

Value arrived under this approach is based on maintainable or future amounts (e.g., cash flows or income and expenses) converted into a single current value (e.g., discounted or capitalised amount). Under this technique, either: the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, from a market participant basis, and the sum of such discounted cash flow is the value of the business, from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of equity. The projected free cash flows from business operations available to equity shareholders (after deducting cash flows attributable to the debt and other capital providers) are discounted at the cost of equity, from a market participant basis, and the sum of such discounted free cash flows, after making other relevant adjustments, is the value of equity.

This method has been used.

Market Approach:

Value arrived at under this approach normally uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as business. Under this approach following valuation methods are commonly used: Market price method, which uses traded price observed over a reasonable period while valuing assets which are traded in the active market.

Comparable Companies Multiple (CCM) method, which involves valuing an asset based on market multiples derived from prices of market comparable traded on active market. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

Comparable Transaction Multiple (CTM) method, which involves valuing an asset based on transaction multiples derived from prices paid in comparable transactions of assets to be valued.

This method has not been used as I could not find a comparable listed entity or comparable transaction.

(This page has been left empty intentionally)

Navkar Digital Institute Private Limited- Valuation of Equity

VALUATION WORKINGS

Valuation of Navkar Digital Institute Private Limited					
Discounted cash flows of Navkar Digital Institute Private Limited as on 30th September 2024					
Particulars	FY25E-6 m	FY26E	FY27E	FY28E	INR in Mn
					Terminal Value
Revenue	127.51	361.49	416.69	480.50	
Y-o-Y growth		183%	15%	15%	
EBITDA	-6.18	20.14	23.22	29.49	
Less: Taxes	1.65	-4.40	-4.79	-5.67	
Less: Interest	-	-	-	-	
Less: Movement in Debt	-	-	-	-	
Less: Capex	1.80	3.00	7.00	11.00	
Less: Changes in Working Capital	57.72	3.28	15.46	28.60	
Free cash flows	54.98	22.02	40.89	63.42	522.02
Discounting factor-Mid point convention	0.96	0.85	0.71	0.60	0.60
Present value of cash flows	52.73	18.61	29.22	38.30	315.24

Summary of value	INR in Mn
Primary value	138.86
Terminal value (TV = $FCFn(1+g) / (Ke - g)$)*discounting factor of Fn	315.24
Add:cash and cash equivalents as on 30/09/2024	89.44
Less: Contingent liabilities-Assumed	
Add: Control Premium	217.41
Less:Marketability Discounts	60.88
Enterprise value	700.07
Number of Shares	10,000
Value per Share (in Rs. Rounded off)	70,006.54

Assumptions for Terminal year	
COE	18.32%
Perpetuity assumptions	
Terminal growth	5.50%
Tax Rate - Company	25.17%

Cost of Capital to Equity-Adjusted CAPM Method		
Beta	0.70	Beta of listed companies in same segment
Rf	6.79%	20 year Zero Coupon Bond from Clearing Corporation of India
Rm	12.48%	Historical stock market returns in India
Rp	5.86%	Rm-Rfr
Ke (before Size and CSRP)	10.80%	Rfr+Rp*Beta
Size Premium	3.51%	Incremental return on small cap over large cap -also Listed
CSRP	4.00%	Professional Judgement
Cost of Equity-Ke	18.32%	

Tax Rate	
Rate applicable to company based on Turnover	22.00%
Surcharge @10%	2.20%
Cess @4%	0.97%
Summation of all above	25.17%
Beta	
Beta	69.57%

CONCLUSION OF VALUE

Based on the foregoing and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, I report that, in my assessment, value of equity share as on the valuation date is Rs. 70,006.54/- (Seventy thousand and six and forty-four paisa only) per equity share.

SCOPE, LIMITATIONS AND EXCLUSIONS

I have relied upon the information, data, explanation and representations given to me by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. I have assumed such representations to be reliable and my conclusions are dependent on such information being complete and accurate in all material respects.

I have not carried out a due diligence or audit of Transaction Undertaking for the purpose of opining on the share entitlement ratio nor have I independently investigated or otherwise verified the data provided. My work was not designed to verify the accuracy or reliability of the information provided to us and nothing in this report should be taken to imply that I have conducted procedures, audits or investigations in an attempt to verify or confirm any of the information supplied to us.

My review and analysis has been limited to the above-mentioned procedures and my analysis is subject to this limitation. My reliance and use of this information provided by the management should not be constructed as expression of my opinion on it and I do not and will not accept any responsibility or liability for any inaccuracy in it.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single share entitlement ratio. While I have provided my opinion of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of my engagement, others may have a different opinion as to the same.

This Report is furnished solely for purpose of arriving at Fair value of Company for purposes of Merger.

The Company shall not use this report for any other purpose other than stated above.

This valuation report is valid only as on the Valuation date.

My work does not constitute an audit or certification of the subject Company's financial. Accordingly, I am unable to and do not express any opinion on the accuracy of information referred to in this report. I assume no responsibility for any errors in the information submitted by the management and their impact on the present exercise.

This Valuation report is issued on the understanding that the subject Company has drawn my attention to all the relevant matters, of which it was aware, concerning the Company's financial projection and business which may have an impact on my Report.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature including issue of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited/unaudited balance sheet of the Companies. My conclusion of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

The fee for the engagement is not contingent upon the results reported.

I am an eligible Registered Valuer as per Rule 3 of Registered Valuer and Valuation Rules registered with ICAIRVO (Institute of Chartered Accountants of India-Registered Valuer)

Navkar Digital Institute Private Limited- Valuation of Equity

Neither of my employees nor myself have any financial interest in the company.

A valuation of this 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.

The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range.

To comply with the client request, I have provided a single value for the overall Fair Market Value of the assets of company.

I consider the valuation to be reasonable based on the information available, others may place a different value.

The actual market price achieved may be higher or lower than my estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies).

The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, my valuation conclusion will not necessarily be the price at which actual transaction will take place.

Where I have relied on data, opinions or estimates from external sources (believe it to be reliable), 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. No procedures have been performed to verify accuracy and completeness of information

My responsibility is only to the authority/client that has appointed me under the terms of the engagement letters. I will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall I be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents.

I have made certain assumptions in relation to facts, conditions or situations affecting the subject of, or approach to, this exercise that has not been verified as part of the engagement rather, treated as "a supposition taken to be true". If any of these assumptions prove to be incorrect, then my estimate on value will need to be revised.

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.

In the absence of a statement to the contrary, I have assumed that no hazardous conditions or materials exist which could affect the subject business or the assets. I am not qualified to establish the absence of such conditions or materials, nor do I assume the responsibility for discovering the same. My valuation takes no such liabilities into account, except as they have been reported to the RV by the client or by an environmental consultant of the client, and then only to the extent that the liability was reported to us in an actual or estimated amount.

I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

VALUERS CREDENTIALS

Name of Valuer:

Vandana Sankhala

Chartered Accountant

Registered Valuer

Certified Valuator and Analyst-NACVA

Address:

Alsa Towers

7th Floor ,186/187 Poonamallee High Road,

Klipauk

Chennai-10

Contact:

Mobile: 9940211920

Landline 43063042