Valuation Report

Share Valuation

Futech Internet Private Limited

February 19, 2025

To,

The Board of Directors,

Futech Internet Private Limited

44, Backary Portion, 2nd Floor, Regal Building77,
Connaught Place, Central Delhi, New Delhi, Delhi,
India, 110001

Dear Sirs/Ma'am,

I, CA Vaibhav Mandhana, Registered Valuer – Securities or Financial Assets (IBBI/RV/06/2020/13124) under the Insolvency and Bankruptcy Board of India (IBBI) (hereinafter referred to as "the Valuer" or "I"), have been engaged on February 17, 2025 **('Date of Appointment')** in connection with the valuation exercise of **Futech Internet Private Limited** (hereafter referred to as 'FIPL' or 'the Company' or 'client') as of December 31, 2024 (**'Valuation Date'**) for the transfer of shares to the identified acquirer.

In the accompanying report, I have presented our valuation analysis, as well as the source of information used in this report and the scope of work in the course of our assignment, indicating any limits on our assignment. This report and its contents may not be cited, referred to, or shown to anyone other than the parties involved in this report, and should be read in its entirety rather than in portions.

In case you require further information or Clarification, please feel free to contact us.

Thanking You,

Yours faithfully

CA Vaibhav Mandhana

Registered Valuer – Securities or Financial Assets

IBBI Reg. No. IBBI/RV/06/2020/13124

UDIN: 25142514BMIBAS9149

Date: February 19, 2025

Place: Mumbai

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1. Scope & Purpose of this Report

- The Management of the Company ('the Management') has informed me that certain existing shareholders are considering transferring a portion of their shares. In this context, the Management requires our valuation services to determine the fair value of the equity shares on a going concern basis. This valuation is intended for internal management purposes in relation to the proposed transfer of shares to a potential acquirer. **("Purpose").**
- For the aforementioned purpose, the company has appointed us to recommend the fair value of the shares of the Company. In this Context, we are pleased to offer our services in issuing the valuation report.
- The report is solely for the above engagement.

2. Brief Background of the Company

<u>Overview of the Company:</u>

- Futech Internet Private Limited ('the Company' or 'FIPL'), is a private limited Company incorporated on February 22, 2018 under the provisions of Companies Act, 2013 with the CIN U74999DL2018PTC329799. The registered office is situated at 44, Backary Portion, 2nd Floor, Regal Building77, Connaught Place, Central Delhi, New Delhi, Delhi, India, 110001.
- The Company is a cloud-based digital advertising solutions provider specializing in branding and performance marketing. FIPL expertise spans multiple media channels, including mobile web, desktop web, mobile apps, and Connected Television (CTV).

- **Shareholding Pattern of the Company:**

Name of the Shareholders	Total Shares	% Holding
Amit Sharma	8,000	80%
Arjit Sachdeva	2,000	20%
Total Shares	**10,000**	**100%**

(Management Information)

3. Information Sources

In connection with this valuation exercise, we have used the following information about the Companies received from the Management and/or gathered from the public domain:

- Detailed business profile of the Company;
- Audited Financial Statement of the Company for the 3 Financial Years ("FY") ended March 31, 2022, March 31, 2023 and March 31, 2024;
- Provisional (Management Certified) Financial statement for the 9 months period ended December 31, 2024;
- Shareholding pattern of the Company as of valuation date;
- Projected Financial of the Company, including the Projected Income Statement, Balance Sheet with the underlying assumptions in the best estimate of the Management ('Management Projections');
- Management representation letter;

- Such other data, analysis, reviews, inquiry and other information/ data available in the public domain.

We communicated with the company's management for a better understanding of the information they provided, and we obtained explanations and other details that could be useful for our exercise. As part of our standard procedure, we have given the company the opportunity to review our draft report in order to ensure that there are no factual errors in the signed report.

4. Procedures used for valuation analysis

We have undertaken the following procedure covering our valuation exercise for the purpose of our valuation:

- Requested and received the relevant data from the management including historical financial, projections and brief profile of the Company;
- Discussion with the management on understanding the business, fundamental factors, future plans, key factors and the historical aspects;
- Analysis and review of the historical financial as well as the Management projections along with the discussion with the management on their underlying assumptions which were based on management's best estimates for the explicit period;
- Selection of the appropriate valuation approaches
- Prepared and issued this valuation report as required under the applicable laws.

5. Caveats

- Our report is subject to the scope 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 in this report.
- 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.
- Our work does not constitute an audit, due diligence certification or review of the historical financial statements and projections of the Company / Business referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report is as agreed as per terms of the engagement. It may not be valid for any other purpose.
- This valuation reflects facts and conditions existing or reasonably foreseeable at the valuation date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.
- The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our Final Valuation. Valuation analysis and results are also very specific to the date of this report. A valuation of this nature involves consideration of various factors including those impacted by the prevailing stock market trends in general and industry trends in particular. This report is issued on the understanding that the Company has drawn our attention to all the matters, which it is aware of concerning the financial position of the Business and any other matter, which may have an impact on our analysis, on the value of the unquoted shares, including any significant changes that have taken place or are likely to take place in the financial position of the Business. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 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 Business for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided). We have been represented by the management of the Company that it has not omitted any relevant and material factors. Accordingly, we do not express any opinion or offer any form of assurance regarding the accuracy and completeness of the information / data provided to us by the Company. We assume no responsibility for any errors in the above information furnished by the Company and their impact on the present exercise.
- We express no opinion on the achievability of the forecasts relating to the Business given to us by the management of the Company. These forecasts are the responsibility of the management of the Company. The assumptions used in their preparation, as have been explained, are based on the Company's present expectation of both – most likely set of future business events and circumstances and the management's course of action related to them. It is usually the case that some events and circumstances do not occur or are not anticipated. Therefore, actual results during the forecast period may differ from the forecast and such differences may be material.
- The analyst, by reason of this valuation, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made. Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
- Any decision by the charge creator regarding whether or not to proceed with the subscription shall rest solely with the charge creator. This report and the opinion / valuation analysis contained herein should not be construed as advice relating investing in, purchasing, selling or otherwise dealing in securities.
- This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party

should take for this purpose. Neither this report nor its contents may be referred to or quoted in any registration statement, Regulatory Purpose, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties.

- V Mandhana & Associates maximum liability relating to this valuation report shall be limited to 50% of the fees received from the company for rendering the service. This provision shall survive the completion of this engagement.

6. Reliance on the Management

In the course of our Valuation, we have relied upon financial and other information, provided by or on behalf of the Management. Our conclusions are dependent on such information being accurate and complete in all material respects. Although we have analysed this information, the scope of our work will not enable us to accept responsibility for the accuracy and completeness of this information. We have not conducted an independent audit, due diligence/ review or validation of such financial and other information. Accordingly, we do not express an opinion or any other form of assurance thereon and we accept no responsibility or liability for any losses occasioned to FIPL, its shareholders, their directors or shareholders, prospective investors or to any other parties as a result of our reliance on such information.

7. Valuation Approaches & Methodologies

For the purpose of arriving the fair value of the Equity shares of the Company, it would be necessary to select an appropriate basis of valuation amongst the various alternatives. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of the Company, nature of its business and purpose of valuation. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value of one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgement, analysis of business, in an independent and bonafide manner based on our previous experiences of assignments of a similar nature.

There are various valuation approaches for the purpose of valuation of the Company. These are as follows:

A. Income Approach

B. Assets Approach

C. Market Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

A. Income Approach

The Income approach widely used for valuation under "Going Concern" basis. It focuses on the income generated by the Company in the past as well as its future earning capability. The Discounted Cash Flow ('DCF') method under the Income approach seeks to arrive at a valuation based on the strength of future Cash Flows. Discounted Cash Flow ('DCF') method, the fair value of the company/business is based on expected value of Cash flow that the company is expected to generate in future which is thereafter discounted at a rate, which reflects the expected returns and the risks associated with the cash flows. The value of the Company is determined as the present value of its future free cash flows.

Free Cash Flows ('FCF') are discounted for the explicit forecast period and the perpetuity value thereafter. Free Cash Flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount Rate is the Weighted Average Cost of Capital ('WACC'), based on an optimal vis-à-vis actual capital Structure. It is appropriate rate of ear of the forecast period.

The discounting Factor (rate of discounting the future cash flows) reflects not only the time value of money, but also risk associated with the business's future operations.

The business/enterprises value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets/ non-operating assets are also adjusted.

In case of Free Cash Flows to Equity, the cash available for distribution to owners of the business is discounted at the cost of Equity and the value so arrived is the Equity value before surplus/non – operating assets. The surplus assets/non-operating assets are further added to arrive at the Equity Value.

B. Assets Approach

The Assets approach or cost approach is defined as, a general way of determining a value indication of a business, business ownership interest or security using one or more methods based on the value of the Net Assets (Asset's net of liabilities)

Asset's approach presents the value of all the tangible and Intangible assets and liabilities of the Company. This approach starts with a book basis balance sheet as close as possible to the valuation date and restates the assets and liabilities, including those that are unrecorded; to fair value method This method is appropriate in cases where the major strength of the business is its asset base rather than its capacity or potential to earn profits or this method is typically used in cases where the asset base dominates earning capability or going concern aspects of the entity is uncertain.

C. Market Approach

Under the Market approach, the valuation is based on the market value of the Company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors perception about the true worth of the company.

a. Market Price Method

Under this method, the market price of an equity shares of the Company as quoted on a recognised stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The Market value reflects the investor's perception about the true worth of the Company.

b. Comparable Companies Multiple Method

Under this method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

c. Comparable Transaction Multiple Method

This Method involves applying derived transaction multiples of comparable transactions to the company's future maintainable revenues/ profits (based on past and/ or projected working results adjusted to reflect the future earnings potential) after adjusting the derived multiples on account of dissimilarities with the comparable transactions and the strengths, weaknesses and other factors peculiar to the proposed transaction for which the company is being valued.

8. Application of Valuation Approaches

I have analysed the various approaches for the purpose of my valuation, and according to my analysis, the asset approach could not be applied because the company is not an asset-intensive company, and the Market Approach could not be used because the shares of company are not listed on any stock exchanges. Given the information and fact, I believe that the Discounted Cash Flow method under the Income Approach is the best appropriate method to use to arrive at the fair value of the shares of the company. ***Please refer to Annexures for detailed working.***

9. Valuation Standards

The report has been prepared in compliance with the valuation standards adopted by ICAI Registered valuer organization.

10. Valuation Conclusion

In the light of the above and consideration of all the relevant factors and circumstances as discussed and outlined herein in this report (including scope, caveats, sources of information's above), I have considered the 'Income Approach' in the analysis of the fair value of the company, which works out to **INR 614.6 million** and accordingly the fair value of each share on a fully diluted basis is **INR 61,462.7/-** per share.

11. Distribution of Our Report

The Analysis is confidential and has been prepared exclusively for the Company. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned section 1, in whole or in part, without the prior written consent of the valuer. Such consent will only be given after full consideration of the circumstances at the time. However, we do understand that the report will be shared with the investor / buyers of the Company / submission to government authorities and regulators towards statutory compliances.

Annexure I – Valuation Summary

Based on the Management projections, I have computed the total Equity value by using Free Cash Flow to Equity of the Company. Please see below calculation:

Amount in Mn

For the year ended No. of months	March-25 3 Months	March-26 12 Months	March-27 12 Months	March-28 12 Months	March-29 12 Months	March-30 12 Months	Terminal Period
Revenue from operations	**32.9**	**171.5**	**222.9**	**278.6**	**334.3**	**384.5**	**399.9**
Y-o-Y growth (%)	*5%*	*35%*	*30%*	*25%*	*20%*	*15%*	*4%*
EBITDA	**1.1**	**24.3**	**50.4**	**76.9**	**102.0**	**125.8**	**130.8**
Less: Depreciation	0.9	5.4	7.9	9.6	10.9	11.5	11.5
EBIT	**0.2**	**19.0**	**42.5**	**67.3**	**91.1**	**114.2**	**119.3**
Less: Finance cost	0.0	0.0	-	-	-	-	-
PBT	**0.2**	**19.0**	**42.5**	**67.3**	**91.1**	**114.2**	**119.3**
Less: Tax	1.7	5.2	11.7	18.4	24.4	30.0	31.0
Net operating profit after taxes ('NOPAT')	**(1.6)**	**13.8**	**30.8**	**48.9**	**66.6**	**84.2**	**88.3**
Add/ (Less):							
Depreciation	0.9	5.4	7.9	9.6	10.9	11.5	11.5
Capital Expenditure	(0.1)	(7.0)	(10.0)	(10.0)	(15.0)	(10.0)	(11.5)
Add / (Less): Decrease/Increase in Borrowings	-	(0.6)	-	-	-	-	-
(Increase)/ decrease in Working Capital	22.6	(39.4)	(10.9)	4.4	5.2	4.6	(0.5)
Free Cash Flows to Equity ('FCFE')	**21.8**	**(27.8)**	**17.8**	**53.0**	**67.8**	**90.3**	**87.8**
Mid Point	0.1	0.8	1.8	2.8	3.8	4.8	
Present value factor	0.98	0.91	0.80	0.70	0.61	0.54	
Present value of FCFE	**21.5**	**(25.2)**	**14.1**	**36.9**	**41.5**	**48.5**	

Perpetuity Value	INR In Mn
FCFE	87.8
Growth Rate	4%
Perpetuity Cash Flow	877.5
Discount Rate	0.54
PV of Perpetuity Cash Flow	**470.9**

Equity Value as December 31, 2024	INR million
Present Value of Explicit Period	137.3
Present Value of Perpetuity Cash Flow	470.9
Equity value	**608.2**
Adjustments	
Add: Cash and Cash Equivelent	6.4
Add: Cash on exercise of ESOP	-
Add: Fair value of investments	-
Equity value as at December 31 2024	**614.6**
Existing Shares	10,000
Equity value per share	**61,462.7**

To arrive the Free Cash Flow to Equity (FCFE), I have used the Cost of Equity (Ke) to discount the arrived Free Cash flow to Equity. The Ke is estimated using the Capital Assets Pricing Model ('CAPM'). It is expressed as follows:

Cost of Capital	Ke	%	Sources
Cost of Equity			
Risk Free Rate	Rf	4.2%	United States 10 Year Bond Yield - Investing .com (For last 12 months average)
Market Premium	Rm-Rf	4.3%	Market Premium as per Aswath Damodaran Analysis as on January 2025
Beta (No.)	B	1.22	Based on the Aswath Damodaran Beta for the Software (System & Application) Industry
Risk Premium	CSR	**5.0%**	For uncertainty related to CF Projections and illiquidity discount
Cost of Equity	**KE**	14%	