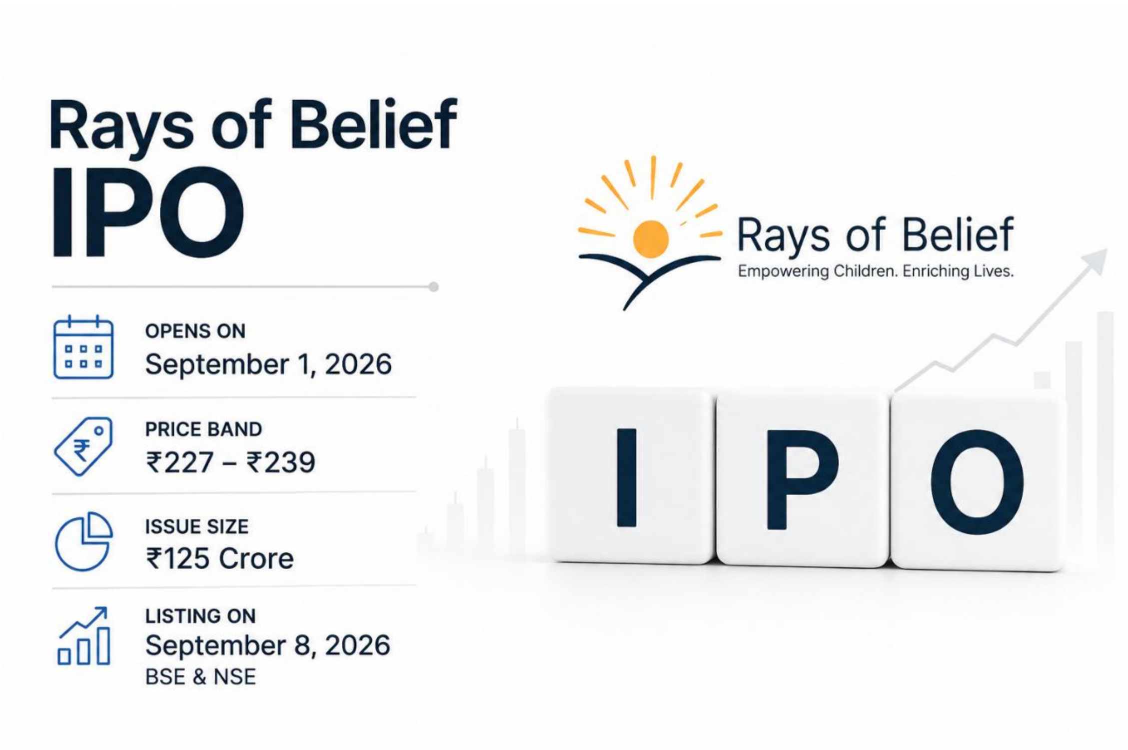
Rays of Belief Ltd

IPO Note



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Rays of Belief Limited operates as a For-Profit Social Enterprise offering personalized therapy plans for children with neurodevelopmental disorders under its flagship brand "Mom's Belief". The company's multi-channel business model combines in-person clinical therapy across its domestic center network with online services and school collaborations. Following its June 2025 acquisition of Mom's Belief US Inc., it expanded into international pediatric medical practices. In FY26, the company generated consolidated revenue of INR 81.66 crores. It stands as the largest neurodevelopmental disorder intervention platform in India, operating 136 domestic centers across 57 cities as of March 31, 2026.

The company's primary moat lies in its dominant scale and first-mover advantage as India's largest NDD intervention platform with no listed domestic peers. Rays of Belief operates a highly scalable, asset-light lease-based infrastructure model across its domestic network. Its multidisciplinary clinical team of over 340 qualified full-time professionals creates a substantial entry barrier given the severe specialist shortage. Brand equity is supported by global recognitions like the United Nations Zero Project Innovative Practice Award in 2019. Furthermore, its proprietary clinical tracking systems and customized home-learning play kits ensure high customer lock-in.

The company's growth strategy centers on aggressive domestic network expansion and advanced technology integration. It plans to deploy IPO Net Proceeds of INR 41.36 crores to establish 319 New Centres in India between FY27 and FY29. This pipeline includes 190 company learning and partner centers, 121 school collaboration centers, 3 research centers, and 5 upskilling academies. To address clinical talent shortages, the company is establishing in-house Upskilling Academies across six regional Indian cities. Additionally, INR 4.44 crores is earmarked for IT hardware upgrades to implement predictive modeling and digital child tracking.

In FY26, consolidated revenue from operations surged 124.23% YoY to INR 81.66 crores, with EBITDA expanding to INR 11.91 crores (14.59% margin). Restated PAT stood at INR 4.96 crores, while ROCE expanded to 29.74% from 7.49% in FY25. The company maintains a strong balance sheet with a very low debt-equity ratio of 0.12x. However, earnings quality is impacted by trade receivables rising to INR 18.09 crores and a persistent operating cash burn of INR 1.94 crores. While backed by a massive under-penetrated NDD market, key investment risks include high employee benefit costs at 52.48% of total expenses and geographic concentration.

Industry	Hospitality & Healthcare

Scrip Details	
Listing	BSE & NSE
Open Date	Sept 1,2026
Close Date	Sept 3,2026
Price Band	INR 227-239
Face Value	INR 10
Market Lot	62 Shares
Minimum Lot	1

Issue Structure	
Issue Size (INR cr)	INR 125.0
Issue Size sh. (in cr.)	0.52
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≤ 15%
Retail Share (%)	≤ 10%
Pre-Issue sh. (in cr.)	1.56
Post Issue sh. (in cr.)	2.09
Post Issue Market Cap (in cr)	499.55

Shareholding (%)	Pre (%)	Post (%)
Promoter	92.93	68.82
Public	7.07	31.18
TOTAL	**100**	**100**

Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA %	PAT%	adj EPS	Adj BVPS	ROE	ROIC	EV/EBITDA	P/BV	P/E
FY24	30.6	1.5	0.9	4.9	2.8	0.4	2.8	16.8	1.4	332.2	86.5	585.6
FY25	36.42	3.02	5.88	8.28	16.15	2.81	7.19	56.56	4.26	165.25	33.26	84.94
FY26	81.66	11.91	4.96	14.59	6.07	2.37	14.74	21.64	22.08	41.97	16.21	100.73

Source: Ventura Research & Company update

Issue Structure and Offer Details:

Rays of belief IPO is a 100% book build issue of entirely a **fresh issue** of 52,30,000 shares aggregating of INR 125 Cr.

	Issue Structure
Investor Category	**Allocation**
QIB	**Not less than 75% of the Net Offer**
NII (HNI)	**Not more than 15% of the Net Offer**
Retail	**Not more than 10% of the Net Offer**

Number of shares based on a higher price band of INR 239

Source: Company Reports

Objects of the Issue:

1. Here are the Objectives of the Issue from the RHP, listed pointerwise one after another:
2. **Capital Expenditure for New Centres & Hardware (INR 41.36 cr):** To fund the phased rollout of 319 new NDD centers in India and procure necessary IT hardware (laptops/printers) between FY27 and FY29. The sub-allocations are:
    a. **Company Learning & Licensed Partner Centres (190 locations):** INR 26.88 cr.
    b. **School Collaboration Centres (121 locations):** INR 5.54 cr.
    c. **Centres of Excellence and Research (3 locations):** INR 2.45 cr.
    d. **Upskilling Academies (5 locations):** INR 2.05 cr.
    e. **Technology (hardware) costs:** INR 4.44 cr.
3. **Existing Domestic Centre Lease Payments (INR 14.45 cr):** To fund ongoing lease/rental obligations for the 136 existing domestic centers in India over FY27–FY29 to secure operational continuity.
4. **Existing USA Centre Lease Payments (INR 10.13 cr):** Strategic capital infusion into the US wholly-owned subsidiary (**Mom's Belief US Inc.**) to pay for existing lease and license commitments of 3 centers in Virginia over FY27–FY29.
5. **Brand Awareness & Inclusive Outreach Programs (INR 10.21 cr):** To fund organic growth and brand recognition campaigns through ATL, BTL, and medically backed pathways over FY27–FY29.
6. **Inorganic Growth & General Corporate Purposes (Amount to be finalized):** Subject to the determination of the final Issue Price.

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Financial Summary

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Income Statement			
Revenue	30.61	36.42	81.66
YoY Growth (%)		*19.0*	*124.2*
Raw Material Cost	0.00	0.00	0.00
RM Cost to Sales (%)	*0.0*	*0.0*	*0.0*
Employee Cost	15.97	21.11	39.45
Employee Cost to Sales (%)	*52.2*	*58.0*	*48.3*
Other Expenses	13.15	12.29	30.31
Other Exp to Sales (%)	*43.0*	*33.7*	*37.1*
EBITDA	1.49	3.02	11.91
Margin (%)	*4.9*	*8.3*	*14.6*
YoY Growth (%)		*70.1*	*76.1*
Depreciation & Amortization	1.41	2.19	4.31
EBIT	0.08	0.83	7.60
Margin (%)	*0.3*	*2.3*	*9.3*
YoY Growth (%)		*735.4*	*310.7*
Other Income	0.15	0.12	0.40
Bill discounting & other charg	0.13	0.59	1.10
Fin Charges Coverage (X)	0.6	1.4	6.9
Exceptional Item	0.00	0.00	0.00
PBT	0.10	0.35	6.90
Margin (%)	*0.3*	*1.0*	*8.5*
YoY Growth (%)		*192.5*	*784.6*
Tax Expense	-0.8	-5.5	1.9
Tax Rate (%)	*0.0*	*0.0*	*28.2*
PAT	0.85	5.88	4.96
Margin (%)	*2.8*	*16.1*	*6.1*
YoY Growth (%)		*479.4*	*-62.4*
Min Int/Sh of Assoc	0.00	0.00	0.00
Net Profit	0.85	5.88	4.96
Margin (%)	*2.8*	*16.1*	*6.1*
YoY Growth (%)		*479.4*	*-62.4*
Balance Sheet			
Share Capital	0.31	0.32	15.59
Total Reserves	5.47	14.70	15.22
Shareholders Fund	5.78	15.02	30.81
Long Term Borrowings	0.00	3.60	2.75
Deferred Tax Assets / Liabilitie	0.00	0.00	0.02
Other Long Term Liabilities	6.63	6.74	16.03
Long Term Trade Payables	0.00	0.00	0.00
Long Term Provisions	0.49	0.77	1.28
Total Liabilities	12.89	26.12	50.89
Net Block	33.97	41.05	71.91
Capital Work in Progress	3.94	3.14	0.00
Intangible assets under devel	0.00	0.00	0.00
Non Current Investments	0.00	0.00	0.00
Long Term Loans & Advances	5.10	5.11	0.00
Other Non Current Assets	-37.27	-37.20	-53.79
Net Current Assets	7.15	14.02	32.77
Total Assets	12.89	26.12	50.89

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Per share data & Yields			
Adjusted EPS (INR)	0.41	2.81	2.37
Adjusted Cash EPS (INR)	1.1	3.9	4.4
Adjusted BVPS (INR)	2.76	7.19	14.74
Adjusted CFO per share (INR)	1.0	-0.9	-0.9
CFO Yield (%)	0.42	-0.36	-0.39
Adjusted FCF per share (INR)	0.5	-1.8	-1.5
FCF Yield (%)	0.19	-0.73	-0.62
Solvency Ratio (X)			
Total Debt to Equity	0.0	0.3	0.1
Net Debt to Equity	-0.7	-0.1	0.0
Net Debt to EBITDA	-2.88	-0.33	0.03
Return Ratios (%)			
Return on Equity	16.8	56.6	21.6
Return on Capital Employed	1.44	4.26	22.08
Return on Invested Capital	1.44	4.26	22.08
Working Capital Ratios			
Payable Days (Nos)	11.6	16.7	26.3
Inventory Days (Nos)	0.0	0.0	0.0
Receivable Days (Nos)	2.0	31.0	81.0
Net Working Capital Days (No	-9.6	14.3	54.7
Net Working Capital to Sales (	0.0	0.0	0.2
Valuation (X)			
P/E	585.6	84.9	100.7
P/BV	86.45	33.26	16.21
EV/EBITDA	332.16	165.25	41.97
EV/Sales	16.2	13.7	6.1
Cash Flow Statement			
PBT	0.10	0.35	6.90
Adjustments	1.54	2.68	5.48
Change in Working Capital	0.56	-4.81	-14.29
Less: Tax Paid	-0.10	-0.03	-0.03
Cash Flow from Operations	2.10	-1.81	-1.94
Net Capital Expenditure	-1.15	-1.85	-1.14
Change in Investments	-2.75	-2.04	-6.18
Cash Flow from Investing	-3.90	-3.89	-7.33
Change in Borrowings	0.0	43.6	39.5
Less: Finance Cost	1.3	5.9	11.0
Proceeds from Equity	0.1	0.1	152.7
Buyback of Shares	NA	NA	NA
Dividend Paid	0.0	0.0	0.0
Cash flow from Financing	1.04	4.90	6.04
Net Cash Flow	-0.76	-0.80	-3.23
Forex Effect	0.00	0.00	0.04
Opening Balance of Cash	3.90	4.29	5.34
Closing Balance of Cash	3.14	3.49	2.15

Source: Ventura Research

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