

VALUATION REPORT

**REPORT ON VALUE OF
EQUITY SHARES OF
DEVVRUP TRADING LIMITED**



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Summary Report

1. Date of Valuation : 3rd April, 2023
2. Date of appointment : 25th March, 2023
3. Date of submission of the Valuation Report : 14th April, 2023

The said valuation assignment has been conducted for the purpose of computing the Value per Equity Shares of Devrup Trading Limited (herein after referred to as “DTL”) for the purpose to estimate the fair value for further issuance of equity shares at which proposed transaction in a company would take place at the measurement date for a consideration other than cash (Swap of equity shares) to non-promoter investors pursuant to Section 42 and Section 62(1)(c) of the Companies Act 2013 read with rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the ‘Chapter V - Preferential Issue’ of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (‘SEBI (ICDR) Regulations 2018’) and the valuation guidelines stipulated under International Valuation standards.

The Value per Equity Share ascertained by us is **Rs. 09.85 per share.**

For and on behalf of

(Sejal Ronak Agrawal)

IBBI/RV/06/2020/13106

M No: 141498

Regd. Valuer – Securities & Financial Assets

UDIN: 23141498BGSGTC4976





Executive Summary:

Client	: Devrup Trading Limited
Corporate Identification Number (CIN)	: L51103GJ1982PLC097872
Valuation Date	: 03/04/2023
Date of Report	: 14/04/2023
Appointed Date	: 25/03/2023
Purpose of Valuation	: Fresh issue equity shares on preferential basis to non-promoter investor for a consideration other than cash (Swap of equity shares in the ratio of 612:1) in pursuance to Section 42 and Section 62(1)(c) of the Companies Act 2013 read with rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (' SEBI (ICDR) Regulations 2018 ')
Base of Valuation	: Market Value
Premise of Valuation	: Highest and best use
Method for Valuation	: Discounted cash flow, Net Asset and Market Price
Value Variation from Standard Assumptions	: None
Special Assumptions	: None
Capacity & Status of Valuer	: External- Sejal Agrawal (RV-S&FA)
Independence	: The total fees, including the fee for this assignment earned from the instructing party are less than 5.0% of our total annual revenues.





Introduction

Background Information:

CIN	L51103GJ1982PLC097872
Company Name	DEVTRUP TRADING LIMITED
ROC Code	ROC - Ahmedabad
Registration Number	097872
Company Category	Company limited by Shares
Company Sub-Category	Non-govt company
Class of Company	Public
Authorised Capital (Rs)	3,25,00,000
Paid up Capital (Rs)	1,13,02,000
Date of Incorporation	28/08/1982
Registered Address	Block C-309, Ganesh Meredian Opp. Gujarat High Court, S. G. Highway Ahmedabad- 380060
Email Id	cricwatches007@gmail.com
Whether Listed or not	Listed

Company is involved in cultivate, grow, produce, harvest raise or deal in agriculture produce as agriculturists, farmers or gardeners and to set up processing unit for import, export, distribute or deal in agriculture produce of all description, like fruits, vegetable, seeds and herbal products and trade in all the products required for cultivation, harvesting, production and developments of seeds, vegetable, fruits and herbal items".





The Board of Directors of the company as on valuation date are as follows: -

Director Details

Directors/Signatory Details

DIN	Name	Begin Date
05272041	PULKIT PRAKASHCHANDRA SHAH	05/11/2014
06924403	JAYDEEP JAYESHBHAI SUTHAR	06/08/2014
08234697	SUSHILABEN DIPAKKUMAR SHAH	11/10/2018

Shareholding Pattern:

Share Holding Details of the company as on 31st March, 2023.

Equity Share Holders			
S.N.	Name of Shareholder	No. of Equity Shares	% of Shareholding
1	Promoter & Promoter Group	--	--
2	Public	11,30,200	100.00
Total		11,30,200	100.00





Caveats, Limitations and Disclaimers

- i. Restriction on use of Valuation Report**

This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our client is the only authorized user of this report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the client from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. I do not take any responsibility for the unauthorized use of this report.
- ii. Responsibility of RV**

We owe responsibility only to the client that has appointed us under the terms of the engagement letters. We 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 we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents.
- iii. Accuracy of Information**

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- iv. Achievability of the forecast results**

We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
- v. Post Valuation Date Events**

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the valuation date.
- vi. Reliance on the representations of the clients, their management and other third parties**

The client and its management warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the clients, their management and other third parties concerning the financial data, operational data and maintenance schedule of all plant-machinery-equipment-tools-vehicles, real estate investments and any other investments in tangible assets except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.





vii. No procedure performed to corroborate information taken from reliable external sources

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources or reproduced in its proper form and context.

viii. Compliance with relevant laws

The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not reflected in the balance sheet provided to us.

ix. Multiple factors affecting the Valuation Report

The valuation report is tempered by the exercise of judicious discretion by the RV, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

x. Future services including but not limited to Testimony or attendance in courts/ tribunals/ authorities for the opinion of value in the Valuation Report

We are fully aware that based on the opinion of value expressed in this report, we may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.





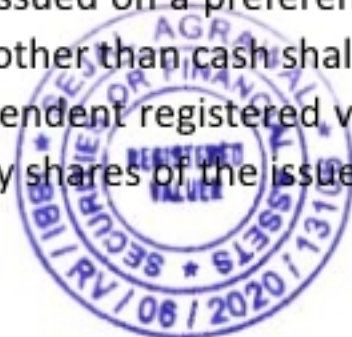
Purpose of the Report

This valuation is done for the purpose of determining the value per equity share for issue of fresh equity shares for the purpose of preferential allotment of equity shares to non-promoter investors for a consideration other than cash (Swap of shares) in pursuance to compliance with the provisions of Section 42 and Section 62(1)(c) of the Companies Act 2013 read with rule 13(2)(g) of Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the 'Chapter V - Preferential Issue' of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('SEBI (ICDR) Regulations 2018') and the valuation guidelines stipulated under International Valuation standards.

- The company is looking to assess its fair value for the proposed issue of equity shares for a consideration other than cash (Swap of Shares) in accordance with Regulations 164 or 165, 163(3) and 166A of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018 ("ICDR") using latest available Audited Auditor's Report on Financial Results as on March 31, 2023 for Preferential Allotment of equity shares.
- There is no change in control, however, Allotment to the Proposed allottee is more than five than five percent of the post issue fully diluted share capital of the issue, therefore, the pricing of equity shares of the company shall be determined in accordance with the valuation report of independent valuer as per Regulations 166A of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018
- Since Regulation 163(3) deals with issue of securities on a preferential basis for consideration other than cash and 164 deals with frequently traded shares and corresponding regulation 165 deals with infrequently traded shares and corresponding regulation 166A deals with change in control or allotment of more than five per cent. of the post issue fully diluted share capital.
- The equity shares of the company have not been traded on the metropolitan stock exchange from 240 trading days preceding the relevant date, therefore, market value taken as Zero as on the relevant date.
- The relevant extract of the regulation 163(3),164,165 and 166A are as under:

Regulation 163(3): Pricing of securities issued for consideration other than cash

Specified securities may be issued on a preferential basis for consideration other than cash: Provided that consideration other than cash shall comprise only swap of shares pursuant to a valuation report by an independent registered valuer, which shall be submitted to the stock exchange(s) where the equity shares of the issuer are listed:





Regulation 164: Pricing of frequently traded shares

1. *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:*
 - (a) *The 90 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
 - (b) *The 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

2. *If the equity shares of the issuer have been listed on a recognised stock exchange for a period of less than 90 trading days as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than the higher of the following:*
 - (a) *The price at which equity shares were issued by the issuer in its initial public offer or the value per share arrived at in a scheme of compromise, arrangement and amalgamation under sections 230 to 234 the Companies Act, 2013, as applicable, pursuant to which the equity shares of the issuer were listed, as the case may be; or*
 - (b) *the average of the volume weighted average prices of the related equity shares quoted on the recognised stock exchange during the period the equity shares have been listed preceding the relevant date; or*
 - (c) *the average of the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.*

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

3. *Where the price of the equity shares is determined in terms of sub-regulation (2), such price shall be recomputed by the issuer on completion of 90 trading days from the date of listing on a recognised stock exchange with reference to the 90 trading days volume weighted average prices of the related equity shares quoted on the recognised stock exchange during these 90 trading days and if such recomputed price is higher than the price paid on allotment, the difference shall be paid by the allottees to the issuer.*





Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue.

4. (a) *A preferential issue of specified securities to qualified institutional buyers, not exceeding five in number, shall be made at a price not less than the 10 trading days volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue:

(b) no allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a promoter or any person related to the promoters of the issuer: Provided that a qualified institutional buyer who does not hold any shares in the issuer and who has acquired rights in the capacity of a lender shall not be deemed to be a person related to the promoters. Explanation. —For the purpose of this clause, a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters of the issuer :-

- (a) rights under a shareholder's agreement or voting agreement entered into with promoters or promoter group;*
- (b) veto rights; or*
- (c) right to appoint any nominee director on the board of the issuer.*

5. *For the purpose of this Chapter, "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer:*

Provided that where the share capital of a particular class of shares of the issuer is not identical throughout such period, the weighted average number of total shares of such class of the issuer shall represent the total number of shares.

Explanation: *For the purpose of this regulation, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date.*





Regulation 165: Pricing of infrequently traded shares

Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent registered valuer to the stock exchange where the equity shares of the issuer are listed.

Regulation 166A: Change in control of more than 5%

(1) Any preferential issue, which may result in a change in control or allotment of more than five per cent. of the post issue fully diluted share capital of the issuer, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:

Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer or the price determined in accordance with the provisions of the Articles of Association of the issuer, if applicable:

Keeping in the view of above regulations: -

- The equity shares have not been traded on the metropolitan stock exchange from 240 trading days preceding the relevant date, therefore Market Value of the equity shares taken as Zero as on the relevant date.
- There is no change in control, however, the allotment to the proposed allottee is more than five percent of the post issue fully diluted share capital of the issuer

The Companies Act, 2013

Relevant Extract of Section 62: Further issue of share capital

(1) Where at any time, a company having a share capital proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(c) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.





Scope of Work and Bases of Valuation

- Registered Valuer has been appointed by Board to issue a report on the likely valuation of equity shares. I understand that the purpose of the said report is to determine the Fair Market Value of quoted equity shares of the company.
- Registered Valuer to value the company as per Valuation rules under the Companies Act 2013.
- The value is to be determined with reference to the valuation date, which is Report date.

Appointing Authority

Management of DTL appointed Sejal Agrawal (Registered Valuer cum Chartered Accountant) for valuation of Equity Shares.

Disclosure of Registered Valuer Interest

I have no present or prospective contemplated financial interest in DTL nor any personal interest with respect to the Promoters & Board of Directors of DTL. I have no bias/prejudice with respect to any matter that is the subject of the valuation report or to the parties involved with this engagement.

My professional fee for this valuation is based upon my normal billing rates, and not contingent upon the results or the value of the business or in any other manner.

Basis and Premise of Valuation

As per IVS 2020 we have used the "Market Value" as the basis of valuation. The Premise of Value has been taken as Highest & Best Use (HABU), which is also understood to be the Current Use, in the present case.

IVS-104 defines "Market Value" as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Sec 140 of International Valuation Standard defines Highest and best use is the use, from a participant perspective, that would produce the highest value for an asset.





Source of Information

- Audited financial statements of the company for FY 2022-23.
- Projected financial statements of the company for next 5 years i.e. for March 2024 to March 2028.
- A signed management representation letter dated **25th March, 2023** stating the projections are based on best estimates and judgment of the management.
- Data extracted from publicly available sources believed to be reliable and true i.e. Money control, MSEI, BSE, NSE and The Economic Times.
- Copy of company profile including the details about business of the company and the product ranges by the company.

Valuation Methodology and Approaches

In valuing the shares of the company, we need to perform the following steps:

1. Understanding the Business of the company
2. Understanding the Industry in which the company operates
3. Identifying the Assets of the company, including Income Generating Businesses, fixed assets, etc.
4. Valuing the Assets of the company, wherein, three different approaches may be employed to determine value: (i) the Income Approach, (ii), the Market Approach and (iii) the Cost Approach. While each of these approaches is initially considered in the valuation of an asset, the nature and characteristics of the asset, availability of required data for each of the approaches indicate which approach, or approaches, is most applicable.
5. Identifying the liabilities of the company
6. Computing the Value available to Shareholders and arriving at the Value per share

As required by IVS -105, we have given consideration to all the relevant and appropriate valuation approaches. In selecting the appropriate valuation approach and method, we have considered the following:

- a) The appropriate basis (es) of value and premise(s) of value, determined by the terms and purpose of the valuation assignment,
- b) The respective strengths and weaknesses of the possible valuation approaches and methods,
- c) The appropriateness of each method in view of the nature of the asset, and the approaches or methods used by participants in the relevant market, and
- d) The availability of reliable information needed to apply the method(s).

We have hereunder discussed the various approaches available under the valuation standards and approach (es) adopted by us after considering the above and the information available for the asset under valuation:





Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. This approach is appropriate where the income-producing ability of the asset is the critical element affecting the value or reasonable projections of the amount and timing of future income are available for the subject asset. The approach is used where 'Anticipation of benefits' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The following Income Approach method have been considered by us in the report:

➤ Discounted Cash Flow (DCF) Method

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. This approach is appropriate where the subject assets or substantially similar assets are frequently publicly traded and the information on the market transactions are sufficiently and reliably available. The approach is used where 'Price Equilibrium' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The following Market approach methods have been considered by us in this report:

- **Guideline Publicly Trade comparable method** – The Guideline publicly trade comparable method utilizes the information on publicly traded comparable that are the same or similar to the subject asset to arrive at an indication of the value.





- **Comparable transactions method** - The comparable transactions method, also known as the guideline transactions method, utilizes information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. The approach is used where 'cost of substitution' is the economic principle which would be used by market participants to decide the Value of the subject asset.

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialize.

The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern

Selection of Valuation Methodology

There is no single 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 of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties. In the section below, Registered Valuer have discussed some of the commonly used valuation methodologies. The valuation methodology to be adopted varies from case to case depending upon different factors affecting valuation. There are a number of methodologies to value companies / businesses using historical and forecast financials of the company.

A typical valuation analysis involves review and analysis of historical financials of the company and broad comparison of the company's forecast financial projections as regards all the significant macro and micro variables like economy and industry growth rate assumptions, inflation, interest and foreign exchange rates and tax rate forecasts. Company's profitability factors (industry competitive factors and company's operating strategies and its competitive position in the industry), economies of scale and optimal capital structure also affects the business valuation of the company.





However, the value is specific to the point in time and may change with the passage of time.

Preferred approach to value equity shares

We have considered equal weightage of 3 method

INCOME APPROACH: DISCOUNTED CASH FLOW METHOD

- We were provided with the financial projections of the Company by the Management to arrive at fair value of equity shares of DEVRUP TRADING LIMITED under DCF method.

MARKET APPROACH:

- The equity shares have not been traded on the Metropolitan Stock Exchange from 90 trading days preceding the Relevant Date, therefore, Market Value of the equity shares as on the relevant date taken as Zero. Further the equity shares of the company also have not been traded on the Metropolitan Stock Exchange from 240 trading days preceding the Relevant Date, therefore, equity shares of the company shall be treated as infrequently traded.
- For the purpose of valuation, we have relied on the data of MSE in accordance to Regulations 164, 166(A) and 165 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 vide Notification No. SEBI/LAD-NRO/GN/2022/63 Dated: 14th January, 2022.
- The price computed above is in consonance with Regulation 166A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022 vide Notification No. SEBI/LAD-NRO/GN/2022/63 Dated: 14th January, 2022 which mandates that preferential issue of equity shares which may result in a change in allotment of more than five per cent, shall conform to the pricing provisions of preferential issue specified under Regulation 165 of the ICDR Regulations.

ASSET APPROACH: NET ASSET METHOD:

- Book value based on Audited financial statement as on 31st March, 2023 has been calculated.



As per our assessment, the Fair Value of the company as per three approaches is as follows:

Particulars	Share Value
Value per share as per Income Approach Method (DCF)	10.44
Value per share as per Market Value Method [traded Price]	0.00
Value per share as per Net Asset Value Method	9.25

Valuation Method	Value per share (INR)	Weight	Total Value (Value x Weight)
a) Asset Approach			
Book Value Method	9.25	0.5000	4.63
b) Income Approach			
Discounted Cash Flow Method	10.44	0.5000	5.22
c) Market Approach	0.00	0.0000	0.00
TOTAL		1.00	9.85

Valuation using Income Approach- DCF Methodology

For computing the Value per Equity Shares using Income Method, we have adopted the Discounted Cash Flows (DCF) method. Discounted cash flow is one the most prominent methodology of valuation. It helps to determine the valuation of future cash of the company. Further, the cash flows are discounted with a discount rate.

For the purpose of projecting the Future Cash Flows of the company, we have relied on the audited financial statements, the financial projections provided by the management of the company, our understanding of the company's business.

Detailed Projections of the future cash flows are annexed to this report as Detailed Projections of the Future Cash Flows. A Summary of the same is produced hereunder for easy reference.





Detailed Projections of the Future Cash Flows

Particulars	AUDITED	PROJECTED				
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Revenue from Operations	934.15	1222.80	1895.34	2937.78	4553.56	7058.02
Other Income	1690.65	1014.39	1014.39	1014.39	1014.39	1014.39
Total Income (A)	2624.80	2237.19	2909.73	3952.17	5567.95	8072.41
<i>Change in Revenue</i>	<i>6.76</i>	<i>0.31</i>	<i>0.55</i>	<i>0.55</i>	<i>0.55</i>	<i>0.55</i>
Purchases	93.56	366.84	568.60	881.33	1366.07	2117.41
<i>Exp in % of sale</i>	<i>10.02%</i>	<i>30.00%</i>	<i>30.00%</i>	<i>30.00%</i>	<i>30.00%</i>	<i>30.00%</i>
Opening Stock	0.00		402.02	623.13	965.85	1497.06
Closing Stock	0.00	402.02	623.13	965.85	1497.06	2320.45
Changes in Stock	0.00	-402.02	-221.11	-342.72	-531.22	-823.38
<i>Exp in % of sale</i>		<i>-33%</i>	<i>-12%</i>	<i>-12%</i>	<i>-12%</i>	<i>-12%</i>
Employee Benefit exp	578.50	335.58	276.42	355.70	495.55	718.44
<i>Exp in % of sale</i>	<i>22.04%</i>	<i>15.00%</i>	<i>9.50%</i>	<i>9.00%</i>	<i>8.90%</i>	<i>8.90%</i>
Admin, Selling & Other Exp	195.75	1208.08	1542.16	2055.13	2839.66	4036.21
<i>Exp in % of sale</i>	<i>7.46%</i>	<i>54.00%</i>	<i>53.00%</i>	<i>52.00%</i>	<i>51.00%</i>	<i>50.00%</i>
Direct and Indirect Exps	867.81	1141.65	1597.47	2068.11	2803.99	3931.27
	<i>3306.18%</i>	<i>51.03%</i>	<i>54.90%</i>	<i>52.33%</i>	<i>50.36%</i>	<i>48.70%</i>
EBITDA	1757.00	1095.55	1312.26	1884.07	2763.96	4141.15
		<i>89.59%</i>	<i>69.24%</i>	<i>64.13%</i>	<i>60.70%</i>	<i>58.67%</i>
Finance Cost	0.16	1.74	2.84	3.94	5.04	6.14
<i>Exp in % of sale</i>	<i>0.02%</i>	<i>0.14%</i>	<i>0.15%</i>	<i>0.13%</i>	<i>0.11%</i>	<i>0.09%</i>
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
<i>Exp in % of sale</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
Total Expenses (B)	867.97	1143.38	1600.31	2072.05	2809.03	3937.41
<i>Expenses Ratio</i>	<i>33.07%</i>	<i>51.11%</i>	<i>55.00%</i>	<i>52.43%</i>	<i>50.45%</i>	<i>48.78%</i>
Profit Before Tax (A-B)	1756.83	1093.81	1309.42	1880.13	2758.93	4135.01
<i>NP Ratio (Before Tax)</i>	<i>188.07%</i>	<i>89.45%</i>	<i>69.09%</i>	<i>64.00%</i>	<i>60.59%</i>	<i>58.59%</i>
Extra ordinary Income/(Exp)		0.00	0.00	0.00	0.00	0.00
DTL/(DTA) (Net)		0.00	0.00	0.00	0.00	0.00
Tax Expense@	453.89	275.31	329.58	473.23	694.42	1040.78
Profit After Tax (PAT)	1303.04	818.50	979.84	1406.90	2064.50	3094.23
Less Dividend on Preference Shares	0.00	0.00	0.00	0.00	0.00	0.00
Less Dividend on Equity Shares	0.00	0.00	0.00	0.00	0.00	0.00
Profit for Shareholders	1303.04	818.50	979.84	1406.90	2064.50	3094.23
<i>NP Ratio (After Tax)</i>	<i>139.49%</i>	<i>66.94%</i>	<i>51.70%</i>	<i>47.89%</i>	<i>45.34%</i>	<i>43.84%</i>
<i>Effective Tax Rate</i>	<i>25.84%</i>	<i>25.17%</i>	<i>25.17%</i>	<i>25.17%</i>	<i>25.17%</i>	<i>25.17%</i>





The value per share based on the Income Method is therefore computed as under:

PARTICULARS	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28
Cash Accrual Timing Factor	0	0.91	1.91	2.91	3.91	4.91
Profits after Tax	Rs. 8,044	Rs. 818	Rs. 980	Rs. 1,407	Rs. 2,065	Rs. 3,094
Book Depreciation	Rs. 0	Rs. 0	Rs. 0	Rs. 0	Rs. 0	Rs. 0
Finance Cost	1	2	3	4	Rs. 5	Rs. 6
(Inc)/Dec in Working Capital	1,24,526	-397	-375	-451	-634	-942
Operating Cash Flows	1,32,571	423	607	960	Rs. 1,436	Rs. 2,159
Inc/(Dec) in Long Term borrowing		0	0	0	0	0
(Inc)/Dec in Fixed Assets	0	0	0	0	Rs. 0	Rs. 0
(Inc)/Dec in Financing Activity						
Free Cash Flows	Rs. 1,32,571	Rs. 423	Rs. 607	Rs. 960	Rs. 1,436	Rs. 2,159
Discounting Factor	1.0000	0.8393	0.6927	0.5717	0.4718	0.3894
Present Value of Free Cash Flows	Rs. 1,32,571	Rs. 355	Rs. 421	Rs. 549	Rs. 677	Rs. 841

Equity Valuation	
Particulars	Rs. (in Thousand)
Present Value of Total Discrete Period Cash Flows	Rs. 3,444.41
Present Value of Terminal Cash Flows	Rs. 6,613.84
Operating Enterprise Value	Rs. 10,058.25
less Debt Amount	Rs. 0.00
Add Cash and Cash Equivalent	Rs. 1,736.88
Pref Shares	Rs. 0.00
Firm Value	Rs. 11,795.13
Number of equity shares	11,30,200
Value per Share	Rs. 10.44

The Value per share of Rs. 10.44 is arrived based on the key assumptions listed below:

Key Assumptions:

a. **Tax Expenses**

The tax expenses are calculated based on the tax rate of 25%.

b. **Terminal Value**

The Terminal Value is computed by considering the growth rate to be 5% and using Gordon Growth Model.

$$\frac{\text{Last year free cash flow} \times (1 + \text{terminal growth rate})}{(\text{Discount Rate} - \text{Terminal Growth Rate})}$$



c. **Computation of Cost of Equity (CAPM):**

The Cost of Equity (Ke) is calculated based on the Capital Asset Pricing Method (CAPM) mentioned in the below table.

Computation of the Cost of Equity

Cost of Equity through CAPM:	
Risk Free Rate (Rf) dated 03/04/2023	7.36%
Equity Risk Premium (Rm - Rf)	8.23%
Beta (β)	0.46
Cost of Equity	11.17%
Liquidity Premium	5.00%
Control Premium	5.00%
Adjusted Cost of Equity	21.17%

Sources:

- Risk Free Rate (Rf) is taken based on the 10 years yield of Government bond (<https://in.investing.com/rates-bonds/india-10-year-bond-yield-historical-data>)
- Beta:

Beta is a measure of volatility, or systematic risk of the return on a particular security to the return on a market portfolio. As the Company is recently listed and Company's business model is unique and business activity and we didn't find any listed companies, which would be comparable to the Company in terms of nature of services, stages of operations etc. Accordingly, having regard to management representations and generally accepted valuation principles, I have conservatively considered the Beta of **0.46** for the purposes of valuation.





Valuation using Market Approach

The equity shares have not been traded on the Metropolitan Stock Exchange from 90 trading days preceding the Relevant Date, therefore, Market Value of the equity shares as on the relevant date taken as Zero. Further the equity shares of the company also have not been traded on the Metropolitan Stock Exchange from 240 trading days preceding the Relevant Date, therefore, equity shares of the company shall be treated as infrequently traded.

Valuation using Net Asset Approach- DCF Methodology

The Net asset value is the value of an entity's assets minus the value of its liabilities. The formula to determine Net Asset Value (NAV) of the Company is as follows:

Net Asset Value (NAV) = Total Assets - Total Liabilities

Period	Total Assets (A)	Total Liabilities (B)	(Amount in Rs.)
			Net Asset Value (C) = (A - B)
31/03/2023	1,04,94,657	34,893	1,04,59,764

Further, the Net Asset Value (NAV) per share is as follows:

Sr. No.	Net Asset Value (NAV) (A)	No. of Equity Shares (B)	(Amount in Lacs)
			NAV per share (C) = (A / B)
1.	1,04,59,764	11,30,200	9.25



For NAV calculation, Refer *Note-1* below:

Note-1: Calculation of NAV

DEVROP TRADING LIMITED		
Book value as on 31 March, 2023		
Particulars	Rs.	Rs.
Property, Plant and Equipment	-	
Investments	30,35,572	
Loans & Advances	42,04,492	
Other non-current assets	1,53,763	
Trade receivables	2,50,000	
Inventories	-	
Cash and cash equivalents	28,50,830	
Other current assets	-	
Total Assets (A)		1,04,94,657
Less: Liabilities		
Deferred tax liabilities (Net)	-	
Provisions	-	
Borrowings	31,000	
Other current liabilities	3,893	
Total Liabilities (B)		34,893
Total book value (A-B)		1,04,59,764
No. of Shares		11,30,200
Book Value per share		9.25



Considering the price as per my valuation and analysis, Rs. 9.85 is the minimum issue price of equity shares.

Based on the above workings, the calculation of the value of the equity shares DTL is as under:

In Accordance with the regulation 163(3) of the SEBI (ICDR) Regulations, 2018 the proposed issue of equity shares to non-promoter investors is for consideration other cash (Swap of equity shares in the ratio of 612:1). Moreover, there is no change in control, however, the allotment to the proposed allottee is more than five percent of the post issue fully diluted share capital of the issuer as per 166A of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018. Hence, the issuer company has appointed us as an Independent Registered valuer to carry out valuation of the into equity shares in accordance with Regulation 163(3) and 166A of the SEBI (Issue of Capital and Disclosure Requirement)



Regulations, 2018 that deals with mandatory requirement of obtaining valuation report from the Independent Registered Valuer.

In accordance with regulation 164 of the SEBI ICDR Regulations 2018, the shares of the company are infrequently traded as on the Relevant Date. The price in accordance with regulation 164 of SEBI (ICDR) Regulations, 2018 is taken as Zero.

Accordingly, pursuant to Regulation 163 (3) and 166A of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018, for the purpose of preferential allotment of equity shares having Face value Rs.10/- each, I have used Weighted Average Method and the Value of the equity shares arrived at Rs 9.85/- per equity shares.

As per the first proviso of regulation 166A of SEBI (ICDR) Regulations, 2018 the floor price of the equity shares of the company arrived at Rs. 9.85/-each.

The Allotment to proposed allottee for a consideration other than cash (Swap of shares in the ratio of 612:1) and there is no change in control, however, the allotment is more than five than five percent of the post issue fully diluted share capital of the issue, kindly treat this valuation report as per the mandatory requirement of regulation 163(3), 165 and 166A of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2018.

We trust the above meets your requirements.

Thanking you,

Sejal Agrawal

Registered Valuer

(Regn. No.: IBBI/RV/06/2020/13106)

(IP, RV, FCA, FCS, DISA,

Forensic Audit and Fraud Detection,

Ind-AS, Concurrent Audit)



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