

Addendum to  
VALUATION REPORT

on

Equity Shares for Preferential Allotment

**DHRUV CONSULTANCY SERVICES LIMITED**

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## Valuation Analysis

We refer to our valuation report issued as Independent Valuers of **DHRUV CONSULTANCY SERVICES LIMITED** (the "Company") dated 2nd July 2024 signed and issued under UDIN: 24069995BKELLM4544. In response to our valuation report, NSE has raised its observations and has asked to derive the valuation of the company under Asset Approach, Income Approach and Cost Approach under Regulation 166 of the SEBI ICDR Regulations, 2018. In response to them same, we are attaching herewith this report with the necessary additional information in the valuations methodologies. All the paragraphs mentioned in the original report shall apply *mutatis-mutandis* to this report.

### 1 Valuation Premise

The premise of value for our analyses is going concern value as there is neither a planned or contemplated discontinuance of any line of business nor any liquidation of the Company.

### 2 Valuation Date

The Analysis of the Value of Equity shares of the **Dhruv Consultancy Services Limited** of the Company has been carried out based on the trading days as per Regulation 164 of Chapter V of the SEBI (Issue of Capital and Disclosure Requirements), 2018. The value arrived is as on close of trading hours of 26<sup>th</sup> June 2024.

### 3 Valuation Methodology and Approach

The standard of value used in the Analysis is "Fair Value", which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

Valuation of a business is not an exact science and ultimately 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:

- whether the entity is listed on a stock exchange
- industry to which the Company belongs
- past track record of the business and the ease with which the growth rate in cash flows to perpetuity can be estimated
- Extent to which industry and comparable Company information is available.

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The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

The Analysis is based on a review of the business plan of the Company provided by the Management and information relating to sector as available in the public domain. Specifically, the sources of information include:

- Trading Data of the company from the BSE and NSE Website.
- Public Information available from BSE and NSE Website and other public domains.
- Details of Shareholding and numbers of fully diluted Equity Shares as on valuation date;
- Discussions with the Management / representative of the Company;
- All Company specific information were sourced from the management of the Company, either in the written hard copy or digital form;
- Other information / data available in public domain.

In addition to the above, we have also obtained such other information and explanations from the Company as were considered relevant for the purpose of the valuation. It may be mentioned that the Management has been provided the opportunity to review our draft report as part of our standard practice to make sure that factual inaccuracies are avoided in our final report.

For the purpose of our calculation in this engagement, we have based our calculation as prescribed by Regulation 164 and 166A of the SEBI (ICDR) Regulations, 2018

### **As per Regulation 164(5) of SEBI (ICDR) Regulations, 2018:**

*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 205[90 trading days] prior to the relevant date.*



**As per Regulation 164(1) of SEBI (ICDR) Regulations, 2018:**

*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 of the 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 of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.*

**As per Regulation 166A of SEBI (ICDR) Regulations, 2018:**

*(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:*

*Provided further that if any proposed preferential issue is likely to result in a change in control of the issuer, the valuation report from the registered valuer shall also cover guidance on control premium, which shall be computed over and above the price determined in terms of the first proviso:*

**Dhruv Consultancy Services Limited** is listed since 10th May' 2018 and on NSE since 25th November 2021 i.e. more than 90 trading days as on the relevant date.

Also, the total traded turnover on BSE and NSE 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.

The different valuation approaches and methods used in our calculations are as follows:

1. Market Approach:

Under this approach, we have considered the Market Price Method.

In Market Price Method, a valuer considers the traded price observed over a reasonable period while valuing assets which are traded in the active market. A

valuer also considers the market where the trading volume of asset is the highest when such asset is traded in more than one active market. Further the valuer should consider using weighted average or volume weighted average to reduce the impact of volatility or any one-time event in the asset.

2. Cost Approach:

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). In certain situations, historical cost of the asset may be considered by the valuer where it has been prescribed by the applicable regulation.

We have considered the Book Value Method under this approach. In this method, valuation of assets is done on the basis of their book value. Liabilities are then subtracted from the book value to arrive at the net asset value. This method may also be called the Net Worth Method.

3. Income Approach:

The income approach includes any method of converting an income stream into an indicator of market value. The income approach is also called the capitalization approach because capitalization is the process of converting an expected income into an indicator of market value.

The DCF method uses the future free cash flows of the business discounted by the cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool, as it concentrates on cash generation potential of a business, considering that this method based on future potential and is widely accepted. Using the DCF analysis, involves estimating future free cash flows and appropriate discount rate to be applied to cash flows i.e. the cost of capital.

The approach requires careful application because small variations in its key variables can be mathematically leveraged into a wide range of estimated value. The accuracy of the approach depends on the validity of the assumptions used to estimate its key variables. Mathematical techniques used in the approach, which are sometimes complex, are merely tools for converting these assumptions into an estimate of market value.

Although several appraisal principles are relevant to the income approach, the principle of anticipation is fundamental. The principle of anticipation states that value is created by the anticipation of future benefits, which leads in fact to one

definition of value as the present worth of future benefits. All income capitalization methods and techniques are attempts to convert expected future benefits into an estimate of present value.

#### 4 Distribution of Report

The Analysis is confidential and has been prepared exclusively for **Dhruv Consultancy Services Limited** for their use and purpose. It should not be used, reproduced or circulated to any other person or for any purpose other than as mentioned above, 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.



## 5 Opinion on Value of Equity Shares:

Based on our valuation exercise, the **minimum issue price** of the equity shares **as at the close of trading hours of the date preceding the relevant date (27<sup>th</sup> June 2024) i.e. 26<sup>th</sup> June 2024** is computed as follows:

**Higher of:**

1. As per Regulation 164 : **INR 107.76** per share
2. As per Regulation 166A : **INR 85.43** per share.

We trust the above report meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours faithfully

*Nikunj Kanodia*



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**M No. 069995**  
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July 22, 2024  
Mumbai



## 6 Annexures

### Market Value Method

Higher of	NSE	BSE
Volume Weighted Average Price of 10 Trading days:	103.86	99.41
Volume Weighted Average Price of 90 Trading days:	107.04	107.76

### PRICE PER SHARE AS PER REG 164:

#### NATIONAL STOCK EXCHANGE

(A) Date	(B) Total Turnover (Rs.)	(C) Nos. of Shares	(D) Sum of Total Turnover	(E) Sum of Nos. of Shares Traded	(F) Average VWAP [ D/ E]
26-Jun-24	14,47,737	12932			
25-Jun-24	8,95,971	8163			
24-Jun-24	17,67,925	16429			
21-Jun-24	8,30,579	7881			
20-Jun-24	9,47,967	9080			
19-Jun-24	11,22,047	10950			
18-Jun-24	8,29,720	8281			
14-Jun-24	12,25,372	12398			
13-Jun-24	11,20,195	11556			
12-Jun-24	6,05,916	6253			
<b>10 Trading Days</b>			<b>1,07,93,428</b>	<b>1,03,923</b>	<b>103.86</b>
11-Jun-24	16,33,162	17198			
10-Jun-24	18,14,186	18759			
07-Jun-24	30,84,121	32382			
06-Jun-24	5,40,362	5565			
05-Jun-24	2,03,152	2051			
04-Jun-24	1,59,154	1575			
03-Jun-24	8,42,224	8169			
31-May-24	2,18,500	2077			
30-May-24	2,94,032	2739			
29-May-24	2,82,201	2576			
28-May-24	5,01,873	4486			
27-May-24	4,26,222	3696			
24-May-24	16,30,073	13960			
23-May-24	18,88,665	16345			
22-May-24	8,44,800	7163			
21-May-24	18,63,737	15255			
18-May-24	13,66,892	11579			



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17-May-24	22,19,824	18344			
16-May-24	65,82,715	53847			
15-May-24	20,07,830	16816			
14-May-24	21,05,171	18507			
13-May-24	15,82,195	14652			
10-May-24	28,52,069	27571			
09-May-24	33,59,957	30857			
08-May-24	34,57,037	32058			
07-May-24	36,48,797	34973			
06-May-24	14,90,925	13797			
03-May-24	11,61,554	10339			
02-May-24	15,21,654	13383			
30-Apr-24	4,72,147	4195			
29-Apr-24	4,11,716	3731			
26-Apr-24	13,92,209	12867			
25-Apr-24	2,48,817	2348			
24-Apr-24	4,53,256	4361			
23-Apr-24	32,04,762	30655			
22-Apr-24	22,85,632	21634			
19-Apr-24	17,62,547	17013			
18-Apr-24	61,57,529	62597			
16-Apr-24	8,98,345	9015			
15-Apr-24	17,09,725	16770			
12-Apr-24	9,53,480	9177			
10-Apr-24	7,11,416	6736			
09-Apr-24	4,16,554	3890			
08-Apr-24	3,95,121	3646			
05-Apr-24	31,32,615	29149			
04-Apr-24	22,07,095	19821			
03-Apr-24	7,76,538	6952			
02-Apr-24	16,29,916	14177			
01-Apr-24	9,86,879	8421			
28-Mar-24	4,31,608	3631			
27-Mar-24	12,68,696	10587			
26-Mar-24	27,48,653	22963			
22-Mar-24	37,92,764	31368			
21-Mar-24	57,87,717	49563			
20-Mar-24	40,77,217	36970			
19-Mar-24	29,07,149	26425			
18-Mar-24	35,99,045	32512			
15-Mar-24	38,36,201	36349			
14-Mar-24	90,30,683	91708			
13-Mar-24	63,64,540	60935			



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12-Mar-24	43,14,863	39811			
11-Mar-24	50,05,168	43447			
07-Mar-24	76,46,306	64014			
06-Mar-24	58,40,573	47634			
05-Mar-24	2,42,92,631	182750			
04-Mar-24	8,07,20,214	616263			
02-Mar-24	89,04,916	69272			
01-Mar-24	92,60,281	75625			
29-Feb-24	1,27,92,772	109668			
28-Feb-24	9,20,61,023	830642			
27-Feb-24	8,90,48,465	883005			
26-Feb-24	3,54,19,802	391320			
23-Feb-24	48,74,299	56510			
22-Feb-24	71,52,529	82952			
21-Feb-24	1,31,82,404	149352			
20-Feb-24	42,63,167	50091			
19-Feb-24	85,24,882	98924			
16-Feb-24	73,12,513	85912			
15-Feb-24	1,41,83,101	155551			
14-Feb-24	2,46,64,798	270883			
<b>90 Trading Days</b>			<b>59,38,91,786</b>	<b>55,48,434</b>	<b>107.04</b>

## BOMBAY STOCK EXCHANGE

(A) Date	(B) Total Turnover (Rs.)	(C) Nos. of Shares	(D) Sum of Total Turnover	(E) Sum of Nos. of Shares Traded	(F) Average VWAP [ D/ E ]
26-Jun-24	61,685	559			
25-Jun-24	2,705	25			
24-Jun-24	2,22,491	2,097			
21-Jun-24	6,138	59			
20-Jun-24	3,31,662	3,250			
19-Jun-24	4,702	47			
18-Jun-24	14,672	150			
14-Jun-24	26,068	270			
13-Jun-24	6,33,623	6,603			
12-Jun-24	2,07,459	2,142			
<b>10 Trading Days</b>			<b>15,11,205</b>	<b>15,202</b>	<b>99.41</b>
11-Jun-24	11,92,744	12,553			
10-Jun-24	5,21,446	5,402			
07-Jun-24	2,61,129	2,706			
06-Jun-24	1,39,208	1,414			
05-Jun-24	20,090	200			



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04-Jun-24	1,09,162	1,065		
03-Jun-24	2,93,994	2,812		
31-May-24	51,192	480		
30-May-24	25,568	235		
29-May-24	80,142	722		
28-May-24	2,17,100	1,917		
27-May-24	3,48,729	3,018		
24-May-24	2,78,200	2,400		
23-May-24	5,30,757	4,596		
22-May-24	2,18,532	1,865		
21-May-24	1,81,173	1,518		
18-May-24	1,65,253	1,407		
17-May-24	16,71,659	13,864		
16-May-24	23,63,281	18,749		
15-May-24	39,82,054	32,211		
14-May-24	22,71,652	19,261		
13-May-24	69,23,017	62,808		
10-May-24	1,00,336	963		
09-May-24	2,35,140	2,167		
08-May-24	5,23,116	4,894		
07-May-24	4,26,899	4,103		
06-May-24	6,90,462	6,304		
03-May-24	2,25,782	2,000		
02-May-24	3,75,395	3,315		
30-Apr-24	15,32,853	13,479		
29-Apr-24	3,94,734	3,528		
26-Apr-24	12,20,970	10,991		
25-Apr-24	8,84,728	8,201		
24-Apr-24	60,420	575		
23-Apr-24	6,71,207	6,361		
22-Apr-24	8,36,318	7,832		
19-Apr-24	3,53,740	3,377		
18-Apr-24	8,24,549	8,242		
16-Apr-24	1,19,732	1,189		
15-Apr-24	6,84,570	6,655		
12-Apr-24	3,96,494	3,780		
10-Apr-24	3,92,889	3,685		
09-Apr-24	5,55,145	5,190		
08-Apr-24	10,04,992	9,436		
05-Apr-24	10,30,091	9,518		
04-Apr-24	9,46,342	8,502		
03-Apr-24	3,11,853	2,783		
02-Apr-24	59,890	521		



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01-Apr-24	1,55,928	1,327			
28-Mar-24	4,34,643	3,654			
27-Mar-24	2,22,381	1,878			
26-Mar-24	13,68,500	11,156			
22-Mar-24	5,01,592	4,169			
21-Mar-24	8,87,700	7,555			
20-Mar-24	9,66,415	8,795			
19-Mar-24	2,62,258	2,350			
18-Mar-24	5,98,925	5,481			
15-Mar-24	2,40,092	2,262			
14-Mar-24	15,62,576	15,636			
13-Mar-24	8,50,536	8,017			
12-Mar-24	6,63,924	5,970			
11-Mar-24	10,47,629	8,963			
07-Mar-24	20,16,008	16,548			
06-Mar-24	15,61,645	12,792			
05-Mar-24	42,23,489	31,396			
04-Mar-24	68,88,981	52,074			
02-Mar-24	91,057	710			
01-Mar-24	2,43,200	1,991			
29-Feb-24	2,75,144	2,365			
28-Feb-24	50,94,993	46,059			
27-Feb-24	72,40,749	72,206			
26-Feb-24	30,18,466	33,521			
23-Feb-24	5,76,233	6,765			
22-Feb-24	23,49,815	27,187			
21-Feb-24	30,58,851	34,936			
20-Feb-24	4,87,521	5,712			
19-Feb-24	7,78,744	9,095			
16-Feb-24	7,83,957	9,125			
15-Feb-24	29,23,187	31,649			
14-Feb-24	34,68,242	38,277			
<b>90 Trading Days</b>			<b>9,30,59,315</b>	<b>8,63,617</b>	<b>107.76</b>



**PRICE PER SHARE AS PER REG-166A**

PRICE PER SHARE	INR	WEIGHT	WEIGHT X PRICE
Market Approach	107.76	2	215.52
Income Approach	-	0	-
Cost Approach	40.76	1	40.76
<b>TOTAL</b>		<b>3</b>	<b>256.28</b>
<b>AVERAGE PRICE PER SHARE</b>			<b>85.43</b>

Justification for Weights assigned to the approaches:

1. Weight 2 has been assigned to the Market Approach: Since this is frequently traded in market, highest weight has been assigned to the market price.
2. Weight 1 has been assigned to the Cost Approach: Since all the fixed assets has been recorded at historical rates and others assets has been recorded at book value, lowest weight has been assigned to the book value method.
3. Weight 0 has been assigned to the Income Approach: Since, the value under this approach is negative, we have assigned zero weight to this approach.

**Market Approach**

INR 107.76 per share as per Regulation 164 calculated above.

**Income Approach**

Discounted Cash Flow Method

A	Cash Flow from Operations as at 31 <sup>st</sup> March 2024 (INR in Lakhs)		-171.29
B	Fixed Capital Investments as at 31 <sup>st</sup> March 2024 (INR in Lakhs)		-289.47
C	Net Borrowings as at 31 <sup>st</sup> March 2024 (INR in Lakhs)		242.86
D	Free Cash Flow for Equity as at 31 <sup>st</sup> March 2024 (INR in Lakhs)	A-B+C	-217.9
E	Constant Growth Rate (Estimated)		5%
F	Cost of Equity		15.07%
G	Equity Value (INR in Lakhs)	[D / (F-E)]	-
H	Nos. of Equity Shares (Nos. in Lakhs)		158.89
I	Equity Value per Share (INR)	[G / H ]	-



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### Note:

1. Equity Value (G) cannot be negative and hence considered NIL
2. Free Cash Flow from Equity (FCFE) is computed as:  
FCFE = Cash flow from Operations – Fixed Capital Investments + Net Borrowings
3. Cost of Equity is considered as BSE500 market index return compounded daily since inception till 26<sup>th</sup> June 2024.
4. It is assumed that the company's free cash flow for equity is expected to grow at an annual rate of 5% p.a.

### Cost Approach

#### Book Value Method

Particulars	Amount in INR Lacs as at 31st March 2024
A) Equity Share Capital	1,588.88
B) Other Equity	5,038.52
C) Debit Balance in Profit & Loss Account	-
D) Deferred Tax Assets	151.18
<b>(E) BOOK VALUE [A+B-C-D]</b>	<b>6,476.22</b>
<b>(F) Nos. of Fully Paid-up Equity Shares</b>	<b>158.89</b>
<b>(G) Book Value Per Share [E / F]</b>	<b>40.76</b>

