HIMANSHU VIJAY
IBBI Registered Valuer-SFA
IBBI Reg. No.: IBBI/RV/06/2020/13732

DHANUKA REALTY LIMITED

ADDENDUM TO THE VALUATION REPORT*

27th January, 2025 (*valuation report dated 07.01.2025)

Strictly Private and Confidential

Himanshu Vijay | Registered Valuer-SFA

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To,
The Board of directors

DHANUKA REALTY LIMITED
5th Floor, The Solitaire,
C-212 & C-213 Gautam Marg,
Hanuman Nagar, Vaishali Nagar,
Jaipur, Rajasthan 302021.

Subject: Addendum to the valuation report dated 07.01.2025 regarding determination of Floor Price for issue of Equity Shares on Preferential basis as at Relevant date i.e. 1st January 2025.

In the valuation report dated 07.01.2025, we have used the Market approach and cost approach to compute the fair value of the equity shares of the company. In earlier report we have not used the income approach as the company has informed and represented that at present only one project is there which is completed and its revenue is coming through sale of units which will be fully sold in next few years and revenue is from sales of flats is also decline in FY24 in comparison to FY23. Further as informed that there is no planning is done for next project, hence the company is unable to provide projections for future cashflows. In view of the aforesaid income method was not used.

However, the company has again informed and represented by the letter dated 24.01.2025, that they have identified few projects which to be undertaken in near future with the help of current equity raise and they have provided the financial projections and also informed that the NSE has raised query and asked for the use of Income approach to determine the Floor Price, hence they have requested us to provide addendum to valuation report incorporating values as income approach. The report has been presented containing various information provided to me by the officials/ management of the Company including the Management Representation Letter dated 2nd January 2025 and 24th January 2025.

A summary of the analysis is presented in the accompanying report, as descript the methodology and procedure I used, and the factor / premise consideri preparing the report. In addition, I have listed the scope of work in the course assignment, noting any limitations on my assignment. This report is subject t attached limiting conditions and to all terms and conditions of this engagement report has to be read in conjunction with the premise, considerations, limitations for this engagement in totality. This addendum report is subject to the attached li conditions and to all terms and conditions of this engagement. The report has read in conjunction with the valuation report dated 07.01.2025, premise, considera limitations, etc. for this engagement in totality.

Based on the information provided by the management, I, Himanshu Vijay, Registered Valuer for Securities or financial assets, hereby report that I have arriv the Floor price for issue of equity shares of the company at **Rs.14.89/- (Ru Fourteen and eighty nine paise)** as per pricing guidelines given in Securitie Exchange Board of India (Issue of Capital and Disclosure Requirements) Regula 2018 ("SEBI ICDR Regulations"). The computation has been incorporated in the re

Yours faithfully

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ICAI RVO MN.: ICAIRVO/06/RV-P00144/2020-2021
UDIN: 25413992BMLLRJ8930
Place: Jaipur
Date:27.01.2025

Calculation for Valuation | Income Approach

Income Approach:

Discounted Cash flow Method

The valuation methodology uses the premise that the value of an instruments represents the value of the cash flows it will generate in future years. As such it incorporates more completely all factors affecting the value of the instrument by valuing the company as if it were an ongoing investment project

Fair Value of Equity Shares (Pre Money) = (PV of Future Cash Flows+ Non operating/surplus assets — Discount for Lack of marketability- Discount for Lack of control- Proposed Infusion of Equity) ÷ Total No. of Equity shares

The following are the major steps in deriving a value using the Discounted Cash flow Method:

- Estimation of Free cash Flows to Equity FCFE after adding depreciation and amortization expenses and adjusting working capital changes , Investment in Fixed assets and adjusting changes in Debt in Net operating Profit after tax based on financial projections submitted and certified by the management from the date of Valuation and date of redemption.
- Estimation of Perpetual growth rate to determine Terminal value using Gordon (Constant) growth Model.
- Computation of Discount rate i.e. Cost of Equity (Ke) through CAPM method and computing various inputs like Rf, Rm, Beta and Alpha.
- Application of the discount rate, discount Rate is the return expected by a market participant from a particular investment and shall reflect not only the time value of money but also the risk inherent in the asset being valued as well as the risk inherent in achieving the future cash flows. We have used mid year discounting as the cashflows are earned during the year.
- Computation of Present value of all the future cashflows.
- Computation of Present value of Terminal value.
- Addition of cash and surplus asset to PV of cash flows of explicit period and Ter[illegible] value to Arrive Equity Value.
- Reduction of Discount for lack of Marketability to arrive the value of equity(Post Mone[illegible]
- Reduction of Discount for lack of Control to arrive the value of equity(Post Money)
- Reduction of Proposed Equity raise from Post Money Equity Value to arrive a[illegible] Money-Equity Value.
- Computation of value per Equity share, derived based on the Value of equity divide[illegible] proposed number of equity share outstanding as on the valuation date.

Major factors that were taken into account during the valuation

We have considered following major factors during valuation

- Key operating / financial parameters of the Company.
- Additional explanation provided in discount rate computation.
- As per various articles and research report over the internet the outlook for real e[illegible] sector in India will grow at a CAGR of 13-18%. However looking to Overall [illegible] economy and GDP growth rate on a conservative side we have assumed perpe[illegible] growth rate at 3%.
- We have taken Discount factors considering mid year discounting as it is assume[illegible] cashflows are earned evenly during the particular year.
- We have considered 20% Discount for Lack of control as the controlling stake is diluted.

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Calculation for Valuation | Profit and Loss Account

Figures in Rs. Lacs	Historical				Projected				
				31.12.2024	01.01.2025-31.03.2025				
	2022	2023	2024	2024	2025	2026	2027	2028	2029
Revenue From operations	256.43	221.18	146.01	40.43	57.57	300.00	400.00	450.00	500.00
Other Income	0.43	3.36	120.66	75.00	55.00	135.00	150.00	160.00	180.00
Total Income	256.86	224.54	266.67	115.43	112.57	435.00	550.00	610.00	680.00
Growth rate %	--	*-13%*	*19%*	*-57%*	*-2%*	*91%*	*26%*	*11%*	*11%*
Expenses									
Cost of Goods Sold	85.56	270.72	149.89	131.61	33.98	132.00	185.00	207.75	230.64
Other Expenses-S&A	33.31	49.21	26.12	25.00	5.00	34.00	38.00	40.00	45.00
Total Expenses	118.87	319.93	176.01	156.61	38.98	166.00	223.00	247.75	275.64
EBIDTA	137.99	-95.39	90.66	-41.18	73.59	269.00	327.00	362.25	404.36
EBIDTA margins %	0.54	-0.43	0.62	-1.02	1.28	0.90	0.82	0.81	0.81
Depreciation & Amortization	1.11	0.83	0.66	0.26	0.19	0.34	0.25	0.18	0.14
Amrotization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deprecriation	1.11	0.83	0.66	0.26	0.19	0.34	0.25	0.18	0.14
Operating profits (EBIT)	136.88	-96.22	90.00	-41.44	73.40	268.66	326.75	362.07	404.22
Operating profit margins (%)	0.53	-0.44	0.62	-1.02	1.27	0.90	0.82	0.80	0.81
Interest expenses	127.60	105.02	105.99	54.53	17.47	0.00	0.00	0.00	0.00
Tax rates	-0.16	0.25	0.23	0.00	-0.22	0.31	0.31	0.31	0.31
PBT	9.28	-201.24	-15.99	-95.97	55.93	268.66	326.75	362.07	404.22
Tax expesnes	-1.52	-49.85	-3.70	0.00	-12.37	83.02	100.97	111.88	124.90
PAT	10.80	-151.39	-12.29	-95.97	68.30	185.64	225.78	250.19	279.32
NP Margin %	0.04	-0.68	-0.08	-2.37	1.19	0.62	0.56	0.56	0.56

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Calculation For Valuation | Computation of Discount Rate

Cost of debt		
Cost of debt		11.00%
Tax rates	Marginal rate	26.00%
Post tax cost of debt		10.36%

WACC Calculation			
Kd	8.1%	Wd	0%
Ke	14.99%	We	100%
WACC			14.99%

Cost of Equity		
Risk free rate (Rf)	31.12.2024 FIBL WEBSITE GSEC	**6.88%**
Beta	Aswath Damodaran dataset	**0.91**
Return of markets	BSE return for last 42.95 years (1st Jan 80 to 31st Dec 24)	**15.79%**
Risk free rate	31.12.2024	**6.88%**
Cost of equity		**14.99%**

CAPM method; Ke = Rf+ β x (Rm-Rf)+Additional Risk(α)

Calculation of return of market (Rm)		
Start date	01 January 1980	**123.54**
Valuation date	31st December 2024	**78139.01**
Years	43.497	
CAGR		**15.79%**

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Notes:

Risk Free Rate (Rf) :
Risk Free Rate is 10year yield on Government securities, we considered G-sec Par Yield YTM% p.a.(annualized) from website of Financial Benchmarks India Pvt. Ltd.

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Beta(β):
We have taken Average Unlevered Beta for Real estate Industry from Aswath Damodaran website (Last Updated 05-jan-2024). Unlevered beta (also called asset beta) reflects the risk of a company's assets, independent of its debt. The company has informed that they will pay entire term loan be repaid by 31.03.2025 and are not planning term debt in the future. In view of this we have considered unlevered beta for the computation.

Return of Market (Rm):
We have computed Compounded Growth rate for last BSE Sensex return since inception i.e. 1st January 1980 to 31st December 2024 as per data available from BSE website.

Cost of Debt :
The company has informed that they will pay entire term loan be repaid by 31.03.2025 and are not planning term debt in the future.

Weighted Average Cost of Capital (WACC):
As informed by the company they will maintain 100% equity in capital structure in long term.

Calculation for Valuation | Computation of Value Per Share

Particulars	2023	2024	2025	2026	2027	2028	2029
	0	0	0.25	1.25	2.25	3.25	4.25
Earnings Before Interest & Tax (EBIT)		-	73.40	268.66	326.75	362.07	404.22
Less: Interest		-	17.47	-	-	-	-
Less: taxes		-	-12.37	83.02	100.97	111.88	124.90
Net operating Profit After Tax (NOPAT)		-	68.30	185.64	225.78	250.19	279.32
Add: Depreciation and amortization		-	0.19	0.34	0.25	0.18	0.14
Add/Less: Working capital changes		-	-63.37	28.89	-33.66	-55.92	-47.20
Less: Investment in fixed assets		-	-	-	-	-	-
Add/Less: Net Debt		-	-	-	-	-	-
Free Cash Flows to Equity (FCFE)		-	5.12	214.87	192.37	194.45	232.26
Discount factor			0.97	0.90	0.78	0.68	0.59

Present value of Explicit period	619.15
Terminal value	1,596.33
Present value of terminal value	1,013.99
Total Present value of operations	1,633.14
Add: Non -Operating assets including cash	0.00
Value of Equity	**1,633.14**
Less: Discount for Lack of Marketability	-
Less: Discount for Lack of Control	326.63
Value of equity (Post Money)	**1,306.51**
Shares outstanding as on 31.12.24	77.40
Value per share (31/12/2024)	**16.88**
Proposed Capital Infusion	600.00
Value of equity (Pre Money)	706.51
Value per share (31/12/2024)	**9.13**

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Computation of Fair Value

The detailed calculation for computation of price as per SEBI ICDR regulations, Value as per market price method and cost approach method has been incorporated in the valuation report dated 07.01.2025.

The value as per the Market Approach are as under :
Share Price on the Relevant date or Previous trading day is Rs.12.90/-

Historical Price Method as per SEBI ICDR Guidelines is Rs.14.89/-

The value as per Cost Approach using Net Asset Value Method is Rs.8.25/-

Further, in this report we have calculated the values as per Income approach and the same is Rs.9.13/share

Computation of Fair Value

Valuation Approach	Value Per share	Weights	Value* weights
Market Approach- Share Price on the Relevant date or Previous trading day	12.9	0.25	3.225
Historical Price Method as per SEBI ICDR Guidelines	14.89	0.25	3.7225
Cost Approach- Net Asset Value	8.25	0.25	2.0625
Income Approach	9.13	0.25	2.2825
Fair Value Per share (Weighted Average)			11.29

We have assigned equal weights i.e. 25% weights to value arrived by each method, as compute fair value of the equity share of the company.

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Calculation For Floor Price

As per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), the floor price is computed as under.

- 90 trading trading days volume weighted average price.: Rs.14.89/-
- 10 trading days volume weighted average prices.: NA
- Fair value as per the computation in the report, by the Independent registered valuer as required under Regulation 166A : Rs. 11.29/-
- Floor Price mentioned in the Article of Association: Value Determined by Independent Registered Valuer i.e. Rs. 11.29/-

Higher of the above is Rs.14.89/- , hence the floor price of the share to be issued is Rs.14.89/-

Conclusion

As per the documents, information's provided, assumptions made and calculation done enumerated in the earlier part of this report and report dated 07.01.2025, **th Floor price for issue of equity shares of the company is Rs.14.89/- (Rupee Fifteen and four paise)** as per pricing guidelines given in Securities and Exchang Board of India (Issue of Capital and Disclosure Requirements) Regulations, 201 ("SEBI ICDR Regulations")

Yours faithfully

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