

VALUATION REPORT
OF
CULTNERDS IT SOLUTIONS PRIVATE LIMITED,

Unit No.102A, PSR Prime Tower,
Gachibowli, Hyderabad, Telangana – 500032

BY
SATYANARAYANA N
(THE REGISTERED VALUER)

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To,

The Board of Directors,

CULTNERDS IT SOLUTIONS PRIVATE LIMITED

Unit No.102A, PSR Prime Tower,

Gachibowli, Hyderabad, Telangana – 500032

Dear Sir,

Sub: Equity valuation report” of CULTNERDS IT SOLUTIONS PRIVATE LIMITED

With reference to the above captioned subject and as desired, we enclose herewith our Report on fair valuation of equity shares of CULTNERDS IT SOLUTIONS PRIVATE LIMITED as at 31st March 2025,

Thanking You,

Satyanarayana
SATYANARAYANA.N



(IBBI Registered Valuer)

IBBI Reg No: IBBI/RV/06/2019/11601

ICAIRVO/06/RV-P00030/2019-20

Date: 05-06-2025

Place: Hyderabad

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II. Introduction and Scope of Assignment

CULTNERDS IT SOLUTIONS PRIVATE LIMITED ("the Company") is a Company domiciled in India and incorporated on 03rd November, 2021 under the provisions of the Companies Act 2013, having its registered office at Unit No.102A, PSR Prime Towers, Gachibowli, Hyderabad, Telangana - 500032. The company is into the business of establish new benchmarks in the innovative design, customisation, development or otherwise deal in all types of applications, programs, mobile applications, web applications, technology solutions, consistently providing our customers with exceptional customer service. Its CIN is U72900TG2021PTC156640. The authorised share capital is Rs. 10,00,000/- consisting of 1,00,000 Equity shares of Rs. 10/- each. The issued, subscribed, and paid-up capital is Rs.100,000/- divided into 10,000 Equity shares of Rs. 10 each. The Company is not a quoted company. Capital Structure of the company as on the date of valuation is below.

S.No	Name of the Share Holder	Number of Shares	Face Value of the Share (Rs.)	Share capital (Rs.)
1	Anjaneya Rishi Bhradwaj Prabhala	3,300	10	33,000
2	Krishna Pradyumna Mokshagundam	3,300	10	33,000
3	Surekha Vemuri	3,400	10	34,000
	Total	10,000		1,00,000

The Equity Share valuation mentioned herein reflects my independent opinion based on the fair value of CULTNERDS IT SOLUTIONS PRIVATE LIMITED which is arrived at based on the Estimated financial Statements, projected financial statements and assumptions provided by the Management of CULTNERDS IT SOLUTIONS PRIVATE LIMITED. The management of CULTNERDS IT SOLUTIONS PRIVATE LIMITED ("Management") has been provided with an opportunity to review factual information in my report as part of my standard practice to ensure that factual inaccuracies/omission/etc., are avoided in my final signed report.



IV. Valuation Methodology

In our opinion, Valuation of share to a great extent depends upon individual perceptions of the investor and seller. What we have attempted to do is to arrive at a fair value of shares in the context of investor who is desirous to know the worth of their investment. More over this valuation of shares is not for the valuation of business of the Company.

Approach Considered in our Value Analysis:

General Principles for Valuation

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.

Regulatory Requirements w.r.t Valuation Methodology:

As far as Section 247(2)(c) of the Companies Act 2013 is concerned the Valuer shall make valuation as per Standards notified from time to time by the Central Government, until such time the Valuation Standards are notified by the Central Government, a Valuer shall make valuation as per Internationally accepted valuation methodology.

- (a) Valuation standards adopted by any valuation professional organization or
- (b) Valuation standards specified by Reserve Bank of India, Securities and Exchange Board of India or any other statutory regulatory body

The internationally accepted valuation methodology includes

1. Net Asset Value Method as per prescribed formula
2. Discounted Cash Flow (DCF) Method

I have performed the valuation analysis, to the extent applicable, in accordance with the above-mentioned standards. I have considered the Asset based, Income approach and Market based approach which are commonly used and accepted methods for determining the relative fair value of equity shares which can be considered in the present case, to the

extent relevant and applicable, to arrive at the Fair Equity Share value. In connection with this analysis, I have adopted the following procedures to carry out the valuation analysis:

A. Cost Approach:

- Net Asset Method

B. Income Approach:

- Discounted Cash Flow (DCF) Method

C. Market Approach:

- Market Price Method
- Comparable Companies Multiple (CCM) Method
- Comparable Transaction Method (CTM)

Selection of Valuation Methodology:

The objective of the valuation process is to make a best reasonable judgment of the value of the equity share of the Company. There are a number of valuation methodologies to value companies / businesses using historical and forecast financials of the company. Commonly used valuation methodologies are as follows:

A. Cost Approach:

The cost-based valuation technique is based on the value of underlying net assets of business- either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. Under Cost Approach we have Net Assets Value (NAV) Method.

Net Asset Value (NAV) Method

The asset- based valuation technique is based on the value of the underlying net assets of the business, either on book value basis or realizable value basis or on replacement cost basis. The net asset value ignores the future returns, the asset can produce and is calculated using historical accounting data.

Net asset value is calculated with reference to the historical costs of the assets owned by the Company. While the historical cost is adopted in respect of the assets that are to continue as a part of the going concern, it is necessary to adjust the market value of non-operating assets like unused land which are capable of being easily disposed

without affecting the operations of the Company. However, miscellaneous expenditure and debit balance in profit and loss account is not taken into consideration. Net liability is represented by all external liabilities and preference shareholders claims, if any. This also takes into consideration the borrowings of the Company. Number of shares is the equity share of the company outstanding as on the date of valuation.

Under this approach we estimate what the assets owned by an enterprise are worth currently. We consider what the market will be willing to pay for the assets if they were liquidated on the date of the valuation and evaluate replacement cost of assets on that date. As suggested by the management of the company we have used NAV method in our analysis.

The summary of Valuation under this method is as below.

Particulars	Rs	Amount Rs
Assets:		
Property Plant & Equipment		5,20,110
Intangibles		-
Non Current Assets		87,00,000
Current Investments		
Trade Receivables		1,04,21,980
Cash & Cash Equivalents		6,63,660
Other Current Assets		65,41,110
Sub Total		2,68,46,860
Less: Liabilities		
Long term Borrowings	42,19,840	
Trade Creditors	1,18,27,570	
Provisions	15,48,050	
Other Current Liabilities	27,44,310	2,03,39,770
Net Assets available to Share Holders		65,07,090
Less: Preference Share Capital		-
Net assets available to Equity Share Holders		65,07,090



B. Income Approach:

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. Income approach is generally regarded as more appropriate in case of valuation for going concern. This approach values a business by capitalizing its earnings. Under Income Approach we have Discounted Cash Flow (DCF) Method.

Discounted Cash Flow (DCF) Method:

Earning based approach includes Discounted Cash Flow ("DCF") Method, which takes into account the future profitability of a business enterprise as also time value of money.

The DCF method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business.

Under DCF method, valuation is arrived by taking the present value of expected future cash flows. Thus, it is very important to consider the reasonable projections which the enterprise can achieve. I understand that the projections provided to us by the Management of **CULTNERDS IT SOLUTIONS PRIVATE LIMITED** are prepared on the reasonable assumptions.

Under DCF method, I have adopted most common firm approach of valuation i.e. arriving value of the company. The value of the company is obtained by discounting the expected cash flows to the company. Net cash flows to company are arrived by reducing from gross operational cash flows, tax payments, changes in working capital, capital expenditure etc and by adding non-cash expenditure (like depreciation). The net cash flows so arrived are discounted by the weighted average cost of capital ("WACC"). In this approach, the gross value of the Company is arrived and from this value, amount of debt as on the valuation date is reduced to arrive at the value for equity holders.



The discount rate is arrived by determining the cost of each provider of capital and taking the weighted average of that. The discount rate so arrived is termed as WACC. The WACC reflects the business as well as financial risk of the enterprise.

WACC = [(Cost of Equity*weight) + (Cost of Debt*weight)] / [weight of Equity + weight of Debt].

The cost of equity is derived by the risk and return approach

Cost of equity = Risk Free Return + [Beta * Equity Risk Premium]

Where,

Risk Free Return("RF) is the return expected by an investor where default risk is zero. (Long Term Government Securities) Rf is taken at 6.71% which is rate of interest on 10-year G-Sec bond.

(Source: - https://m.rbi.org.in/Scripts/BS_NSDPDisplay.aspx?param=4).

Beta: It is the sensitivity of a particular stock vis a vis Market or Index.

In the present case, Beta of CULTNERDS IT SOLUTIONS PRIVATE LIMITED has been considered as 0.88

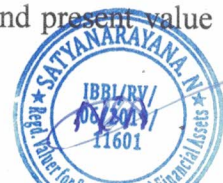
Equity Risk Premium is the expectation of the investor over and above the risk-free return. The Rate of Return on Equity (RM) is taken on the basis of the Indian stock equity market return of NIFTY index i.e. 11.80 % p.a. Accordingly, the equity risk premium is worked out at 4.48%

Alpha

Alpha is company specific risk premium.

Cost of Debt is the long-term cost of debt of the company. While arriving at Cost of Debt, one has to take the tax benefit available on interest, if any and take Cost of Debt net of tax.

DCF Valuation is calculated in two parts, i.e. present value of cash flows for explicit period (i.e. the period for which projections are made) and present value of terminal



value. To work out the terminal value cash flows, explicit period's last year's net cash flow is taken as base and an appropriate growth rate is applied to that.

In addition to the WACC the Terminal Value growth rate in perpetuity needs to be determined. Growth rate in perpetuity of 5.00% is assumed to be reasonable considering going concern principle.

The cash flow so arrived has been capitalized by applying following formula to arrive at Gross Terminal Value:

$$\text{Terminal Value (TV)} = \frac{\text{Net cash flow for Terminal value}}{(\text{WACC} - \text{Growth Rate for Terminal Value})}$$

Discount rate of last year of explicit period has been applied to arrive at present value of TV.

$\text{PV of TV} = \text{TV} * \text{Discount factor for last year of explicit period.}$

Present value of cash flow for explicit period and present value of terminal value is added to arrive at the Enterprise Value of the business. This value is for all the providers of the capital.

To arrive at the value for equity holders under firm approach of valuation following adjustments made:

“Value for equity holders = PV of Cash Flows for explicit period + PV of TV + Surplus cash not considered for working capital requirement + surplus assets – value of Debt etc”.

CULTNERDS IT SOLUTIONS PRIVATE LIMITED is into service industry, and its substantial value lies in the future earnings.

Being the company is growing company, value of lies in future earnings and future positive cash generation capacities. Therefore, in the present case, we have considered

the DCF Method for the valuation and detailed workings as below.

Ascertainment of Value per Share

Particulars	Amount	INR
NPV of Explicit Period (PV of FCF)	2,51,41,990	
Present Value of Perpetuity	6,71,96,748	
	9,23,38,738	
Add: Cash & Cash equivalent	-	
Less: External Borrowings	50,28,038	
Fair Value of Business	8,73,10,700	
Less: Preference Capital	-	
Free cash flow to equity	8,73,10,700	
Less: Discount on Lack of Marketability, Relative Stock risk @25%	2,61,93,210	
Net Free cash flow to equity	6,11,17,490	
No. of Equity Shares	10,000	
Fair Value per Equity Share	6,112	
Fair Value per Equity Share (Rounded off)	6,112	

C. Market Approach:

a) Market Price Method

The market price of the share is generally considered if equity share quoted on a stock exchange is normally consider the value of equity share of the Company, if such shares are frequently traded speculative support that may be inbuilt in the value of such shares.

Equity Shares of CULTNERDS IT SOLUTIONS PRIVATE LIMITED are not traded on any stock exchanges and therefore, Market Price Method is not relevant for the present valuation exercise. Hence, we have not considered this method for the valuation.

b) Comparable Company Multiples (CCM) Method

The CCM Method estimates value by relating the same to underlying elements of similar companies for past years. In the CCM Method, one attempts to measure the value of the shares/business of company by applying the derived market multiple

based on market quotations of comparable public/listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/business (based on past and/or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples chosen carefully and adjusted for difference between the circumstances.

CULTNERDS IT SOLUTIONS PRIVATE LIMITED is into service industry company. Since the company is unique services and we have not found any listed peers which can be objectively compared with these companies considering its business model. Therefore, we have not considered this method for our valuation exercise.

c) Comparable Transaction Method (CTM)

The CTM Method, also known as 'Guideline Transaction Method' involves valuing an asset based on transaction multiples derived from prices paid in transactions of asset to be valued /market comparables (comparable transactions).

Under CTM method, one has to identify and select the comparable transaction that have been consummated closer to the valuation date which is generally more representative of the market conditions prevailing. The transaction multiple is computed based on the price paid in such comparable transactions.

However, in the absence of availability of any comparable transactions in the similar Industry, we have not considered CTM method.



V. Basis for arriving at Fair Value:

Based on the discussions in the preceding paragraphs w.r.t valuation methodologies as well as regulatory requirements, we have considered Net Asset Method and DCF Method (which is one of the internationally acceptable methods for valuation for the evaluation of Equity Shares of CULTNERDS IT SOLUTIONS PRIVATE LIMITED considering it as most appropriate method in the present case and assigned weightages to the both approaches.

Under DCF Method, the value of CULTNERDS IT SOLUTIONS PRIVATE LIMITED is based on its capacity to generate cash flows. There is some uncertainty associated with these cash flows. Thus, the challenge in valuing firms by using the DCF method is more perceptual than conceptual. The value of CULTNERDS IT SOLUTIONS PRIVATE LIMITED is the present value of the expected cash flows from future cash flows discounted at WACC. These future cash flows are estimates based on certain parameters which are subject to various assumptions. The value of CULTNERDS IT SOLUTIONS PRIVATE LIMITED rests entirely on its future growth potential.

The inputs for the valuation have to be estimated and such estimations may not always yield the expected results. The estimates of future growth are based on the competence of the management and their capacity to convert a promising idea into a commercial success.



VI. Valuation of CULTNERDS IT SOLUTIONS PRIVATE LIMITED

Basing on the requirements of CULTNERDS IT SOLUTIONS PRIVATE LIMITED for the purpose of determining the fair value of the Equity Share, after considering the all factors and apply the weights to arrive the fair value of equity share which is detailed as below.

Valuation Method	Enterprise Value	Weights	Value Attributable to Share Holders
Discounted Cash Flow	6,11,17,490	70%	4,27,82,243.17
Net Assets Method	65,07,090	30%	19,52,127.00
Value attributable to Equity Share Holders			4,47,34,370.17

I have formed an opinion on the Fair Value of Equity Shares based on the information provided by the Management of CULTNERDS IT SOLUTIONS PRIVATE LIMITED. We are of the opinion that as on Valuation Date.

The total value of CULTNERDS IT SOLUTIONS PRIVATE LIMITED is Rs. 4,47,34,370/- having 10,000 equivalent numbers of equity shares at the face value of Rs. 10/- each. Fair Value of one Equity Share having face value of Rs.10/- each is Rs.4,473/-(Rupees Four Thousand Four Hundred And Seventy Three only) as at 31st March 2025.

The valuation is subject to the information as made available to us by the Management of CULTNERDS IT SOLUTIONS PRIVATE LIMITED and no specific audit has been carried on the same.

Place: Hyderabad

Date: 05th June 2025

UDIN: 25230621BMICYU5830

SATYANARAYANA .N

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VII. Exclusions and Limitations

The primary assumptions and limiting conditions pertaining to the value estimate conclusion(s) stated in the detailed Valuation report are summarized below. Other assumptions are cited elsewhere in the report.

1. 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.
2. I owe responsibility to only to the authority/client that has appointed me/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.
3. 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
4. The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the client's request, I have provided a single value, Whilst, I consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.



5. We have performed a valuation engagement and present our detailed report in conformity with the **“International Valuation Standards” and IBBI (Amendment) Regulations, 2018**. IVS sets out that the objective of a valuation engagement is “to express an unambiguous opinion as to the of a business, business ownership interest, security or intangible asset which opinion is supported by all procedures that the appraiser deems to be relevant to the valuation.” Also according to the Standard in a valuation engagement the valuer can apply valuation approaches or methods deemed in the analyst’s professional judgment to be appropriate under the circumstances. In a valuation engagement the conclusion is expressed as either a single amount or a range.
6. By reason of the operation of privacy laws, the valuer’s enquiries in respect of recent transactions have been constrained. Accordingly, the valuer may not have had access to information on recent transactions which has not yet been published in information sources available to the valuer. If other transactions have taken place, knowledge of those transactions may affect the opinions expressed by the valuer. **To the best of my knowledge and belief the statements and opinions in this report are correct and the information provided by others is accurate. However, no responsibility is assumed for its accuracy, which should be checked by appropriate report, search or formal enquiry if required.** No responsibility is assumed for matters of a legal nature and Future services regarding the subject matter of this report, including but not limited the right to expert testimony or attendance in court as part of providing this valuation is expressly excluded.
7. The actual market price achieved may be higher or lower than our estimate of value (or range of value) depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser’s perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place.



8. The client/owner and its management/representatives 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 owners/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. I/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.
9. I 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 and /or reproduced in its proper form and context.
10. The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets 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 recorded/reflected in the balance sheet/fixed assets register provided to us.
11. 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



12. I am fully aware that based on the opinion of value expressed in this report, I/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 my / our tendering evidence before such authority shall be under the applicable laws.
13. The Fair Value of shares of the company have been performed on the Audited balance sheet of [company] provided by management as of the valuation date.
14. 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 client existing business records. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of you and the client. Our report is subject to the scope and 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 herein and in the context of the purpose for which it is made.
15. An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.
16. In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company.

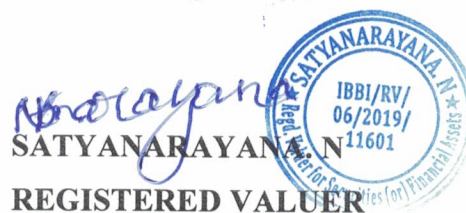


17. We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid for our services in no way influenced the results of our analysis.
18. Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared
19. Unless otherwise stated in the report, the valuation of the business has not considered or incorporated the potential economic gain or loss resulting from contingent assets, liabilities, or events existing as of the valuation date.
20. Our scope of work doesn't include valuation of Tangible Assets and Intangible Assets including Licenses, Trademarks and Patents etc,. Since this Tangible Assets and Intangible Assets are not part of the Financial Assets.
21. I have no responsibility or obligation to update this report for events or circumstances occurring subsequent to the date of this report.
22. The report assumes all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or reviewed for any use on which the opinion contained in the report is based.

Place: Hyderabad

Date: 05 June 2025

UDIN: 25230621BMICYU5830



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