



Valuation Report of

**Varanium Cloud
Limited**

Registered Valuer

Sagar Shah

**Reg. No.: IBBI/RV/06/2020/13744
ICAI RVO Reg. No.: ICAIRVO/06/RV-
P00155/2020-21**

To,

The Board of Directors,

Subject: Valuation of Equity shares of Varanium Cloud Limited ('VCL') for Preferential Issue as per Reg 166A and 164(2) of SEBI ICDR Regulation.

Dear Sir,

We refer to the engagement letter and discussions undertaken with the Management of VCL, wherein the Management of VCL requested Sagar Shah, Registered Valuer and Chartered Accountant - Securities and Financial Assets ('We' or 'us') to determine the value of its equity shares as at report date for its preferential issue of equity share as per the Reg 166A of Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) (ICDR) Regulations, 2018 (SEBI ICDR Regulation).

Please find enclosed the report detailing our analysis for arriving at a price for the proposed issue considering the Regulation 166A of SEBI ICDR Regulation.

This report sets out our scope of work, background, procedures performed by us, source of information, key value considerations and our analysis on the value analysis of the equity shares of the Company.

Yours Faithfully,



Sagar Shah

Registered Valuer - Securities and Financial Assets,

IBBI Registration No.: IBBI/RV/06/2020/13744

ICAI RVO Registration No.: ICAIRVO/06/RV-P00155/2020-2021

Date: 12/01/2023

Place: Ahmedabad



Background

Background of Company

Varanium Cloud Limited is a company limited by shares having a registration number 303172 and is registered under the Companies Act, 1956 having CIN No. U64200MH2017PLC303172 .

The company is a fast-growing Indian technology company that is focused on providing services surrounding digital audio, video and financial blockchain (for PayFac) based streaming services.

The Company operates in the following key verticals:

- Provision of digital audio and video content streaming services to various content owners and telecom operators in India and internationally on a SaaS (Software As A Service) model such as Voice & Video over Internet Protocol solutions (VoIP) in the B2B and B2C segments;
- Online payment facilitation services (PayFac);
- Provision of low bandwidth digital education content platforms (EdTech) with complete Learning Management Systems (LMS) focused on Tier 2 & rural areas under Edmission brand

The Company got listed on National Stock Exchange recently ie on 27 September 2022. At the time of IPO, the company has issued 30,00,000 Equity shares to subscribers at the price of INR 122.

The registered office address is located at Third Floor, Plot No. 244-A RDP 2,CTS 1374/B Vill. Versova SVP Nagar, Four Bungalows Mumbai Mumbai City MH 400053 IN.

The authorized share capital is INR 11.50 crore and its paid-up capital is INR 10.05 crore as on 30 September 2022.



Purpose of Valuation Exercise

- We have been given to understand that VCL is considering the preferential issue of shares to be issued to selected investors. Since, VCL is listed on National Stock Exchange (NSE), it is required to follow the pricing guidelines prescribed by the SEBI (ICDR) Regulation.
- Further, we have been given to understand that the shares are going to be issued to different institutional shareholders having no common interest and there is no change being made in the control of VCL either through shareholding or through shareholder agreement.
- In this regard, the Board of Directors of VCL has appointed Registered Valuer to undertake the valuation analysis and issue the Valuation Report (“the report”) for arriving at the price of shares of the company as per the SEBI (ICDR) Regulation and guidelines, as on the date of the report.
- This report has been prepared considers the pricing guidelines laid down in Regulation 166A and 164(2) of SEBI (ICDR) Regulation which deals with equity shares to be allotted pursuant to the preferential issue.



Scope of Work & Limitation

Scope of Work

- Registered Valuer has been appointed by Board of VCL to issue a report on the valuation of equity shares of VCL as per the SEBI (ICDR) Regulation. I understand that the purpose of the said report is to determine the price of equity shares of the company as per the prescribed regulation, as on the report date.
- The price is to be determined as per the regulation 166A and 164(2) of SEBI (ICDR) Regulation. Summary of the regulation is as under:
- Reg 164(2) of SEBI ICDR Regulations provides that

If the equity shares of the issuer have been listed on a recognized 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 not be 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 recognized 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 recognized stock exchange during the two weeks preceding the relevant date.

- Further, **Reg 166A of SEBI ICDR Regulation** provides that any preferential issue, which may result in a change in control or allotment of more than 5 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.**

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.

As per the explanation and representation provided to us by the management, with the proposed issue of preferential shares to new investors, there is no change being made in the control of VCL and as a result, we have not considered the control premium for our valuation analysis.

Appointing Authority

- The Board of Directors of VCL has appointed Mr. Sagar Shah (Registered Valuer) for the Valuation of Equity Shares.

Appointment date, Valuation date and Report date

- The Board of Directors appointed Sagar Shah on 30 December 2022. The analysis of the value of the equity share of the Company has been carried out as on the date referred in the extant regulation i.e. relevant date.
- Reg 164(2) read with Reg 161 of the SEBI ICDR Regulation specify that "relevant date", in case of preferential issue of equity shares, would be thirty days prior to the date on which meeting of shareholders is held to consider the proposed preferential issue
- In the case under consideration, the meeting of shareholder is scheduled on 11 February 2023 and hence, the relevant date works out to 12 January 2023. Same has been considered for arriving at price as per the formula given under the Reg 164(2) of the SEBI ICDR Regulation.
- Further, for the purpose of Reg 166A, we have considered the nearest date on which provisional financials are available i.e. 30th September 2022 and further, we have been given to understand that there is no major event post this date to the date on which we are issuing the report which may impact the valuation of the company.

Identity of the Valuer

- Mr. Sagar Shah is a Registered Valuer as required under the Companies (Registered Valuers & Valuation) Rules, 2017. He is registered with the Insolvency & Bankruptcy Board of India vide registration number IBBI/RV/06/2020/13744. Primary membership is registered with the ICAI Registered Valuers Organization vide registration no. ICAIRVO/06/RV-P00155/2020-2021

Disclosure of Valuer Interest

- I have no present or prospective contemplated financial interest in VCL nor any personal interest with respect to the Promoters & Board of Directors of VCL. 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.



Restrictions on use of the report

- This Valuation Report is confidential and has been prepared exclusively for VCL and its shareholders. It is to be considered only for the purpose of determining the value of the Equity Share for the proposed preferential issue as per the SEBI (ICDR) Regulation.
- It should not be circulated or reproduced to any person other than the shareholder or for any purpose other than as mentioned above, without the prior consent of the valuer. This Valuation report should not be construed as investment advice. Specifically, I do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

Limitation

- It may be noted that valuation is a highly subjective exercise and the opinion on valuation may differ from valuer to valuer depending on the individual perception of the attendant circumstances. At best, it is an expression of opinion or a recommendation based on certain assumptions. This valuation does not include the auditing of financial data provided to us, and therefore we do not take any responsibility for the accuracy and completeness of data provided to us.
- There are certain limitations which could have an impact on the valuation results. The limiting factors to this Valuation exercise are given below and the reader of the report must take cognizance of the same while formulating his opinion.
 - The valuation has been conducted based on the information, clarifications and documents provided by the management.
 - The valuation has been conducted for a specific purpose and may not be valid for any other purpose. Therefore, this valuation opinion is restricted for the purpose defined in the report.
 - The valuation opinion is subjective and based on information specifically financial projections and valuation of immovable property provided to us and relied upon. I have no liability whatsoever to any person who makes any decision based on the results given in this report.
- Further, this valuation report is based on the extant regulatory environment and the business/market conditions, which are dynamic in nature and may change in future, thereby impacting the valuation of the Company. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may materially change the information contained herein and, therefore, the valuation report.



Information Sources

For the purpose of this report, the documents and/or information published or provided by management have been relied upon. Registered Valuer has fully relied on the information provided by the company and does not vouch for the accuracy of the information provided by the management of VCL.

Registered Valuer has relied upon the following information:

- a) Memorandum & Articles of Association
- b) Provisional financial statement provided for quarter ending on 30th September 2022
- c) Audited financial statement for the FY 2021-22
- d) Draft Red Hearing Prospectus (DRHP) dated September 8th 2022
- e) Financial Projection for next 5 years including projections of Working capital and Capital expansion
- f) Information and Explanation provided by the management related to the Non-Current Investments of VCL
- g) Information available in the public domain and databases such as Moneycontrol, Capitaline, National Stock Exchange, Bombay Stock Exchange, Value Research etc.; and
- h) Registered Valuer has also relied upon written and verbal explanations and information given by the management of the company during the course of exercise.

I have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Client or other publicly available sources.

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Valuation Methodology and Working

As mentioned above, the company is listed and its shares are frequently traded on the stock exchange, the applicable guidelines provided under the Reg 166A and 164(2) of SEBI (ICDR) Regulation has been considered to arrive at a floor price.

1. Reg 164(2) of SEBI ICDR Regulations

- Reg 164(2) of SEBI ICDR Regulations provides that

If the equity shares of the issuer have been listed on a recognized 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 recognized 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 recognized stock exchange during the two weeks preceding the relevant date.

- Relevant Date as per the extant Regulation is the date thirty days prior to the date on which the meeting of shareholders is held to consider the proposed preferential issue.
- As informed to us by the management the proposed EGM of Shareholders is scheduled on 11 February 2023 and hence, the date 30 days prior to the said date works out to 12 January 2023 and the same has been considered as the Relevant Date.
- Given the same, per the regulation we have considered the average price of stock for preceding all trading days since inception and 10 trading days.
- Accordingly, we have worked out volume weighted average price of the company for all trading days since inception from 27 September 2022 to 12 January 2023 and 10 trading days from 30 December 2022 to 12 January 2023, summarized details of the same are as under:

- **Reg 164(2)(a)** - The price at which the related equity shares were issued is **INR 122.**
- **Reg 164(2)(b)** - the volume weighted average price of VCL's shares during the period the equity shares have been listed works out to **INR 445.70**
- **Reg 164(2)(c)** - the 10 trading days volume weighted average price of the VCL's shares preceding the relevant date works out to **INR 1,175.47**
- Given the above, the highest price per the Reg 164(2) works **out to Rs. 1175.47 per share.** The detailed working of the same is given in **Annexure 1 and 2.**

2. Reg 166A of SEBI ICDR Regulations

- Reg 166A of SEBI ICDR Regulation provides that any preferential issue, which may result in a change in control or allotment of more than 5 percent. 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.

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.

As per the explanation and representation provided to us by the management, with the proposed issue of preferential shares to new investors, there is no change being made in the control of VCL and as a result, we have not considered the control premium for our valuation analysis.

- In this regard, we have undertaken an independent valuation analysis to arrive at a price for equity share of VCL.

2.1 Valuation analysis

- 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, the Registered Valuer has 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 a broad comparison of the company's forecast financial projections as regards all the significant macro and micro variables such as 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.
- The established methods of valuation and a brief description of each method is provided below:

2.2 Method of Valuation

There are several commonly used and accepted methods for determining the value of business/shares of the company, which would be applied to the present case, to the extent relevant and applicable, such as:

- Market Approach - Value based on Market multiples of Comparable listed companies(CCM).
- Asset Approach - Net Asset value or Breakup value based on the value of the assets and liabilities (NAV).
- Income Approach - Value based on the Discounted cash flow (DCF) method.

2.2.1 Market Approach - Comparable Company Multiples Method (CCM)

Under the CCM Method, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies, that is, valuation based on multiples benchmarked to the multiples of similar assets in the industry. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

To make this comparison, RV begins by identifying a valuation multiple (like Price to Book value, Enterprise value to sales multiple or earnings multiple etc.). This multiple is applied to the earnings/sales/book value figure of the company being valued to arrive at the fair

valuation of the company after making suitable adjustments for size & liquidity. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company.

Considering the facts of the case under consideration, we have not used the CCM for valuing the equity shares of VCL, there are no similar comparable companies listed which are operating in a similar line of business and are of similar size as compared to VCL.

2.2.2 Asset Approach - Net Asset Value Method (NAV)

The Net Asset Value method attempts to measure the value of the net assets of the company against each share. It is computed by taking the net value of the company's assets, subtracting from them the amount of liabilities and preferred shareholders claims, and dividing the remainder amongst the number of equity shares. For an investment company valuation, NAV valuation, based on the asset backing is generally given more importance. The Net Asset Value Method is also considered appropriate, where the future cash flows / commercial operations of the valued company cannot be reasonably ascertained.

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.

We understand that the business of VCL is not capital intensive and further there is no doubt on going concern of the Company. Accordingly, the current NAV would not be reflective of its growth potential going forward and thus would not reveal the true business value of the Company. Hence, keeping the context and purpose of the Report in mind, we have not used this method in our Analysis

2.2.3 Income Approach - Discounted Free Cash Flow Method (DCF)

Under the DCF method, the intrinsic value of an asset is equivalent to the present value of its expected future cash flows. Common equity can be valued directly by using Free Cash Flow to Equity ("FCFE") or indirectly by using a Free Cash Flow to Firm ("FCFF") model to estimate the value of the firm i.e. Enterprise Value and then subtracting the value of nonstock capital (usually debt) from FCFF to arrive at an estimate of the value of equity. FCFF is the cash flow available to the company's suppliers of capital after all operating expenses (including taxes) have been paid and necessary investments in working capital (e.g. inventory) and fixed capital (e.g. equipment) have been made.

In the DCF approach to valuation, using the FCFE method, the value of a business is determined based on future expected free cash flows discounted at a rate i.e. Cost of Equity (Ke), that reflects the risk of Equity holders and the cash flows. The value so determined represents the Equity value. The same is adjusted for Non-operating assets and cash as on the valuation date in order to arrive at the equity valuation.

2.3 DCF Working Analysis

2.3.1 Financial Projection

For valuing shares of VCL, we have relied on the Financial Projections for the period from FY23 to FY27, as prepared and provided to us by the Management of VCL. We did not carry out any validation procedures or due diligence with respect to the information provided/extracted or carry out any verification of the assets or comment on the achievability of the assumptions underlying the Management Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us during the course of this engagement.

2.3.2 Valuation date

For valuing share of VCL, we have been given to understand that the latest provisional data available is 30 September 2022 and same is available for investor as well. Further, the result for quarter ending 31 Dec 2022 is not out yet and same cannot be provided to us as per the SEBI regulation and hence, we have considered 30 September as the Valuation date for DCF purpose. Further, for arriving at relevant variables i.e. Rf, Beta, Rm, we have considered the data available as on the date of relevant date specified under SEBI regulation i.e. 11 January 2023.

2.3.3 Discount factor

An important element of valuation using DCF is the selection of a discount rate that reflects the expected rate of return (adjusted for risks associated with the investment) to prospective investors in similar investment opportunities. As we are computing free cash flow to the Equity, we are considering the cash flow for the Equity Holders. Cost of Equity(Ke), which reflects the opportunity cost to Equity Shareholders is used as the best indicator of the relevant discount rate.

The calculation of Ke has been elucidated below:

The cost of equity has been determined by using the Capital Asset Pricing model (“CAPM”).

$$\text{Cost of Equity} = R_f + (R_m - R_f) * \beta$$

R_f = Risk free rate of return

R_m = Return on diversified market portfolio

R_m-R_f = Market Risk premium

β = Systematic risk factor associated with the industry i.e. Beta.

2.3.4 Determination of Risk Free Rate and Market Risk Premium

Rf has been taken at 7.33% being YTM on long-term risk free central government securities based on yield of India 10-Year Government Bond as on date of valuation.

Market Risk Premium is the premium earned on equities issued in India over and above the risk free return Rf earned i.e. Risk Premium = $R_m - R_f$. The average rate of return on Equity (R_m) is taken on the basis of the average equity market return of the NSE 500 over 10 years (2012-2022) is 12.75% (R_m). Accordingly, the Market risk premium has been arrived at is 5.42%.

2.3.5 Determination of Beta

Beta is a measure of volatility or systematic risk of the return on a particular security to the return on a market portfolio.

It is understandable that the Company is engaged in Multiple Industries and accordingly we have considered the average of Unlevered betas of the relevant Industries which the company is operating. Accordingly, we have considered the Beta of 1.13 for the purposes of valuation of VCL.

2.3.6 Company-Specific Risk Premium

K_e has been considered after adding Company specific size and liquidity risk premium of 4.5% on a reasonable basis.

Accordingly, K_e has been computed as follows:

Cost of Equity

Risk free rate (Rf)	7.33%
Market Return (Rm)	12.75%
Beta	1.1347
Company Specific Risk Premium	4.50%
Cost of Equity (Ke)	17.9801%

2.3.7 Determination of Value in Perpetuity

The perpetuity value is the value of the business beyond the explicit forecast period and is the value of the maintainable annual cash flow divided by the K_e less growth factor. The perpetuity value is then discounted to the present value. We have considered 4% perpetuity growth considering the nature of business model of VCL and the industry to which it caters.

2.3.8 Value of Non-Current Investment

As on 30th September 2022 the company has invested in these unlisted private companies:

- Navkar Events Private Limited
- Turmeric Lifestyle Private Limited

We have analyzed the Balance sheet of these companies and we have arrived at the following conclusion:

Navkar Events - VCL has subscribed to the CCD of Navkar Events Private Limited and further, from the perusal of the financial statements of Navkar Events Private Limited it has been observed that the company is incurring losses and has huge accumulated losses. However, from the explanation provided by the management, the company is on track and further, management has represented that diminution in the value of investment is not required as of now and same has not even been provided in the financial statement as well.

Considering the same, since the VCL has made the investments into CCD which has a higher priority at the time of liquidation as compared to equity holders, we have considered the amount invested as the fair value of CCD for valuation purpose.

Turmeric Lifestyle - VCL has subscribed to the Preference Shares of Turmeric Lifestyle Private Limited and further, from the perusal of its financial statements, it has been observed that the company is in its inception stage and does not have any operating revenue and further, we have been given to understand that there is no change in its forecast of revenue since the time VCL has subscribed to its preference share.

Considering the same, Preference Shares which has a higher priority at the time of liquidation as compared to equity holders, we have considered the amount invested as the fair value of Preference Shares.

Further, it appears that there has been an investment appearing in the company named Fincraft Media. However, per the management representation, same is not investment in shares of company and was transaction of different nature and same is also supported with the fact that financial of Fincraft does not show name of VCL in its balance sheet neither as Equity nor as any other Capital instrument and hence, we have not considered the amount of investment in arriving at the total value of Non-current investments.

The total value of Non-current investment as on 30 September works out to INR 445.67 lakhs and same is added to arrive at the adjusted Equity Value of the company.

Conclusion

Based on the considerations, information and explanations given to us and subject to scope of work, limitations and assumptions specified hereinafter and following guidelines specified under the Regulation 164 and 166A of SEBI ICDR Regulation, the floor price of equity share of VCL for the proposed preferential issue works out to higher of the followings:

1. Floor Price worked out as per Regulation 164(2) i.e. **INR 1175.48/- per equity share.**
2. Price worked out as per the Valuation analysis i.e. **INR 1,089.40/- per equity share.**

Given the same, the floor price to be considered by VCL for the proposed issue is higher of the above i.e. INR 1175.48/- per equity share.

Your Faithfully,



Sagar Shah

Reg. No.: IBBI/RV/06/2020/13744

ICAI RVO Reg. No.: ICAIRVO/06/RV-P00155/2020-21

Date: 12 January 2023

Place: Ahmedabad



Scope Limitations, Assumptions and Disclaimers

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to

- i. the purpose of valuation agreed as per the terms of this engagement;
- ii. the date of this report;
- iii. realization of cash flow projections as provided by the Management; and
- iv. data detailed in the section- Sources of Information.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available upto the report date, events occurring after that 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.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the financial statement but which will strongly influence the equity value of the Company.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Company till the report date and other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair value is not a precise science and the conclusions arrived at in many cases, will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair value of equity shares of VCL based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data by the Management.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

- i. the accuracy of information made available to us by the Management, which formed a substantial basis for this report; and
- ii. the accuracy of the information that was publicly available

We have neither carried out a due diligence or audit or review of the Company for the purpose of this engagement, nor independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Company is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Company that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt.

Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/on behalf of the Management. The Management of the Company has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Company and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Company.

However, nothing has come to my attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that my inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations and that the Company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary; this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not represented to us by the Management.

This report neither look into the business/ commercial reasons behind the transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is only restricted to the estimation of the fair value of equity shares of VCL.

We must emphasize that realization of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on the achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

The fee for the Engagement is not contingent upon the results reported. We owe responsibility only to the Board of Directors of VCL, who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is

understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability exceed the amount as agreed in our Engagement Letter.

Neither the value analysis report nor its contents be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of ascertaining the fair value of equity shares of VCL without our prior written consent.

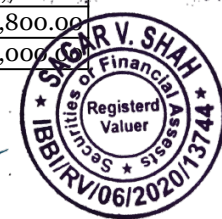
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Varanium Cloud Limited

Annexure - 1 - Reg 164(2)

Date	Open Price	High Price	Low Price	Close Price	No.of Shares	Turnover
11-01-2023	1,384.30	1,384.30	1,384.30	1,384.30	2000	27,68,600.00
10-01-2023	1,295.00	1,318.40	1,295.00	1,318.40	11000	1,44,67,975.00
09-01-2023	1,196.85	1,256.50	1,171.05	1,255.65	91000	11,22,63,400.00
06-01-2023	1,234.30	1,234.30	1,145.00	1,196.70	66500	7,90,23,725.00
05-01-2023	1,204.40	1,204.40	1,170.25	1,204.40	144000	17,30,76,250.00
04-01-2023	1,147.05	1,147.05	1,147.05	1,147.05	4000	45,88,200.00
03-01-2023	1,092.45	1,092.45	1,092.45	1,092.45	3500	38,23,575.00
02-01-2023	1,040.45	1,040.45	1,040.45	1,040.45	1000	10,40,450.00
30-12-2022	990.95	990.95	990.95	990.95	3000	29,72,850.00
29-12-2022	923	943.8	901.25	943.8	45500	4,26,65,700.00
28-12-2022	842	898.9	842	898.9	74500	6,49,09,225.00
27-12-2022	869.7	882	836.7	856.1	64500	5,56,78,175.00
26-12-2022	837	848.95	822.35	842.15	167000	13,79,71,975.00
23-12-2022	880	880	865.6	865.6	82000	7,11,59,275.00
22-12-2022	956	990	911.15	911.15	273000	25,04,51,525.00
21-12-2022	1,023.50	1,033.80	935.4	959.1	234000	23,12,97,600.00
20-12-2022	949.95	984.6	949.95	984.6	37000	3,63,14,600.00
19-12-2022	994	1,000.10	937.35	937.75	190000	18,03,89,700.00
16-12-2022	975	987.8	905	986.65	204000	19,98,65,950.00
15-12-2022	940.8	940.8	940.8	940.8	6000	56,44,800.00
14-12-2022	896	896	896	896	14000	1,25,44,000.00
13-12-2022	853.35	853.35	831	853.35	61000	5,19,95,100.00
12-12-2022	794	812.75	794	812.75	41000	3,31,66,400.00
09-12-2022	774.05	774.05	750	774.05	74000	5,72,12,250.00
08-12-2022	717	737.2	713.5	737.2	120000	8,75,83,200.00
07-12-2022	670.3	734.85	665.9	702.1	221000	15,16,30,600.00
06-12-2022	774.6	774.6	700.9	700.9	357000	26,60,37,400.00
05-12-2022	737.75	737.75	737.75	737.75	13000	95,90,750.00
02-12-2022	702.65	702.65	702.65	702.65	2000	14,05,300.00
01-12-2022	669.2	669.2	669.2	669.2	6000	40,15,200.00
30-11-2022	585.1	637.35	576.65	637.35	135000	8,03,35,400.00
29-11-2022	650	661	598.1	607	159000	10,23,86,350.00
28-11-2022	629.55	629.55	618	629.55	134000	8,39,58,750.00
25-11-2022	588.55	599.6	588.25	599.6	158000	9,43,52,400.00
24-11-2022	567.8	571.05	542	571.05	117000	6,60,05,950.00
23-11-2022	534	543.9	497	543.9	152000	8,13,89,050.00
22-11-2022	518	518	512	518	98000	5,07,24,750.00
21-11-2022	493	493.35	485	493.35	91000	4,48,46,350.00
18-11-2022	462.9	469.9	452.25	469.9	121000	5,66,01,400.00
17-11-2022	461	461	429.95	447.55	171000	7,74,02,450.00
16-11-2022	427.8	439.05	427.8	439.05	44000	1,92,05,500.00
15-11-2022	382	418.15	382	418.15	105000	4,26,32,600.00
14-11-2022	439	440.15	398.25	398.25	176000	7,37,07,700.00
11-11-2022	419.2	419.2	404	419.2	172000	7,19,67,850.00
10-11-2022	399.2	399.25	399.2	399.25	21000	83,84,150.00
09-11-2022	381.25	381.25	381.25	381.25	4000	15,25,000.00
07-11-2022	347.1	363.1	347.1	363.1	55000	1,96,69,700.00
04-11-2022	359	366.5	342.25	345.85	227000	7,94,41,900.00
03-11-2022	362.3	362.3	353.2	360.25	224000	8,09,93,500.00
02-11-2022	337.6	345.05	333	345.05	87000	2,95,54,600.00
01-11-2022	328.65	328.65	297.35	328.65	1215000	38,32,85,200.00
31-10-2022	313	313	313	313	31000	97,03,000.00
28-10-2022	284.55	284.55	284.55	284.55	36000	1,02,43,800.00
27-10-2022	258.7	258.7	258.7	258.7	21000	54,32,700.00
25-10-2022	235.2	235.2	235.2	235.2	69000	1,62,28,800.00
24-10-2022	196	196	196	196	87000	1,70,52,000.00



21-10-2022	154.5	166.95	146.5	163.35	160000	2,44,88,500.00
20-10-2022	152	155	151	151.35	37000	56,64,000.00
19-10-2022	155	155	150.1	151.8	76000	1,15,69,800.00
18-10-2022	151.2	156.85	151.2	155.95	54000	83,94,650.00
17-10-2022	160.05	163	147	150.55	124000	1,91,91,350.00
14-10-2022	169	169	157.2	158.45	68000	1,09,36,950.00
13-10-2022	156	169	156	162.15	92000	1,49,47,550.00
12-10-2022	170	174.9	152.55	155.4	386000	6,56,03,450.00
11-10-2022	169.2	174.95	162.15	171.8	1,54,000	2,53,41,000
10-10-2022	173	178.95	166.1	170.65	1,05,000	1,82,54,000
07-10-2022	171.55	171.55	155.25	171.55	3,75,000	6,30,63,000
06-10-2022	163.4	163.4	163.4	163.4	26,000	42,48,000
04-10-2022	155.65	155.65	155.65	155.65	12,000	18,68,000
03-10-2022	147.5	148.25	147.5	148.25	18,000	26,68,000
30-09-2022	136	141.2	134.25	141.2	1,99,000	2,78,53,000
29-09-2022	128	134.95	127	134.5	3,40,000	4,52,67,000
28-09-2022	122.15	131.9	122.15	128.8	3,15,000	3,96,78,000
27-09-2022	131	136.45	124.45	128.55	9,57,000	12,46,14,000
Total					1,00,20,500	4,46,62,34,850
Volume weighted average price since inception						445.7098



Varanium Cloud Limited

Annexure - 2 - Volume weighted average price of 10 trading days

Date	Open Price	High Price	Low Price	Close Price	No.of Shares	Turnover
11-01-2023	1,384.30	1,384.30	1,384.30	1,318.40	2000	27,68,600.00
10-01-2023	1,295.00	1,318.40	1,295.00	1,255.65	11000	1,44,67,975.00
09-01-2023	1,196.85	1,256.50	1,171.05	1,196.70	91000	11,22,63,400.00
06-01-2023	1,234.30	1,234.30	1,145.00	1,204.40	66500	7,90,23,725.00
05-01-2023	1,204.40	1,204.40	1,170.25	1,147.05	144000	17,30,76,250.00
04-01-2023	1,147.05	1,147.05	1,147.05	1,092.45	4000	45,88,200.00
03-01-2023	1,092.45	1,092.45	1,092.45	1,040.45	3500	38,23,575.00
02-01-2023	1,040.45	1,040.45	1,040.45	990.95	1000	10,40,450.00
30-12-2022	990.95	990.95	990.95	943.8	3000	29,72,850.00
29-12-2022	923	943.8	901.25	898.9	45500	4,26,65,700.00
Total					3,71,500	43,66,90,725
Volume weighted average price of 10 trading days						1,175.4797



Annexure -3 - DCF Working of Varanium Cloud

Free Cash Flow Buildup

	Projected Annual Forecast				
	2023P	2024P	2025P	2026P	2027P
Period	0.50	1.5	2.5	3.5	4.5
Total Revenues	17,786.1	66,309.8	1,40,576.9	2,10,865.3	2,63,581.6
EBITDA	7,888.4	14,746.4	34,625.1	63,259.6	79,074.5
EBIT	6,727.1	13,285.2	29,663.9	47,444.7	52,716.3
EBT	6,727.1	13,285.2	29,663.9	47,444.7	52,716.3
Tax rate	26.0%	26.0%	26.0%	26.0%	26.0%
PAT	4,978.0	9,831.1	21,951.3	35,109.1	39,010.1
Depreciation & Amortization	1,161.3	1,461.2	4,961.2	4,217.3	5,271.6
Accounts receivable	(849.2)	(9,823.3)	(14,853.4)	(8,786.1)	(2,635.8)
Inventories	0.0	0.0	0.0	0.0	0.0
Other Current Asset	(125.9)	0.0	0.0	0.0	0.0
Accounts payable	781.9	8,393.1	8,804.9	9,188.8	3,031.2
Other Current Liabilities	131.1	1,049.1	1,447.2	1,312.7	1,186.1
Capex	(6,952.9)	(2,961.2)	(22,461.2)	(16,620.3)	(23,876.2)
Unlevered free cash flows	-875.6	7,950.1	-150.1	24,421.5	21,987.0
Cost of Equity	17.98%	17.98%	17.98%	17.98%	17.98%
Present value of free cash flows	-806.1	6,203.8	-99.3	13,691.2	10,447.9
Sum of present values of FCFEs	29,437.49				

Terminal Value

Growth in perpetuity method:

Long term growth rate	4.0%
Ke	17.98%
Free cash flow (t+1)	22,866.52
Terminal Value	1,63,565.08
Present Value of Terminal Value	77,723.36

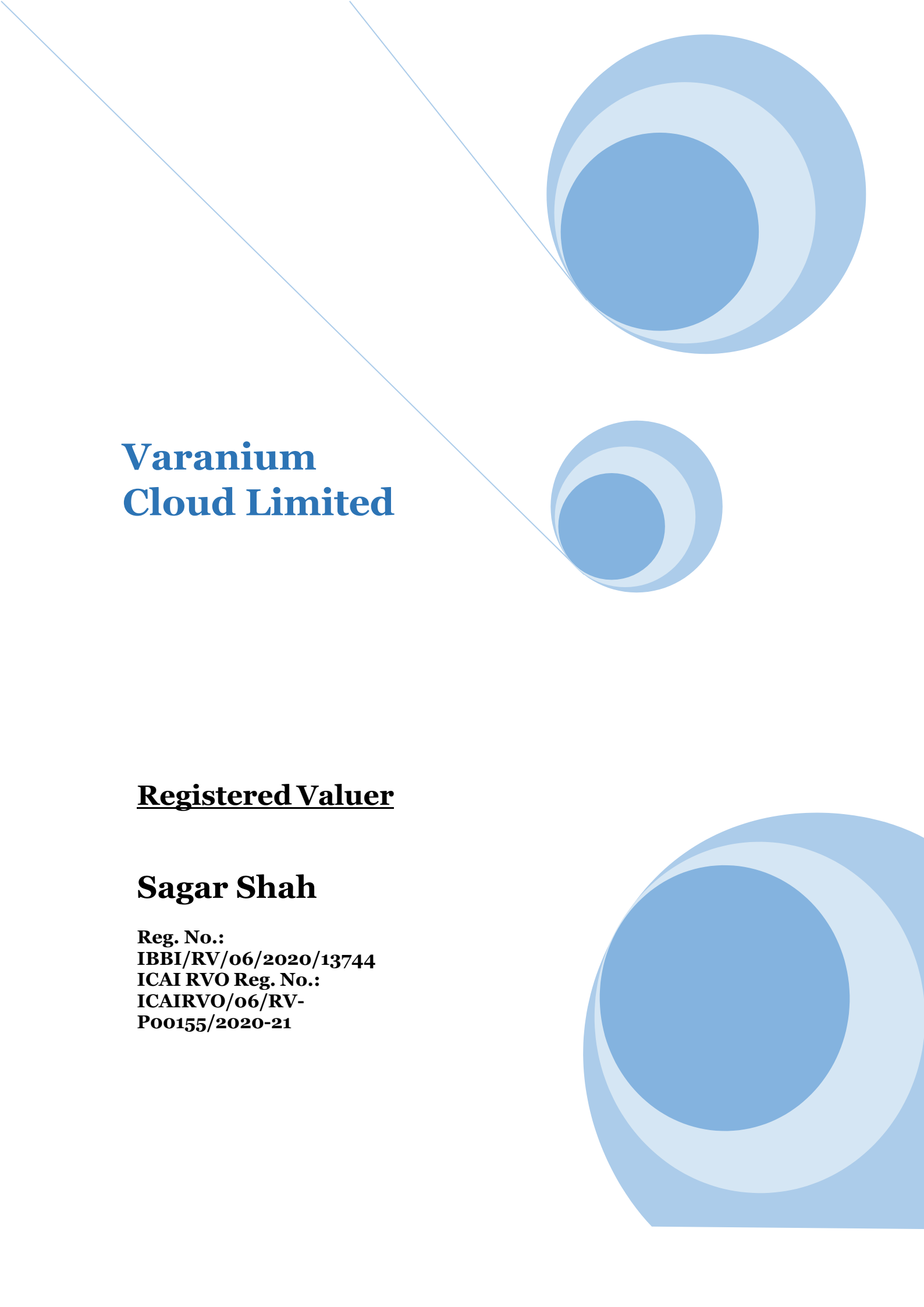
Cost of Equity

Risk free rate (Rf)	7.33%
Market Return (Rm)	12.75%
Beta	1.1347
Company Specific Risk Premium	4.50%
Ke	13.4801%
Cost of Equity (Ke)	17.9801%

Equity Value Per Share

Enterprise Value	1,07,160.86
Add: Surplus Asset (Investment)	445.67
Add: Cash & Cash Equivalents	1,910.64
Less - Value of Debt	-
Total Equity Value	1,09,517.17
Diluted Shares Outstanding	100.53
Equity Value Per Share	1,089.40



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Varanium Cloud Limited

Registered Valuer

Sagar Shah

Reg. No.:
IBBI/RV/06/2020/13744
ICAI RVO Reg. No.:
ICAIRVO/06/RV-
P00155/2020-21

To,

The Board of Directors,

**Subject: Valuation of Equity shares of Varanium Cloud Limited
(‘VCL’) according to 164(3) of SEBI ICDR Regulation**

Dear Sir,

We refer to our valuation report dated 12 January 2023 for the proposed preferential allotment of shares by VCL.

Since at the time of the issue of the report, 90 trading days had not completed from the date of listing, as per the regulatory requirement, we have considered the maximum trading days available for arriving at a value.

As per Regulation 164(3), the price shall be recomputed by the valuer on the completion of 90 trading days from the date of listing on a recognized stock exchange.

Given the same, since 90 days from the listing date has been completed, we have carried out the work to arrive at a price as per the said regulation. Find enclosed **Annexure-1** detailing our analysis of the recomputed price of 90 trading days.

Yours Faithfully,



Sagar Shah

Registered Valuer - Securities and Financial

Date: 06/02/2023

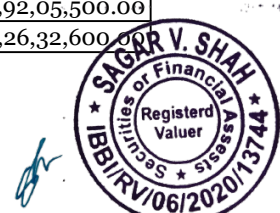
Place: Ahmedabad



Varanium Cloud Limited

Annexure - 1 - Reg 164(3)

Date	Open Price	High Price	Low Price	Close Price	WAP	No. of Shares	No. of Trades	Turnover
03-Feb-23	1,315.00	1,350.00	1,267.00	1,323.80	1,298.89	26500	50	3,44,20,625.00
02-Feb-23	1,303.20	1,349.95	1,225.25	1,335.25	1,277.62	76000	114	9,70,98,975.00
01-Feb-23	1,322.00	1,338.70	1,277.30	1,289.70	1,302.77	59000	88	7,68,63,500.00
31-Jan-23	1,354.90	1,354.90	1,275.50	1,344.50	1,321.99	38500	51	5,08,96,575.00
30-Jan-23	1,249.30	1,380.80	1,249.30	1,316.15	1,262.27	215500	174	27,20,19,550.00
27-Jan-23	1,336.00	1,336.10	1,315.05	1,315.05	1,320.44	9000	17	1,18,83,975.00
25-Jan-23	1,460.00	1,488.00	1,384.25	1,384.25	1,394.03	61500	100	8,57,32,900.00
24-Jan-23	1,457.10	1,457.10	1,408.00	1,457.10	1,453.88	60500	94	8,79,59,575.00
23-Jan-23	1,387.75	1,387.75	1,387.75	1,387.75	1,387.75	5500	10	76,32,625.00
20-Jan-23	1,196.85	1,322.80	1,196.85	1,321.70	1,247.11	187500	267	23,38,32,250.00
19-Jan-23	1,259.85	1,320.00	1,259.85	1,259.85	1,261.01	56500	73	7,12,47,050.00
18-Jan-23	1,355.00	1,383.95	1,326.15	1,326.15	1,333.74	110500	138	14,73,78,775.00
17-Jan-23	1,377.50	1,449.80	1,377.35	1,395.95	1,386.83	114500	129	15,87,92,500.00
16-Jan-23	1,595.00	1,602.40	1,449.85	1,449.85	1,537.98	54000	83	8,30,50,800.00
13-Jan-23	1,526.15	1,526.15	1,480.25	1,526.15	1,520.59	123500	177	18,77,93,025.00
12-Jan-23	1,453.50	1,453.50	1,385.00	1,453.50	1,444.03	57000	92	8,23,09,825.00
11-Jan-23	1,384.30	1,384.30	1,384.30	1,384.30	1,384.30	2000	3	27,68,600.00
10-Jan-23	1,295.00	1,318.40	1,295.00	1,318.40	1,315.27	11000	19	1,44,67,975.00
09-Jan-23	1,196.85	1,256.50	1,171.05	1,255.65	1,233.66	91000	145	11,22,63,400.00
06-Jan-23	1,234.30	1,234.30	1,145.00	1,196.70	1,188.33	66500	131	7,90,23,725.00
05-Jan-23	1,204.40	1,204.40	1,170.25	1,204.40	1,201.92	144000	201	17,30,76,250.00
04-Jan-23	1,147.05	1,147.05	1,147.05	1,147.05	1,147.05	4000	8	45,88,200.00
03-Jan-23	1,092.45	1,092.45	1,092.45	1,092.45	1,092.45	3500	6	38,23,575.00
02-Jan-23	1,040.45	1,040.45	1,040.45	1,040.45	1,040.45	1000	2	10,40,450.00
30-Dec-22	990.95	990.95	990.95	990.95	990.95	3000	5	29,72,850.00
29-Dec-22	923	943.8	901.25	943.8	937.71	45500	72	4,26,65,700.00
28-Dec-22	842	898.9	842	898.9	871.26	74500	104	6,49,09,225.00
27-Dec-22	869.7	882	836.7	856.1	863.23	64500	121	5,56,78,175.00
26-Dec-22	837	848.95	822.35	842.15	826.18	167000	224	13,79,71,975.00
23-Dec-22	880	880	865.6	865.6	867.8	82000	93	7,11,59,275.00
22-Dec-22	956	990	911.15	911.15	917.4	273000	328	25,04,51,525.00
21-Dec-22	1,023.50	1,033.80	935.4	959.1	988.45	234000	172	23,12,97,600.00
20-Dec-22	949.95	984.6	949.95	984.6	981.48	37000	34	3,63,14,600.00
19-Dec-22	994	1,000.10	937.35	937.75	949.42	190000	132	18,03,89,700.00
16-Dec-22	975	987.8	905	986.65	979.74	204000	132	19,98,65,950.00
15-Dec-22	940.8	940.8	940.8	940.8	940.8	6000	6	56,44,800.00
14-Dec-22	896	896	896	896	896	14000	14	1,25,44,000.00
13-Dec-22	853.35	853.35	831	853.35	852.38	61000	48	5,19,95,100.00
12-Dec-22	794	812.75	794	812.75	808.94	41000	28	3,31,66,400.00
09-Dec-22	774.05	774.05	750	774.05	773.14	74000	61	5,72,12,250.00
08-Dec-22	717	737.2	713.5	737.2	729.86	120000	89	8,75,83,200.00
07-Dec-22	670.3	734.85	665.9	702.1	686.11	221000	195	15,16,30,600.00
06-Dec-22	774.6	774.6	700.9	700.9	745.2	357000	296	26,60,37,400.00
05-Dec-22	737.75	737.75	737.75	737.75	737.75	13000	12	95,90,750.00
02-Dec-22	702.65	702.65	702.65	702.65	702.65	2000	2	14,05,300.00
01-Dec-22	669.2	669.2	669.2	669.2	669.2	6000	6	40,15,200.00
30-Nov-22	585.1	637.35	576.65	637.35	595.08	135000	81	8,03,35,400.00
29-Nov-22	650	661	598.1	607	643.94	159000	115	10,23,86,350.00
28-Nov-22	629.55	629.55	618	629.55	626.56	134000	65	8,39,58,750.00
25-Nov-22	588.55	599.6	588.25	599.6	597.17	158000	97	9,43,52,400.00
24-Nov-22	567.8	571.05	542	571.05	564.15	117000	80	6,60,05,950.00
23-Nov-22	534	543.9	497	543.9	535.45	152000	124	8,13,89,050.00
22-Nov-22	518	518	512	518	517.6	98000	73	5,07,24,750.00
21-Nov-22	493	493.35	485	493.35	492.82	91000	64	4,48,46,350.00
18-Nov-22	462.9	469.9	452.25	469.9	467.78	121000	102	5,66,01,400.00
17-Nov-22	461	461	429.95	447.55	452.65	171000	149	7,74,02,450.00
16-Nov-22	427.8	439.05	427.8	439.05	436.49	44000	39	1,92,05,500.00
15-Nov-22	382	418.15	382	418.15	406.02	105000	101	4,26,32,600.00



14-Nov-22	439	440.15	398.25	398.25	418.79	176000	150	7,37,07,700.00
11-Nov-22	419.2	419.2	404	419.2	418.42	172000	125	7,19,67,850.00
10-Nov-22	399.2	399.25	399.2	399.25	399.25	21000	20	83,84,150.00
09-Nov-22	381.25	381.25	381.25	381.25	381.25	4000	4	15,25,000.00
07-Nov-22	347.1	363.1	347.1	363.1	357.63	55000	54	1,96,69,700.00
04-Nov-22	359	366.5	342.25	345.85	349.96	227000	202	7,94,41,900.00
03-Nov-22	362.3	362.3	353.2	360.25	361.58	224000	182	8,09,93,500.00
02-Nov-22	337.6	345.05	333	345.05	339.71	87000	86	2,95,54,600.00
01-Nov-22	328.65	328.65	297.35	328.65	315.46	1215000	839	38,32,85,200.00
31-Oct-22	313	313	313	313	313	31000	26	97,03,000.00
28-Oct-22	284.55	284.55	284.55	284.55	284.55	36000	29	1,02,43,800.00
27-Oct-22	258.7	258.7	258.7	258.7	258.7	21000	17	54,32,700.00
25-Oct-22	235.2	235.2	235.2	235.2	235.2	69000	59	1,62,28,800.00
24-Oct-22	196	196	196	196	196	87000	78	1,70,52,000.00
21-Oct-22	154.5	166.95	146.5	163.35	153.05	160000	79	2,44,88,500.00
20-Oct-22	152	155	151	151.35	153.08	37000	35	56,64,000.00
19-Oct-22	155	155	150.1	151.8	152.23	76000	75	1,15,69,800.00
18-Oct-22	151.2	156.85	151.2	155.95	155.46	54000	32	83,94,650.00
17-Oct-22	160.05	163	147	150.55	154.77	124000	79	1,91,91,350.00
14-Oct-22	169	169	157.2	158.45	160.84	68000	67	1,09,36,950.00
13-Oct-22	156	169	156	162.15	162.47	92000	92	1,49,47,550.00
12-Oct-22	170	174.9	152.55	155.4	169.96	386000	270	6,56,03,450.00
11-Oct-22	169.2	174.95	162.15	171.8		1,54,000		2,53,41,000
10-Oct-22	173	178.95	166.1	170.65		1,05,000		1,82,54,000
07-Oct-22	171.55	171.55	155.25	171.55		3,75,000		6,30,63,000
06-Oct-22	163.4	163.4	163.4	163.4		26,000		42,48,000
04-Oct-22	155.65	155.65	155.65	155.65		12,000		18,68,000
03-Oct-22	147.5	148.25	147.5	148.25		18,000		26,68,000
30-Sep-22	136	141.2	134.25	141.2		1,99,000		2,78,53,000
29-Sep-22	128	134.95	127	134.5		3,40,000		4,52,67,000
28-Sep-22	122.15	131.9	122.15	128.8		3,15,000		3,96,78,000
27-Sep-22	131	136.45	124.45	128.55		9,57,000		12,46,14,000
Total						1,12,76,000		6,15,51,47,375
Volume weighted average price of 90 days								545.8627

