

VALUATION REPORT

of

Fair Value of Equity Shares

of

MINDPOOL TECHNOLOGIES LIMITED

Prepared by

Suman Kumar Verma

Registered Valuer- Securities or Financial Assets

Address: Lane No. 10, Indra Park, Palam Colony,
New Delhi, 110045, India

To,
The Board of Directors
Mindpool Technologies Limited
Add: 3rd & 4th, Sr No. 133/1/316111,
GK Mall, Near Konkane Chowk,
Pimple Saudagar, Pune-411027

Context and Purpose

Based on discussions with the management, the management requires the fair value of the equity shares of the Company for proposed issuance of equity shares. In this regard, management of the Company requires report carried out by a Registered Valuer in accordance with provisions of Companies Act, 2013.

The relevant date, as informed to us by the Management of MTL ('the Management'), for the purpose of calculation of the price per share under the SEBI ICDR Regulations for issuance of equity shares is 16th August, 2023 ('Relevant Date'). The Valuation Date as informed to us by the Management for computation of equity value per share of MTL is as on close of trading hours of the date preceding the relevant date i.e. 14th August, 2023 ('Valuation Date').

The report has been prepared exclusively for specified purpose as mentioned above and hence should not be used for any other purpose, without obtaining the prior written consent from me. This opinion should not be considered, in whole or in part, as an investment advice by anyone.

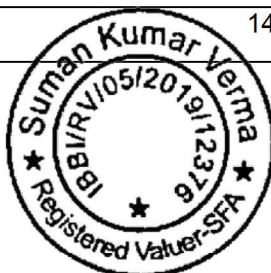
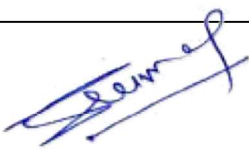
Summary of Findings

Based on my Valuation Analysis, in my assessment, the Fair Value of Equity shares of the Company as on 14th August, 2023 is **INR 48.97 (Forty Eight Rupees and Ninety Seven Paise Only)**. Refer **Annexure** of the report of even date.

I have based this opinion on information provided and represented by the management of the Company and have not independently verified the information provided to me and in that regard, the validity of the valuation depends on the completeness and accuracy of the information provided to me by the Company. I have applied valuation techniques and methods that conform to the generally accepted valuation practices.

1.0 Appointing Authority, Date of Appointment, Valuation Date and Date of Report

Appointing Authority	Board of Directors of Mindpool Technologies Limited
Date of Appointment	16 th August, 2023
Valuation Date	14 th August, 2023



Date of Report	16 th August, 2023
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(i) Particulars of the Subject Company – Mindpool Technologies Limited

Date of Incorporation: 21/02/2011
CIN: L72900PN2011PLC138607
Registered Office: 3rd & 4th, Sr No 133/1/316111 GK Mall, Near Konkane Chowk, Pimple Saudagar, Pune, Maharashtra-411027.

Nature of business of the Subject Company:

- Mindpool Technologies limited is a NSE SME listed company with interests in multiple business domains.
- The company provides extensive services in Oracle EBS, Oracle SCM and Oracle SOA covering upgrade & support solutions. The services of the company include advising, building, implementing, managing and supporting Oracle solutions and operating Oracle systems for our clients.
- It also provides IT Staffing solutions. It includes manpower recruitment and outsourcing for its clients, comprising permanent staffing solutions and flexi staffing solutions.
- The company is also involved in providing Corporate Training. It provides training programs to assist the employees of the clients in building their IT skillsets, to improve their technological knowledge, enhance their soft skills etc.

Procedures adopted in carrying out the Valuation

- Receipt of proposal for valuation;
- Discussion with the management and acceptance of the proposal;
- Receipt of intimation about appointment and acceptance of proposal;
- Execution of valuation engagement letter and providing the checklist for required information, documents, financial statement and records;
- Receipt of information, documents as per the checklist leading to preliminary study including analysis of business, etc.;
- Cross verification of data and meeting with the concerned officials of the company for clarifications / explanations;
- Determining valuations approach, techniques and methods;
- Analysis of publicly available data with macroeconomic factors and industry trends;



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- Valuation synthesis & revisiting the assumptions and decision made;
- Report preparation and its validation.

2.0 Inspections / investigation undertaken

- Website of Ministry of Corporate Affairs (MCA) was inspected.
- Similar Companies Financial data and market price from financial sites.

3.0 Identity of the Valuer and Any other experts involved in the Valuation

Name of the Valuer : Suman Kumar Verma

Address of the Valuer : Lane No. 10, Indra Park, Palam Colony,
New Delhi, 110045, India

Qualifications : Cost Accountant & Registered Valuer -
Securities or Financial Assets

Disclosure of Interest or Conflict : None

Any other expert involved : None

4.0 Nature and Sources of Data / Information used or relied upon

Nature of Underlying Data	Primary Data
Source of Data	Company's Management and the data provided was validated with information available in Public Domain.
Quality of underlying Data	Dependable

5.0 Documents /Information of MINDPOOL TECHNOLOGIES LIMITED used or relied upon:

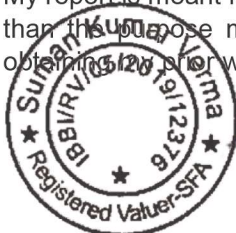
- Audited Financials for FY 2023.
- Financial Projections from FY 2024 to FY 2027.
- Various fillings by the company with MCA.
- Reliance has been placed on verbal explanations and information provided by the officials of the company.



- v. It has been informed that there are no material events and / or demand decisions - legal or otherwise against the companies which have arisen / will arise subsequent to the valuation date and are likely to affect materially the state of affairs as on date and / or its net assets.

6.0 Limitations, Caveats and Disclaimer

- 6.1 While my work has involved an analysis of financial information and accounting records, the engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, I assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the client. My 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.
- 6.2 The valuation of companies and businesses is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value and I have normally expressed my opinion on the value as falling within a likely range. However, as purpose requires the expression of a single value, I have adopted a value at the mid-point of valuation range. Whilst I consider my value to be both reasonable and defensible based on the information available to me, others may place a different value on the company.
- 6.3 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 I do not assume any obligation to update, revise or reaffirm this Report.
- 6.4 The ultimate analysis will have to be tempered by the exercise of judicious discretion by the RV and judgment 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 face of the Balance Sheet but could strongly influence the value.
- 6.5 Unavailability of information as of valuation date: Please note that the Fair Value of assets of the company have been performed as of an earlier date based on the provisional unaudited standalone balance sheet of company provided by management as of the valuation date.
- 6.6 In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me 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. My conclusions are based on the assumptions, forecasts and other information given by/ on behalf of the Company.
- 6.7 I am independent of the client/ company and have no current or expected interest in the Company or its assets. The fee paid for my services in no way influenced the results of my analysis.
- 6.8 My 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 my prior written approval for any purpose other than the purpose for which it is prepared



7.0 Valuation Approach and Methodology

7.1 Valuation Approaches

Valuation of a business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. This exercise may be carried out using various methodologies, the relative emphasis of each often varying with:

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

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. There are several commonly used and accepted approaches for valuation. These approaches can be broadly categorized as follows:

- A. Market Approach
- B. Asset Approach
- C. Income Approach

A. Market Approach

The value of a business is determined by comparing the company's relative valuation with that of other companies of the same industry, size and risk. This approach is used, where the value of a stock is estimated based upon its fundamental variables considered to be significant to valuation, such as earnings, cash flow, book value, or sales and relative valuation given to recent transactions or similar companies of the same industry based on the same fundamental variable. Business appraisal includes 'comparative transaction method' and 'guideline public company method'.

Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Comparable Companies' Multiple Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.

B. Asset Approach

This method determines the worth of a business by the assets it possesses. It involves examining



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every asset held by the company, both tangible and intangible. The Net Asset Value (NAV) arrived at under this approach is based on the financial statements of the business. Further, the balance sheet values are adjusted for any intangible assets and contingent liabilities that are likely to materialize. The NAV is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce. This approach to valuation is more commonly used in finance industry or industries that are required to have huge tangible assets on their balance sheets.

C. Income Approach

The income approaches determine fair market value by dividing the benefit stream generated by the subject or target company by a discount or capitalization rate. The discount or capitalization rate converts the stream of benefits into present value. There are several different income approaches, including Capitalization of Earnings or cash flows, Discounted Future Cash Flows ("DFCF"), and the Excess Earnings Method (which is a hybrid of asset and income approach of benefit stream to which it is applied). The result of a value calculation under the income approach is generally the fair market value of a controlling, marketable interest in the subject company, since the entire benefit stream of the subject company is most often valued, and the capitalization and discount rates are derived from statistics concerning public companies.

For arriving at the value per equity share of MTL and considering valuation inputs available for determining valuation under Book Value method, Discounted Cash Flow Method and CCM, we have applied equal weights to arrive at the value per equity share of MTL.

8.0 Valuation Analysis and conclusion

The value per equity share of MTL are based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e., Market Price method, Comparable Companies Method and Book Value method for determining value per share of the Company.

In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for the proposed transaction, in our opinion, we recommend the fair value of equity shares of MTL at **INR 48.97** per equity share.

Approach	Method	Value per share (INR)	% Weight	Weighted Value (INR)
Asset Approach	Book Value Method	30.04	33.33%	10.01
Market Approach	Comparable Companies' Multiple Method	56.98	33.33%	18.99
Income Approach	DCF Method	59.89	33.33%	19.96
Value per share (INR)			100.00%	48.97




9.0 Valuation Standards Followed

International Valuations methodology and relevant International Valuations Standards (popularly known as 'IVS') issued by IVSC have been followed for valuation and preparation of the report.

10.0 Premise of Value

The present valuation is undertaken on a **Going Concern Premise** i.e. on the premise that the Company will continue to operate in future after the valuation date and will earn cashflows.

Date: 16th August, 2023

Place: Delhi



Suman Kumar Verma

Registered Valuer- Securities or Financial Assets
IBBI Registration No.: IBBI/RV/05/2019/12736

Enclosed:

Annexure I: Determination of value per equity shares of MTL using Book Value method.

Annexure II: Determination of value per equity share of MTL using Comparable Companies method.

Annexure III: Computation of share price of MTL using Discounted Cash Flow Method.

Annexure I – Determination of value of equity shares of MTL using Book Value method.

The value of equity shares of MTL using Book Value method is **INR 30.04** per equity share.

Particulars (Amount in INR)	(Amount in INR Lakhs)
Assets	
Non-current assets	85.53
Cash and bank Balances	39.53
Trade Receivables	587.39
Loan	384.55
Non-current Investment	193.56
Deferred Tax Assets	3.05
Other Current Assets	438.44
Total Assets	1,732.05
Liabilities	
Short-term borrowing	188.49
Trade Payables	74.86
Other current liabilities	129.21
Provisions (Current)	66.49
Total Liabilities	459.05
Net asset Value	1,273
Number of equity shares	42,37,500
Value per share (INR)	30.04

Annexure II- Determination of value of equity shares of MTL using Comparable Companies Method

The value of equity shares of MTL using Comparable Companies method is **INR 56.98** per equity share.

Particulars	INR lakhs
PAT	64.46
P/E Multiple	46.82
Less: Discount @ 20%	9.36
P/E Multiple after discount	37.46
Equity Value	2,414.42
No. of Shares	42,37,500
Value Per share (INR)	56.98



								(INR in Lakhs)
Name of the Company	Price per share as on 14.08.2023	Shares	Mkt cap	Cash & Cash Eq	Debt	EV	PAT	P/E
Cyient Limited	1,553.50	11,06,07,559.00	17,18,288.43	11,530.00	10,260.00	17,17,018.43	35,480.00	48.43
CoForge Limited	5,277.05	6,10,96,751.00	32,24,106.10	13,950.00	39,500.00	32,49,656.10	73,250.00	44.02
Persistent Systems	4,938.10	7,69,25,000.00	37,98,633.43	54,098.00	15,574.30	37,60,109.73	79,112.80	48.02
Average								46.82

Annexure III – Determination of value per equity share of MTL using Discounted Cash Flow Method

The value of equity shares of MTL using Discounted Cash Flow method is **INR 56.98** per equity share.

Particulars	2024	2025	2026	2027	Terminal Year
PAT	2,18,53,802	3,17,67,687	4,27,53,365	5,44,90,834	
Add: Depreciation	24,46,125	11,97,247	6,73,954	4,43,552	
Add/Less: Change in Working Capital	(2,32,39,804)	(1,11,59,402)	(1,13,80,080)	(1,23,04,958)	
Add/Less: Change in Borrowings	1,61,51,420	-	-	-	
Less: Capex	10,36,243	-	-	-	
Free Cash Flow	1,82,47,786	2,18,05,532	3,20,47,239	4,26,29,427	31,97,80,516
Discounting Factor	0.840	0.706	0.593	0.499	0.499
Discounted Amount	1,53,34,611	1,53,98,977	1,90,18,594	2,12,59,834	15,94,78,587
Sum of Discounted Amount	23,04,90,604				
Add: Cash & Cash Equivalent	39,53,000				
Add: Investment	1,93,55,420				
Equity Value	25,37,99,024				
No. of Shares	42,37,500				
Value per Share (INR)	59.89				

Cost of Equity	
Risk Free Rate	7.32%
Market Return	13.88%
Beta	1.17
Cost of Equity	15.00%
Add: Company Specific Risk Premium	4%
Adjusted Cost of Equity	19.00%

Growth	5%
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Member Details	Suman Kumar Verma (28453)
Document Type	Certificate
Type of Certificate	Other Certificate
Date of Signing of Document	16/08/2023
Financial Figures / Particulars	56.98: Value Per share (INR) IN LAKHS 4237500: NO OF SHARES 459.05: Total Liabilities IN LAKHS
Document Description	MINDPOOL TECHNOLOGIES LIMITED
Status	Active

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