

Systematix Corporate Services Limited

Determination of Fair Value of Equity Shares

September 14, 2024

Perch Valuation LLP

Registered Valuer

Asset Class – Securities or Financial Assets

Reg. No. IBBI/RV-E/06/2022/173

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Date: September 14, 2024

To,
Board of Directors
Systematix Corporate Services Limited
206-207, Bansi Trade Centre 581/5 M.G Road,
Indore, Madhya Pradesh, India, 452001

Dear Sirs,

Sub: Determination of Fair Market Value of Equity Shares of Systematix Corporate Services Limited

We refer to your request for the valuation of the equity shares of **Systematix Corporate Services Limited (hereinafter referred to as 'SCSL' or 'the Company')** as on **September 14, 2024**, for the purpose mentioned below. We are pleased to present herewith our report on the same.

Company Background

Systematix Corporate Services Limited is a company registered under the Companies Act, 1956 incorporated on 21-08-1985 vide CIN: L91990MP1985PLC002969 having its registered office at 206-207, Bansi Trade Centre 581/5 M.G Road, Indore, Madhya Pradesh, India, 452001.

SCSL is engaged in providing Investment Banking, Merchant Banking Services. Equity shares of SCSL are listed only on Bombay Stock Exchange (BSE).

The authorized, issued, subscribed and paid-up share capital of SCSL as on March 31, 2024 are as under:

Particulars	Amount (INR in lakhs)
<u>Authorized Share Capital</u>	
2,00,00,000 Equity Shares of INR 10 each	2,000
TOTAL	2,000
<u>Paid-up Share Capital</u>	
1,29,80,258 Equity Shares of INR 10 each	1,298
TOTAL	1,298

Valuation Background and Purpose

We have been informed that the Board of Directors of the company intends to issue and allot Equity Shares on preferential basis to identified investors.

Regulation 164(1) of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations,

2018 [the 'SEBI (ICDR) Regulations 2018'] prescribes the method for calculating pricing of frequently traded shares. If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the 90 trading days' volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or
- b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.

Further, if the Articles of Association of the issuer Company specify a method for determining a floor price that exceeds the price determined under these regulations, that specified floor price will be applicable for allotting equity shares through a preferential issue.

As per Regulation 166A of SEBI (ICDR) Regulations, the floor price, in cases where allotment of more than 5% of the post issue fully diluted share capital of the issuer, 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.

The company's board meeting scheduled for September 14, 2024, will consider the issuance of new equity shares on a preferential basis. According to the company's management:

- No allotment will be made to any single allottee or group of allottees holding more than 5% of the company's post-issue fully diluted share capital.
- There will be no change in control.
- The company's shares are frequently traded. The traded turnover of the issuer company's shares on BSE during the 240 trading days preceding the relevant date is at least 10% of the total number of shares of that class.

Information about maximum number of the equity shares to be issued by the company is not provided.

The company is contemplating to hold Extra-Ordinary General Meeting i.e. Monday, October 14, 2024. The relevant date for determining the issue price of the shares, as per Regulation 161 of the ICDR Regulations, 2018, is Saturday, September 14, 2024. This date falls 30 days prior to the Extra-Ordinary General Meeting scheduled for Monday, October 14, 2024. Since September 14, 2024, is a weekend, as per the regulation the preceding Friday, September 13, 2024, is considered as the relevant date for this purpose.

Pursuant to the requirements of the Regulation 164(1) of the SEBI (ICDR) Regulations, 2018 read with regulation 166A, if applicable, of the SEBI (ICDR) Regulations, 2018, we have been engaged by the Company on September 11, 2024 and engagement letter was executed on September 12, 2024 to undertake a valuation exercise and express opinion on the fair value of equity shares of SCSL as on September 13, 2024 ("Valuation Date").

We have been informed that this Valuation Report may be delivered to the Regulators, including the Stock Exchanges and to the Merchant Banker and may be referred for various disclosures to be made to Public Shareholders/ Regulatory Authorities and towards any compliances of SEBI ICDR Regulations, 2018.

Sources of Information

For the purpose of this valuation exercise, we have relied upon the following sources of information as provided to us by the management of the companies:

- (a) Audited Financial Statements of SCSL for the Financial Year 2021-22, 2022-23, 2023-24
- (b) Historical share price and volume databases of BSE India
- (c) Such other information and explanations as we have required, and which have been provided by the Management including Management Representations.

The Management has been provided with the opportunity to review the Draft Report (excluding the recommended Fair Value per share) as a part of our standard practice to make sure that factual inaccuracies/omissions are avoided in the final report.

Valuation Base

As per Indian Valuation Standard 102 issued by The Institute of Chartered Accountants of India, Valuation Base means the indication of the type of value being used in engagement. In this engagement, Fair Value as determined shall be considered as the valuation base.

Premise of Value

Premises of the Value refers to conditions and circumstances of how an asset is deployed. Determining the business value depends upon the circumstances in which the business or a business interest is valued i.e. the events likely to happen to the business as contemplated at the Valuation Date. In a given circumstance, a single premises of value may be adopted while in some situations multiple premises of value may be adopted. The present valuation of the shares of the Company is undertaken on a Going Concern i.e. on the premises that the Company whose shares are valued will continue to operate in future and earn cash flow.

Valuation Approach and Date

- i. The valuation exercise involves selecting a method suitable for the purpose of valuation, by the exercise of judgment by the valuer, based on the facts and circumstances as applicable to the business of the company to be valued.
- ii. As mentioned earlier, the present valuation exercise is being undertaken in order to derive the fair value per share for preferential allotment as per SEBI ICDR Regulations.

- iii. We have been asked by the management to consider September 13, 2024 as the Valuation Date.

Valuation Methodology

- i. Valuation by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinions may differ due to the number of separate judgment decisions. There can, therefore, be no standard formulae to establish an indisputable value, although certain formulae are helpful in assessing reasonableness. ICAI Valuation Standard-103 on Valuation Approaches and Methods provides guidance on different valuation approaches and methods that can be adopted to determine the value of an asset. This Standard provides guidance on use of multiple approaches and methods. However, Standard does not provide an exhaustive list of all the valuation methods.
- ii. Standard provides guidance for following three main valuation approaches:
 - (a) Market approach;
 - (b) Income approach; and
 - (c) Cost approach
- iii. The appropriateness of a valuation approach for determining the value of an asset would depend on valuation bases and premises. In addition, some of the key factors that a valuer shall consider while determining the appropriateness of a specific valuation approach and method are:
 - (a) nature of asset to be valued;
 - (b) availability of adequate inputs or information and its reliability;
 - (c) strengths and weakness of each valuation approach and method; and
 - (d) valuation approach/method considered by market participants
- iv. For the purpose of determining fair value, a valuer may, therefore, use any of the approaches and accepted valuation methodologies as per the Standard which in its opinion are most appropriate based on the facts of each valuation. Standard also state that there may not be a single approach/method that is best suited for valuation in every situation. These methodologies are also internationally accepted.
- v. The valuation approach and methodologies have been discussed hereinafter, along with the reasons for the choice of approach and method used based on the facts of the company.

(A) Market Approach

Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company. Considering the regulatory provisions of the Chapter V of SEBI (ICDR) Regulations, 2018 market price is to be considered.

(B) Asset Approach

Under this approach, the book value / replaceable value / realizable value of the underlying assets of the company is determined to arrive at the value of the business, depending on the facts and circumstances applicable to a company. Usually, under the asset-based approach, the methods that maybe applied are Net Book Value Method, Net Replaceable Value, Net Realizable Value. Pursuant to the requirements of the Regulation 164(1) of the SEBI (ICDR) Regulations, 2018 asset approach is not considered.

(C) Income Approach

Usually, under the Income-Based Approach, the methods that maybe applied are Discounted Cash Flow (DCF) Method or the Price Earning Capacity Value (PECV) Method.

Discounted Cash Flow Method

Under DCF approach, the future free cash flows of the business are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the company. This approach also takes into account the value of the business in perpetuity by the calculation of terminal value using the exit multiple method or the perpetuity growth method, whichever is appropriate.

Profit Earning Capacity Value Method (PECV)

Under PECV method, the average earning on the basis of the past 3-5 year are first determined, adjustments are then made for any exceptional transactions or items of non- recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc. After this, the normalized earnings are then capitalized at an appropriate discount rate.

The PECV¹ will be calculated by capitalizing the average after-tax profits using the following rates:

- Manufacturing companies: 15%
- Trading companies: 20%
- Intermediate companies (turnover from trading activity between 40% and 60% of total turnover): 17.5%

While the standard capitalization rate for manufacturing companies is 15%, exceptions may warrant a more liberal rate to ensure fair valuation. Such cases include:

- Listed shares where the average of net asset value and PECV (based on 15% capitalization) is significantly lower (e.g., over 20%) than the average market price. These companies typically exhibit:
 - Consistent dividend payments and bonus issues
 - Market leadership
 - Strong management reputation
- High profitability rate as measured by the percentage of after-tax profits to equity capital.
- Diversified operations as a multi-unit company, enabling sustained overall profits even with

¹ CCI Guidelines

operational challenges.

In these cases, the capitalization rate may be adjusted upward, up to a maximum of 12%, to achieve a fair valuation. However, this discretion must be exercised carefully, considering all relevant factors.

The crux of estimating the profit-earning capacity value lies in the assessment of the future maintainable earnings of the business. While the past trends in profits and profitability would serve as a guide, it should not be overlooked that the valuation is for the future and that it is the future maintainable stream of earnings that is of greater significance in the process of valuation. All relevant factors that have a bearing on the future maintainable earnings of the business must, therefore, be given due consideration.

Pursuant to the requirements of the Regulation 164(1) of the SEBI (ICDR) Regulations, 2018 income approach is not considered.

Valuation Conclusion

In view of the foregoing, the value of Systematix Corporate Services Limited needs to be determined with reference to various valuation approaches.

On the basis of the foregoing, in our opinion, the **Fair Value** per **Equity Share** of **SCSL** as on **September 13, 2024**, is arrived at **INR 1,530.42/- (Rupees One Thousand Five Hundred Thirty and Forty-two paise only)**.

The current valuation has been carried out based on the discussed valuation methodology explained herein earlier. Further, various qualitative factors, the business dynamics and growth potential of the business, having regard to information base, management perception, key underlying assumption and limitations were given due consideration. Management has informed that with preferential issue there is no change in control and no allotment is going to be made to an allottee or to allottees acting in concert, which is more than five per cent of the post issue fully diluted share capital of the issuer company.

Articles of Association of the Company do not provide for any particular method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations. The Company's Equity Share are listed only at one Nationwide Stock Exchange i.e. on the main Board of BSE Ltd and accordingly, the price of the equity shares of the issuer has been recorded at Volume Weighted Average Price of the Shares at the BSE Ltd. during the preceding 10/90 trading days prior to the relevant date was considered.

The Report assumes that the company complies fully with relevant laws and regulations applicable in all its area of operations unless otherwise states, and the company will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation Report has given no consideration 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 recorded in the financial statements of the Companies.

In the ultimate analysis, the valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors. E.g., present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of balance sheets, but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 2019 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

"If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the share, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is art, not an exact science. Mathematical certainty is not demanded nor indeed is it possible."

The value is required to be read in conjunction with the Valuation Summary in Annexure I and Statement of Assumptions and Limiting Conditions in Annexure II. The value so arrived can undergo change in case of any change in any facts, information/assumptions provided to us by the management of SCSL. We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of this report.

In accordance with our standard practice, the Management has been provided with an opportunity to review factual information in our draft Certificate to ensure that factual inaccuracies, omissions etc. are avoided in our final Certificate. We state that we are independent of the shareholders, directors and management of SCSL and do not have any financial association with the shareholders, directors and management of SCSL other than receipt of fees in connection with the professional services provided. Our fee for the engagement is not contingent upon the results reported.

For Perch Valuation LLP



Paras K. Savla

Partner

Reg. No. IBBI/RV-E/06/2022/173

Encl.

1. Annexure-I – Valuation Summary
2. Annexure-II - Statement of Assumptions and Limiting Conditions

Annexure I – Valuation Summary

(Figures in INR)

Method	Value per Share	Weights	Weighted Values
Asset Approach (A)	117.34	-	-
Income Approach (B)	155.98	-	-
Market Approach (C)	1,530.42	100%	1,530.42
Fair Value per share (INR)		100%	1,530.42

Notes:

- Pursuant to the definition provided under the SEBI ICDR Regulations 2018, the Shares of the Company are frequently traded.
- Pursuant to the requirements of the Regulation 164(1) of the SEBI (ICDR) Regulations, 2018, 100% weight have been considered for value determined under Regulation 164(1) while computing a fair value per equity share and values as per Income/Market Approach is not considered.

A. Asset Approach

The Company is a listed entity, and we have based our conclusion only on full year consolidated audited results of FY 2023-24.

(INR in lakhs)

Particulars	31.03.2024
Paid up Share Capital	1,305.14
Reserves & Surplus	13,926.30
Net worth	15,231.44
No of Shares (in Lakhs)	129.80
Net Asset Value Per Share	117.34

B. Income Approach

Since Systematix Corporate Services Limited is a listed company, financial projections of the company are considered to be price sensitive information. Thus, the management of the Company has not shared the financial projections. Hence, due to unavailability of financial projections, DCF method of valuation is not adopted.

Accordingly, we have adopted PECV method of valuation based on last 3 years consolidated audited financial statements.

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(INR in lakhs)

Particulars	31.03.2024	31.03.2023	31.03.2022
PAT	5,334.63	508.23	1,749.71
Capitalisation Rate	12.5%	12.5%	12.5%
Capitalised Value	42,677.04	4,065.84	13,997.68
Weights	1	1	1
Weighted Value	42,677.04	4,065.84	13,997.68
Sum of Weighted Value	20,246.85		
No. of Shares (Lakhs)	129.80		
PECV Per Share	155.98		

As the profits of the company have declined in the year 2022-23, it does not form a uniform trend. Thus, weight of 1 has been assigned to all the years.

C. Market Price Method

Pursuant the definition provided under the SEBI ICDR Regulations 2018, the Shares of the Company are frequently traded. If the equity shares of the issuer have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, as per Regulation 164(1) the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- the 90 trading days volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or
- the 10 trading days volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

90/10 trading days volume weighted average price at BSE

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	574,700	675,092,121	1,174.69
10 days data	43,123	65,996,253	1,530.42
Highest price at BSE			1,530.42

Equity shares of SCSL are not traded on NSE.

Highest price at the BSE/NSE

Exchange	Price (INR)
Highest Price at BSE	1,530.42
Highest Price at NSE	-
Higher of the two	1,530.42

Considering Regulation 164 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 fair price works out to **INR 1,530.42**.

Share Trading Data on BSE Limited
(Period: May 07, 2024 to September 12, 2024)

Day	Date	Shares	Turnover (INR)
1	12-Sep-24	1,528	2,397,105
2	11-Sep-24	635	974,229
3	10-Sep-24	33,008	50,507,255
4	09-Sep-24	575	883,562
5	06-Sep-24	1,179	1,818,886
6	05-Sep-24	322	495,207
7	04-Sep-24	651	1,001,116
8	03-Sep-24	581	895,628
9	02-Sep-24	3,342	5,094,693
10	30-Aug-24	1,302	1,928,572
11	29-Aug-24	1,149	1,719,556
12	28-Aug-24	1,272	1,960,263
13	27-Aug-24	1,119	1,742,110
14	26-Aug-24	9,152	13,606,141
15	23-Aug-24	12,089	17,534,600
16	22-Aug-24	8,533	11,781,473
17	21-Aug-24	1,796	2,348,489
18	20-Aug-24	1,062	1,368,231
19	19-Aug-24	959	1,184,379
20	16-Aug-24	962	1,127,402
21	14-Aug-24	3,130	3,542,764
22	13-Aug-24	3,781	4,472,265
23	12-Aug-24	7,561	9,444,022
24	09-Aug-24	1,257	1,657,935
25	08-Aug-24	2,684	3,528,368
26	07-Aug-24	1,837	2,418,340
27	06-Aug-24	939	1,295,881
28	05-Aug-24	9,779	13,484,510
29	02-Aug-24	6,831	9,247,886
30	01-Aug-24	312	399,966
31	31-Jul-24	764	987,061
32	30-Jul-24	2,102	2,789,431
33	29-Jul-24	1,922	2,564,943
34	26-Jul-24	701	958,035
35	25-Jul-24	431	589,126
36	24-Jul-24	414	555,963
37	23-Jul-24	1,133	1,474,080
38	22-Jul-24	263	359,039
39	19-Jul-24	926	1,259,371
40	18-Jul-24	4,859	6,678,980
41	16-Jul-24	1,689	2,260,069
42	15-Jul-24	2,868	3,762,332
43	12-Jul-24	74,039	108,270,408
44	11-Jul-24	75,113	105,105,186
45	10-Jul-24	980	1,359,597
46	09-Jul-24	2,032	2,747,586
47	08-Jul-24	707	958,958
48	05-Jul-24	1,807	2,433,215
49	04-Jul-24	1,409	1,893,000

Day	Date	Shares	Turnover (INR)
50	03-Jul-24	2,063	2,663,582
51	02-Jul-24	2,724	3,478,540
52	01-Jul-24	2,594	3,164,011
53	28-Jun-24	1,517	1,770,109
54	27-Jun-24	2,789	3,267,703
55	26-Jun-24	11,730	13,704,143
56	25-Jun-24	8,287	8,860,132
57	24-Jun-24	9,299	9,702,650
58	21-Jun-24	4,870	4,990,454
59	20-Jun-24	521	528,920
60	19-Jun-24	2,103	2,119,272
61	18-Jun-24	2,986	3,124,351
62	14-Jun-24	6,412	6,749,240
63	13-Jun-24	14,198	14,594,523
64	12-Jun-24	10,927	10,107,063
65	11-Jun-24	5,023	4,333,452
66	10-Jun-24	3,947	3,334,651
67	07-Jun-24	21,319	18,324,727
68	06-Jun-24	20,671	17,088,165
69	05-Jun-24	13,261	10,550,242
70	04-Jun-24	1,358	1,040,566
71	03-Jun-24	2,287	1,896,226
72	31-May-24	16,206	13,788,469
73	30-May-24	12,169	10,657,819
74	29-May-24	10,623	9,029,820
75	28-May-24	9,145	7,976,238
76	27-May-24	1,390	1,256,039
77	24-May-24	2,056	1,844,007
78	23-May-24	14,800	12,706,839
79	22-May-24	16,436	13,964,544
80	21-May-24	5,358	4,826,276
81	18-May-24	867	814,186
82	17-May-24	10,276	9,712,231
83	16-May-24	3,468	3,170,130
84	15-May-24	10,380	9,162,465
85	14-May-24	6,288	5,275,841
86	13-May-24	9,184	7,352,264
87	10-May-24	213	159,599
88	09-May-24	34	26,180
89	08-May-24	268	202,915
90	07-May-24	1,167	906,323

Particulars	Total Volume	Total Turnover (INR)	Weighted Average (INR)
90 days data	574,700	675,092,121	1,174.69
10 days data	43,123	65,996,253	1,530.42
Highest price at BSE			1,530.42

Share Trading Data on National Stock Exchange of India Limited

NIL - Equity shares of SCSL are not traded on NSE.

Annexure II - Statement of Assumptions and Limiting Conditions

This valuation is subject to the following assumptions and limiting conditions:

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. We do not take any responsibility for the unauthorized use of this report.
2. We owe responsibility to only to the client that has appointed 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. 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 clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
4. We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
5. 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, we have provided a single value for the overall purpose of this report. Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
6. The client 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 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. 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.
7. We 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.

8. The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies 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.
9. The valuation report is tempered by the exercise of judicious discretion by the valuers, 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.
10. We are fully aware that based on the opinion of value expressed in this report, 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 our tendering evidence before such authority shall be under the applicable laws.
11. 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.
12. The actual market price achieved may be higher or lower than our estimate 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 any agreement proceeds. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price.
13. 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.

14. 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.
15. 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.
16. 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.
17. 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.
18. Our engagement for this valuation consulting work does not include any procedures designed to discover any defalcations or other irregularities, should any exist.
19. Possession of this report, or a copy thereof, does not carry with it the right of publication of all or part of it nor may it be used for any purpose by anyone other than those enumerated in this report without our written consent.
20. Neither all nor any part of the contents of this report (especially the conclusion of value, the identity of any valuation specialist(s), or the firm with which such valuation specialists are connected or any reference to any of their professional designations) should be disseminated to the public (except in cases where the report needs to be provided before any Government Authority) through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other means of communication without our prior written consent and approval. We retain the right to deny permission for the same.
21. Though some similarities exist between the conclusion of value as used for this purpose and others, it would be incorrect to use the fair value as determined within our report for any other purposes due to specific timing, performance, and marketability issues that arise in evaluating the fair market value of a company. Accordingly, any such use of the value as determined within this report for other purposes would be inaccurate and possibly misleading and no such use shall be made out of the context presented herein.
22. Addressee shall hold harmless the Firm, its partners/directors and employees free from all actions, claims, proceedings, losses, damages, costs and expenses, whatsoever and however caused, incurred, sustained or arising, which Firm, its partners/directors and employees may suffer, arising from, or in connection with, the provision of the services.