



Valuation Report for

Swap of Shares between Machint Solutions Limited (Indian Entity) & Machint Solutions LLC (US Entity)

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,
Machint Solutions Limited (Indian Entity)**

D.No.2-91/14/11 to 14B,
1st Floor of Block B, Laxmi Cyber City,
Survey No.10 part, Kondapur,
K V Ranga Reddy-Dist, Hyderabad,
Telangana, India – 500084

**The Shareholders,
Machint Solutions LLC (US Entity)**

1275 Chicory Ln,
Naperville, IL 60564

Subject: Fair Valuation of Equity Shares of Machint Solutions Limited “MSL (Indian Entity)” for the purpose of Swap of shares with Machint Solutions “MS (US Entity)” collectively referred to as “the Company” or “the Entities”

Dear Sir,

We refer to the engagement letter and discussions undertaken with the management of MSL (Indian Entity) and the shareholders of MS (US Entity), wherein they have requested Mr. Sagar Shah, Registered Valuer - Securities and Financial Assets (‘We’ or ‘us), to determine the fair value of Equity Shares MSL (Indian Entity) and fair value of business of MS (US Entity) and share exchange ratio as on the valuation date.

Please find enclosed the report detailing our analysis for arriving at fair value of Equity Shares of MSL (Indian Entity) and fair value of business of MS (US Entity) for swap of shares between MSL (Indian Entity) and MS (US Entity), the methodologies employed, and the assumptions used in our analysis.

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

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-PO0155/2020-2021

Date: 30th July, 2025

Place: Ahmedabad



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Background

Background of Machint Solutions Limited (Indian Entity)

Machint Solutions Limited is Public Limited Indian Non-Government Company limited by shares incorporated in India on 26th August, 2018. Its registered office is D.No.2-91/14/11 to 14B, 1st Floor of Block B, Laxmi Cyber City, Survey No.10 part, Kondapur, K V Ranga Reddy-Dist, Hyderabad , Telangana , India – 500084 . It is registered at Registrar of Companies , Hyderabad . Its authorized share capital as on 31st March, 2025 is Rs. 25,00,00,000 and its paid-up capital is Rs. 13,64,24,090.

Machint Solutions Limited , headquartered in Hyderabad , was incorporated to drive intelligent automation and digital transformation . The company offers a broad range of technology services, including BPM, RPA, Digital Engineering, QA, Customer Experience, Business Consulting, and Data Science.

Corporate Identification Number (CIN) of the Company is U74999TG2018PLC127147 and its registration number is 127147.

Background of Machint Solutions (US Entity)

Machint Solutions LLC is an entity registered in Illinois with the legal status of a C-Corporation. It has two shareholders, Suresh Sanakkayala and Naga Sanakkayala, holding a total of 1,000 shares. The entity's registered address is 1275 Chicory Ln, Naperville, IL 60564.

Machint Solutions LLC began operations in 2019 as a technology solutions provider, helping businesses accelerate innovation , enhance efficiency , and improve agility. It serves diverse industries such as banking , healthcare , insurance , retail , and manufacturing through its digital solutions.

Proposed transaction

The Board of Directors of MSL (Indian Entity) contemplates to acquire 51% stake in the MS (US Entity) and as consideration for this acquisition, MSL (Indian Entity) will issue its own shares.

Purpose of Valuation Exercise

The Board of Directors of MSL (Indian Entity) and shareholders of MS (US Entity) has appointed Registered Valuer to issue the Valuation Report (“the report”) for the determination of the fair value of Equity Shares of MSL (Indian Entity), fair value of business of MS (US Entity) and share exchange ratio for the above proposed transaction as on the date of the valuation.

The valuation is undertaken based on the information and projected business details provided to us.



Scope of Work & Limitation

Scope of Work

The Management of the Company has requested us to carry out the fair value of Equity Shares of MSL (Indian Entity), fair business value of MS (US Entity) and to arrive at share exchange ratio for the proposed transaction as on the Valuation Date.

Our scope is to estimate and arrive at the fair value of Equity Shares on the Valuation Date using International Valuation Standards (“IVS”). Our deliverable for this engagement would be a valuation report (“Report”).

Our report is based in accordance with Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India and internationally accepted valuation methods.

Appointment date, Valuation date and Report date

We have been appointed on 09th June, 2025. Considering the discussion with the Management of MSL (Indian Entity) and MS (US Entity), the valuation date has been determined as the last date of the provisional financial statements of the respective entities. The valuation report is issued on 30th July, 2025.

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

We have no present or prospective contemplated financial interest in the entities nor any personal interest with respect to the management of the entities. We 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.

Our professional fee for this valuation is based upon our 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 MSL (Indian Entity) and MS (US Entity). It is to be considered only for the purpose of determining the fair value of Equity Shares only. It should not be circulated or reproduced to any other person 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, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.



Limitations

- 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 estimate 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 its accuracy and completeness of data provided to us.
- Also, Valuation 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. Further, the value achieved in the case of a transaction may be different from the valuation depending upon the circumstances and timing of the transaction. The knowledge, negotiability, and motivation of buyers and sellers will also affect the actual price achieved. Accordingly, our valuation will not necessarily be the price at which any agreement proceeds.
- We have not audited, reviewed, or compiled the financial statements of the entities and express no assurance on them. We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. We have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the valuation professional regarding such additional engagement.
- This report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as per the terms of our engagement and ii) the report date.
- We have been informed that the management was unable to identify suitable comparable companies for MS (US Entity) listed in the United States due to the limited availability of directly comparable peers in terms of size, business model, and stage of operations. Accordingly, the management has identified a set of comparable companies listed on Indian stock exchanges with similar operational characteristics, which we have reviewed and relied upon for the purpose of this valuation under the market approach.
- We have been informed that the entities were unable to provide financial of Machint Solutions LLC (US Entity) as of 30th June 2025 due to the unavailability of accounts for that date. Accordingly, for the purpose of this valuation analysis, we have been asked to consider the provisional financial statements of the company as at 31st December 2024, as provided and certified by the management. These financials have been considered to



be true and fair to the best of the management's knowledge and belief, and form the basis for determining the value of the entity.

- It has been represented that the business activities of the entities have been carried out in the normal course between valuation date and the report date and that no material changes have occurred in its operations and financial position between valuation date and the report Date.
- This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of MSL (Indian Entity) and MS (US Entity) for providing selected information and only in connection with the purpose mentioned above or for sharing with Shareholders, Registrar of Companies, and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent.
- In the event, entities or its management or its representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without our consent, we will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
- The valuation opinion is subjective and based on information provided and relied upon. We have no liability whatsoever to any person who makes any decision based on results given in this report.
- We have not attempted to confirm whether all assets of the business of the entities are free and clear of liens and encumbrances, or that the owner has good title to all the assets. We have also assumed that the business of the entities will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.
- This report is based on the information received from the sources mentioned herein and discussions with the representatives of the entities. We have assumed that no information has been withheld that could have influenced the purpose of our report.
- The fair valuation analysis expressed in this report pursuant to its valuation is based on the Going Concern assumption.
- 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 entities. The information presented in this valuation report does not reflect the outcome of any due diligence procedures, which may change the information contained herein and, therefore, the valuation report materially.



Information Sources

For the purpose of this report, the documents and/or information published or provided to us. We have fully relied on the information provided to us and does not vouch for the accuracy of the information provided.

We have relied upon the following information for MSL (Indian Entity):

- a) Memorandum & Articles of Association;
- b) Audited financial statement for FY 2021-22, FY 2022-23 and FY 2023-24;
- c) Provisional financial statements for FY 2024-25;
- d) Provisional financial statements starting from 1st April 2025 to 30th June, 2025;
- e) Financial Projections for the period starting from 1st July 2025 to 31st March 2030;
- f) Details of outstanding loans as on Valuation date along with interest rate;
- g) Shareholding pattern as on Valuation date;
- h) We have also relied upon written and verbal explanations and information given by the management of the company during the course of the exercise.

We have relied upon the following information for MS (US Entity):

- a) Certificate of Incorporation;
- b) Tax returns for the year 2021, 2022 and 2023;
- c) Provisional financial statement for the year 2024;
- d) Details of outstanding loans as on Valuation date along with interest rate;
- e) We have also relied upon written and verbal explanations and information given by the management of the entity during the course of the exercise.

We 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.



Procedure Adopted

In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:

- Requested and received financial and qualitative information
- Analyzed data provided of each entity under consideration
- Discussions with the Management to understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance
- Obtained and analyzed Financial projection of MSL (Indian Entity) and MS (US Entity) under consideration
- Selection of Internationally Accepted Valuation Methodologies, as considered appropriate by us
- Arriving at relative valuation of each entity in order to arrive at the fair equity share exchange ratio for the Proposed transaction.



Shareholding Pattern

Details of the shareholders of MSL (Indian Entity) as on valuation date are as under:

SN	Name of Shareholders	No. of Shares	% of Shareholding
1	Rajesh Sanakkayala	20,92,445	15.34%
2	Sanakkayala Chinna Kalyana Chakravarthy	18,79,025	13.77%
3	Unistone Capital Private Limited	14,30,783	10.49%
4	Ambarish Ajit Desai	7,91,000	5.80%
5	Sahana System	7,21,350	5.29%
6	Pratap Kumar Sanakkayala	7,07,500	5.19%
7	Venkata Aditya Reddy Ambati	6,25,000	4.58%
8	Jayaram Golla	4,02,500	2.95%
9	Hymavathi Jonnadula	3,65,000	2.68%
10	Red Soil Partners LLP	3,11,379	2.28%
11	Girija Kumari Sanakkayala	3,07,700	2.26%
12	Maddimsetty Venkateswara Rao	2,90,000	2.13%
13	Srinivasa Rao Goli	2,65,000	1.94%
14	Kadoli Investments Limited	1,60,000	1.17%
15	Others	32,93,727	24.13%
	Total	1,36,42,409	100.00%

Details of the shareholders of MS (US Entity) as on valuation date are as under:

SN	Name of Shareholders	No. of Shares	% of Shareholding
1	Mr. and Mrs. Sanakkayala	1,000	100.00%
	Total	1,000	100.00%



Approach for Recommendation of Share Exchange Ratio

- The proposed transaction contemplates MSL (India Entity) acquiring a 51% stake in MS (US Entity) from its existing shareholders and as consideration for this acquisition, MSL (Indian Entity) will issue its own shares.
- Given the same, we have approached to determine the relative fair values of both entities independently, on a standalone basis, without factoring in the impact of the proposed transaction.
- There are several well-recognized valuation methodologies for determining the fair market value of equity shares or fair market value of business. It is widely accepted that no single method is universally applicable for all cases. A combination of methods may be adopted depending on the specific circumstances of each entity.
- Several factors must be considered before selecting the appropriate valuation methodology. Some of these factors include:
 - Nature and the history of the business, including its stage of development.
 - Historical asset creation and the difference between book value and market value of assets.
 - Presence of intangible assets (whether recognized on the balance sheet or not).
 - Purpose of the valuation.
 - Profitability comparison between the two entities and relative to industry benchmarks.
 - Market valuations of comparable listed companies engaged in similar lines of business.

Detailed Valuation approach adopted for MSL (Indian Entity) and MS (US Entity) is given in **Annexure 1, 1.1 and 2.**



Valuation Analysis

As detailed in **Annexures 1 and 1.1** the valuation for MSL (Indian Entity) was conducted using the Income Approach, specifically the DCF Method, whereas the valuation for MS (US Entity) was conducted using the Market Approach as detailed in **Annexure 2**, specifically the CCM Method. The independent Fair Value of each entity works out as under :

Valuation Analysis		(In INR)
	<i>MSL (Indian Entity)</i>	<i>MS (US Entity)</i>
Income Approach	1,84,95,27,208	-
Asset Approach	-	-
Market Approach	-	49,45,25,931



Conclusion

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above **the total Equity value of MSL (Indian Entity) works out to be INR 1,84,95,27,208 (refer Annexure 1 & 1.1) and the total value of business of MS (US Entity) works out to be INR 49,45,25,931 (refer Annexure 2) and same can be considered for the proposed transaction.**

Given the same, MSL (Indian Entity) can consider acquiring **51% stake in MS (US Entity)**, representing a value of **INR 25,22,08,224**. Towards this proposed acquisition, MSL can consider issuing **18,60,329** (Eighteen Lakhs Sixty Thousand Three Hundred Twenty-Nine) fully paid equity shares of **INR 10/- each** to the shareholders transferring shares of MS (US Entity).

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: 30th July, 2025

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 ; 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 up to 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 value of the Entitites.

The estimation(s) rendered in this report only represent our estimation(s) based upon information furnished by the Entitites till the report date and other sources, and the said estimate(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 estimate for the fair value of Equity Shares of MSL (Indian Entity) and fair value of business of MS (US Entity) and swap ratio for the proposed transaction 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.

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 , 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 Entitites 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 Entitites is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Entitites 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. It is 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 Entitites and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Entitites. However, nothing has come to our 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 our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Entitites complies fully with relevant laws and regulations applicable in all its areas of operations and that the Entitites 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.

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 MSL (Indian Entity) and fair value of business of MS (US Entity) and swap ratio for the proposed transaction.

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 management of MSL (Indian Entity) and shareholders of MS (US Entity). 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 MSL (Indian Entity) and fair value of business of MS (US Entity) and swap ratio for the proposed transaction without our prior written consent.

<<<< *End of Report*>>>>



Annexure 1:

Machint Solutions Limited [“MSL (Indian Entity)”]

Background of 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 and/or Business may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of Equity or Business 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, we have 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 Valuation has been carried out, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 (“ICAI VS”) issued by the Institute of Chartered Accountants of India.

Basis of Valuation:

Valuation Basis means the indication of the type of value being used in an engagement. The basis of value considered for this analysis is fair value. Fair Value Base as per ICAI VS is defined as under:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

The premise of Valuation:

The premise of Value refers to the conditions and circumstances in how an asset is deployed. A fair market valuation of the Company is carried out on a 'Going Concern' premise.

Going Concern Value is defined as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained workforce, an operational plant, the necessary licenses, systems, and procedures in place, etc."



Selection of Valuation Methodology

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) and Market Price Method
- Asset Approach - Cost Replacement or Cost Reproduction value based on the value of the assets and liabilities.
- Income Approach - Value based on the Discounted cash flow (DCF) method.

The established methods of valuation and a brief description of each method is provided below:

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, we begin 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.

Since the management of MSL (Indian Entity) has provided detailed business plans and financial projections for the company. Given the availability of these forward-looking estimates, we have adopted the DCF method as the most appropriate approach for valuing the Indian entity, as it appropriately captures the intrinsic value based on projected future performance. Accordingly, the CCM method has not been applied in this valuation.

Cost Approach – Cost Replacement Method

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.



Taking into account MSL (Indian Entity)'s status as a going concern company, the Cost Approach would not be reflective of the growth potential of the business 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.

Income Approach - Discounted Free Cash Flow Method (DCF)

Under this method, the value of Equity Shares of the Company is arrived at by analyzing the historical trends and the future financial projections of the Company. This method takes into account the future potential earnings of the Company and profitability of the Company.

It discounts the future earning potential of the Company and arrives at the possible market price of the Company on the present day. The Discounted Free Cash Flow Method is one of the most rigorous approaches to the valuation of a business. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital or cost of equity, as the case may be and the sum of such discounted free cash flows along with the present value of terminal value is the value of the business. The use of Discounted Free Cash Flows method involves determining the following:

- Estimated future cash flows
- Number of years of cash flows used in the study
- Appropriate Discount Rate to be applied to cash flows
- The continuing value i.e. the cumulative value of the free cash flows beyond the explicit forecast period.

Considering the background of the transaction and the fact that management can reliably estimate the future financial projections, stable cash flows and growth prospects, we have considered DCF method as the most appropriate method of Valuation.

Conclusion

In light of the aforementioned factors and after a careful assessment of valuation methodologies, we have conducted valuation analysis using DCF method to arrive at a fair value of Equity shares for the issue of shares.



Valuation Analysis

As mentioned above, we have adopted Income approach where we have used DCF to determine fair value of Equity Shares of the Company and the detailed analysis of the method is outlined in their corresponding section below.

Income Approach - DCF Method

Under the Income Approach, Valuation analysis has been carried out using the DCF Method, wherein we have taken the projected free cash flows from business operations and discounted the same with the cost of capital.

We have carried out the analysis based on the provisional financial statement provided as on 30th June 2025, details of the same are as under:

Financial Projection

For valuing the equity share of MSL (Indian Entity), we have relied on the Projections as prepared and provided to us. The projected data provided to us are for period 1st July, 2025 to 31st March 2030.

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 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.

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 firm, we have considered the cash flow for the firm.

As informed by the management, given the fact that the company has obtained Loans and advances from Related Parties and Shareholders and same carries 0% interest, we have considered the Cost of Equity (Ke) which reflects the opportunity cost to company is used as the best indicator of the relevant discount rate.

The calculation of WACC has been elucidated below:

Determination of Cost of Equity

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

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



Rf = Risk-free rate of return

Rm = Return on diversified market portfolio

Rm-Rf = Market Risk premium

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

α = Company Specific Risk Premium

Determination of Risk-Free Rate and Market Risk Premium

Rf has been taken at 6.31% 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 = Rm-Rf. The average rate of return on Equity (Rm) is taken on the basis of the average equity market return of the NSE 500 over 10 years (2015-2025) is 13.21% (Rm). Accordingly, the Market risk premium has been arrived at is 6.90%.

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. As per the Industry practice, we have also used Aswath Damodaran data for arriving at Beta. It is evident that the company operates in the Software (System & Application) Industry and consequently, we have considered the unlevered beta provided of Software (System & Application) Industry as arrived at by Aswath Damodaran i.e. 0.88 which has been considered along with the debt equity structure of the company to arrive at the relevered beta which worked out to 0.96 which we have used for our analysis.

Company Specific Risk Premium

Ke has been considered after adding company specific risk premium of 10.00% on a reasonable basis.

Accordingly, Ke has been computed as follows:

Cost of Equity	
Risk free rate (Rf)	6.31%
Market Return (Rm)	13.21%
Beta	0.96
Company Specific Risk Premium	10.00%
Cost of Equity (Ke)	22.94%



Cost of Debt

The company has obtained loans from different sources, and as per the information provided to us by the management, the average rate of interest on these loans worked out to 17.23%. The calculation of the effective Cost of Debt has been elucidated below:

Cost of Debt	
Cost of Debt	17.23%
Tax Rate	25.17%
Effective Cost of Debt	12.89%

Calculation of WACC

Given all the above, WACC for MSL (Indian Entity) works out as under:

WACC	[INR in Lakhs]
Effective Cost of Debt	12.89%
Cost of Equity	22.94%
Equity share capital	11,213.56
Debt (Refer Note 1)	1,431.95
Weight of Equity	88.68%
Weight of Debt	11.32%
WACC	21.80%

The WACC i.e. 21.80% as determined above is taken into account to determine the present value of free cash flows arising to the enterprise from the explicit forecast period.

Note 1: Out of the total outstanding amount of INR 1,666.93 lakhs, an unsecured loan from Related Parties and Shareholders of INR 234.98 lakhs is interest-free (0%). For the purpose of calculating the Weighted Average Cost of Capital (WACC), this unsecured loan having 0% interest rate is treated as equity as it is akin to Equity.

However, for determining the Equity Value, same has been considered as debt as same is payable in full before arriving at Equity Value.

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 WACC less growth factor. The perpetuity value is then discounted to the present value. We have considered 5.00% perpetuity growth considering the nature of the business model of MSL (Indian Entity) and the industry to which it caters.



The sum of value during the explicit forecast period and perpetuity value gives the “Enterprise Value”.

Given below is a brief overview of valuation analysis under DCF Method, detailed working is given in **Annexure 1.1**.

Free Cash Flow Buildup						(INR in Lakhs)
Projected Annual Forecast						
Period	July 2025- Mar 2026P	2026-27P	2027-28P	2028-29P	2029-30P	
		0.42	1.33	2.33	3.33	4.33
Unlevered FCFs	2,397.73	2,234.30	601.88	2,427.73	1,198.00	
WACC	21.80%	21.80%	21.80%	21.80%	21.80%	
Present value of FCFs	2,227.24	1,746.36	386.23	1,279.04	518.19	
Sums of present values of FCFs	6,157.06					

Terminal Value		(INR in Lakhs)
Growth in perpetuity method:		
Long term growth rate		5.00%
WACC		21.80%
Unlevered FCF for Terminal Year*		5,364.84
Free cash flow (t+1)		5,633.08
Terminal Value		33,526.61
Present Value of Terminal Value		14,501.73

* We have used Capex-adjusted Unlevered FCF for Terminal Year to determine the Terminal Value.



Surplus Assets		<i>(INR in Lakhs)</i>
Provisions		(-) 849.33
Deferred Tax Liabilities		(-) 23.90
Statutory Dues		(-) 235.41
Other Non-Current Assets (Deposits)		11.00
Other Current Assets		3.37
Balance with Govt. Authorities		504.45
Total		(-) 589.81

Calculation of Share Price		<i>(INR in Lakhs except stated otherwise)</i>
Sums of present values of FCFs		6,157.06
Present Value of Terminal Value		14,501.73
Enterprise Value		20,658.79
Add: Cash and Cash Equivalents		93.22
Add: Surplus Assets		(-) 589.81
Less: Debt		1,666.93
Equity Value		18,495.27
Shares Outstanding (<i>in absolute number</i>)		1,36,42,409
Fair Value of Equity Share (in INR)		135.572

As detailed out above, the total Equity value of the business works out to be **INR 1,84,95,27,208** and per share value works out to **INR 135.572/-**.



Conclusion

Based on the detailed analysis and computation explained above, the **total Equity value** works out to **INR 1,84,95,27,208** and **per share value works out to INR 135.572 of MSL (Indian Entity)** same can be considered for the proposed issue transaction.



Annexure 1.1 - DCF Working

[INR in Lakhs]

Free Cash Flow Buildup

Period	Projected Annual Forecast				
	July'25 - Mar'26P	2026-27P	2027-28P	2028-29P	2029-30P
Total Revenues	11,245.59	19,699.10	27,578.74	31,715.55	35,838.57
EBITDA	3,456.95	5,963.33	8,486.71	9,928.38	11,356.25
EBIT	3,009.03	5,127.26	6,996.35	7,503.15	7,943.64
Tax rate	25.17%	25.17%	25.17%	25.17%	25.17%
EBIAT	2,251.66	3,836.73	5,235.37	5,614.60	5,944.23
Depreciation & Amortization	447.92	836.07	1,490.36	2,425.24	3,412.61
Accounts Receivable	1,275.77	-1,952.78	-3,151.86	-1,654.72	-1,649.21
Accounts Payable	645.21	452.17	535.63	269.51	269.52
Short Term Loans & Advances (Advance to Supplier)	-1,519.24	904.34	1,071.25	1,628.39	673.79
Other current liabilities	1,435.00	904.34	1,071.25	1,083.71	606.41
Capex	-2,139	-2,747	-5,650	-6,939	-8,059
Unlevered free cash flows	2,397.73	2,234.30	601.88	2,427.73	1,198.00
WACC	21.80%	21.80%	21.80%	21.80%	21.80%
Present value of free cash flows	2,227.24	1,746.36	386.23	1,279.04	518.19
Sum of present values of FCFs	6,157.06				

Terminal Value

Growth in perpetuity method:

Long term growth rate	5.00%
WACC	21.80%
Unlevered FCF for Terminal Year	5,364.84
Free cash flow (t+1)	5,633.08
Terminal Value	33,526.61
Present Value of Terminal Value	14,501.727

WACC

Cost Of Debt	17.23%
Tax Rate	25.17%
Effective Cost of Debt	12.89%
Cost of Equity	22.94%
Equity Share Capital	11,213.56
Debt	1,431.95
Weight of Equity	88.68%
Weight of Debt	11.32%
WACC	21.80%

Cost of Equity

Risk free rate (Rf)	6.31%
Market Return (Rm)	13.21%
Beta	0.96
Company Specific Risk Premium	10.00%
Cost of Equity (Ke)	22.94%

Equity Value Per Share

Enterprise Value	20,658.79
Add: Cash and Cash Equivalents	93.22
Add: Surplus Assets	-589.81
Less: Debt	1,666.93
Total Equity Value of Company	18,495.27
Outstanding Shares (in absolute numbers)	1,36,42,409
Per Share Value (in INR)	135.572



Annexure 2:

Machint Solutions –[“MS (US Entity)”]

Background of the entity

Machint Solutions “MS (US Entity)”, an entity registered in Illinois, USA, is a dynamic technology consulting and digital solutions firm specializing in enterprise-grade digital transformation services. The entity offers an integrated suite of solutions across digital strategy, automation, cloud enablement, data analytics, and enterprise IT services.

MS (US Entity) serves as a technology solutions provider, assisting businesses in accelerating innovation, improving operational efficiency, and enhancing business agility. The entity caters to a diverse range of industries, including banking and financial services, healthcare, insurance, retail, and manufacturing, through its digital solutions offerings.

Its service portfolio comprises enterprise automation, artificial intelligence, cloud consulting, application development, low-code platforms, and technology staffing. The entity delivers these services through its specialized practice areas—Intelligent Automation, Digital Engineering, Data & AI, and Cloud Solutions—enabling clients to improve their digital capabilities and optimize operations.

Background of 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 and/or Business may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of Equity or Business 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, we have 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 entity.

A typical valuation analysis involves review and analysis of historical financials of the entity and a broad comparison of the entity’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. Entity’s profitability factors (industry competitive factors and entity’s operating strategies and its competitive position in the industry), economies of scale and optimal capital structure also affects the business valuation of the entity.

The Valuation has been carried out, to the extent applicable, in accordance with ICAI Valuation Standards, 2018 (“ICAI VS”) issued by the Institute of Chartered Accountants of India.



Basis of Valuation:

Valuation Basis means the indication of the type of value being used in an engagement. The basis of value considered for this analysis is fair value. Fair Value Base as per ICAI VS is defined as under:

"Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date."

The premise of Valuation:

The premise of Value refers to the conditions and circumstances in how an asset is deployed. A fair market valuation of the Entity is carried out on a 'Going Concern' premise.

Going Concern Value is defined as under:

"Going concern value is the value of a business enterprise that is expected to continue to operate in the future. The intangible elements of going concern value result from factors such as having a trained workforce, an operational plant, the necessary licenses, systems, and procedures in place, etc."



Selection of Valuation Methodology

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) and Market Price Method
- Asset Approach - Cost Replacement or Cost Reproduction value based on the value of the assets and liabilities.
- Income Approach - Value based on the Discounted cash flow (DCF) method.

The established methods of valuation and a brief description of each method is provided below:

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, we begin by identifying a valuation multiple (like Price to Earning, Market Cap to Sales multiple, Enterprise value to Earnings before tax multiple, 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.

Since there were identifiable comparable Indian listed companies exhibiting a comparable scale and nature of operations to that of MS and hence, we have applied CCM approach in our valuation analysis.

Market Approach – Market Price Method (MPM)

- The market price of an equity share is the barometer of the true value of the Company in case of listed companies. The market value of shares of the company quoted on a recognized stock exchange, where quotations are arising from regular trading reflects the investor's perception about the true worth of the listed companies. The valuation is based on the principles that market valuations arising out of regular trading captures all the factors relevant to the Company with an underlying assumption that markets are



perfect, where transactions are being undertaken between informed buyers and informed sellers on the floor of the recognized stock exchange.

Considering the fact that MS is not listed on any of the Stock Exchange, we have not applied Market price Method to arrive at the fair value of equity shares of MS.

Asset Approach - Cost Replacement Method

- The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

As MS (US Entity) is a going concern with ongoing operational activities, Asset Approach will not be suitable for arriving at the fair value of share of the entity and hence, we have not adopted this approach for our valuation analysis.

Income Approach - Discounted Free Cash Flow Method (DCF)

- Under this method, the value of equity share of the Company is arrived at by analyzing the historical trends and the future financial projections of the Company. This method takes into account the future potential earnings of the Company and profitability of the Company. It discounts the future earning potential of the Company and arrives at the possible market price of the Company on the present day.
- The Discounted Free Cash Flow Method is one of the most rigorous approaches to valuation of business. In this method, the projected free cash flows from business operations are discounted at the weighted average cost of capital and sum of such discounted free cash flows is the value of the business.

Considering the fact that we were able to find suitable comparable companies for valuation under market approach which is more relevant in valuation analysis, we have not considered Income approach for our valuation.

Conclusion

Since there exist identifiable listed companies with a similar scale, operational framework, and business dynamics as MS (US Entity), the Market Approach- CCM Method has been deemed the most appropriate valuation methodology.



Valuation Analysis

As outlined above, we have applied the Market Approach, specifically the CCM Method, to determine the fair value of the entity's equity shares. This method is explained in detail below.

Market Approach - CCM

CCM is one of the most widely used valuation methods where we look at ratios of similar companies and use them to arrive at the fair value of the entity under evaluation. The following steps have been followed in this method to arrive at a fair value of the entity:

1. Find the right comparable companies

Based on information provided by the management and review of the same, we have considered the following comparable companies, taking into account their industry classification and alignment in terms of operations and line of business.

- Kellton Tech Solutions Ltd
- InfoBeans Technologies Ltd
- Mindteck (India) Ltd
- Fidel Softech Ltd
- Systango Technologies Ltd
- All E Technologies Ltd

2. Decide relevant multiples and calculate multiples

The next step is to arrive at a standardized set of ratios for comparison, commonly known as multiples. Multiple are a ratio of the enterprise value/equity value over different financial parameters like Revenue, Earnings before Interest, Tax, Depreciation and Amortization (EBITDA), Profit after Tax (PAT), Earnings per Share (EPS), book value etc., with some being preferred over the others. Some of them are-

- PE Multiple - It shows how much investors are willing to pay for each rupee of earnings.
- EV/EBITDA - It is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).
- Market Capitalization/Sales - Market Capitalization to Sales measures how a company's market value compares to its annual revenue, helping investors assess its valuation.

Given that the entity operates in the technology consulting and digital solutions sector, we have used the Price-to-Earnings (P/E) multiple, Market Cap to Sales multiple, and EV/EBITDA multiple for its valuation. These multiples are widely regarded as relevant valuation metrics in the IT services and technology industry, as they reflect the entity's profitability, revenue-generating capacity, and operational performance from its digital transformation, automation, and technology consulting services.



These valuation multiples offer a well-rounded view of the entity's financial position and market valuation. They enable a comprehensive evaluation by considering the entity's earnings, sales, and EBITDA, helping us make informed and balanced decisions in the valuation process.

We have arrived at the P/E, Market Cap/Sales, and EV/EBITDA multiples of all comparable companies selected and have considered the average of the same for valuation analysis.

3. Adjusting the multiples

Since we have used listed comparable companies based on the nature of the business, adjustments are necessary to reflect the valuation of an unlisted entity. Listed companies benefit from higher liquidity and ease of marketability, while private companies face limitations in share transferability and lack of ready markets for trading their shares.

To account for this difference, we have applied a Discount for Lack of Marketability (DLOM) and Discount for Lack of Control (DLOC), ensuring that the valuation appropriately reflects the reduced liquidity and trading constraints associated with privately held companies. Private companies do not have a centralized market to trade their shares, which makes it significantly more difficult to buy and sell shares. This lack of marketability generally reduces the theoretical value of such shares.

Considering our experience and prevailing industry practices, we have applied a 25% discount for DLOM and a 25% discount for DLOC to the selected multiples. In this case, a combined flat discount of 50% has been applied to the multiples to account for both factors, consistent with the approach followed in this valuation exercise. By applying these discounts, we aim to provide a more realistic and accurate representation of the entity's valuation, aligned with the specific factors that affect the marketability and control characteristics of its shares.

4. Using the adjusted multiple to value the entity in question

To derive the fair value of business MS (US Entity)'s equity, the adjusted multiple of the comparable entity is applied to entity's annual profit. This methodology ensures a precise valuation by utilizing an appropriate multiplier aligned with the entity's financial performance.



Valuation Working

Considering the above and requirement of the applicable rule, we have summarized below the valuation working:

Fair Value

Considering the above, given below is the summary of valuation analysis of MS (US Entity) as per CCM approach as on the specified date:

[Amount in USD except stated]

Valuation Multiple Working			
	P/E	Market Cap/ Sales	EV/EBITDA
Average of Trading companies multiple (Refer Note : 1)	18.48	2.85	11.43
Less: DLOM & DLOC	50%	50%	50%
Adjusted Multiple	9.24	1.43	5.72

Key Financial Metrics	Earnings	Sales	EBITDA
Amount	5,71,126	46,63,268	7,95,901
Value after adjusted Multiple	52,37,836	65,94,393	45,15,145
Add : Cash & Surplus Assets			16,53,286
Less : Debt			6,40,348
Equity Value	52,78,157	66,45,156	55,62,841
Weightage	33.33%	33.33%	33.33%
Value after adjusting weights	17,41,792	21,92,902	18,35,738
Fair Value of MS (US Entity) (in USD)	57,70,431		
Fair Value of MS (US Entity)(in INR)	49,45,25,931		



Given the above, the fair value of MS (US Entity) as per specified rule works out as under:

	<u>Amount in USD</u>	<u>Amount in INR*</u>
Fair Valuation of the entity	USD 57,70,431	INR 49,45,25,931

* Conversion rate taken into consideration is as on 30th June 2025.

Note : 1 Average of Trading companies multiple

Multiple Valuation			
Trading Comparables			
	P/E	M.cap/Sales	EV/EBITDA
Kellton Tech Solutions Ltd	12.30	1.00	8.70
InfoBeans Technologies Ltd	19.10	1.80	8.70
Mindteck (India) Ltd	17.80	1.30	9.80
Fidel Softech Ltd	19.60	3.00	14.00
Systango Technologies Ltd	15.90	5.10	12.20
All E Technologies Ltd	26.20	4.90	15.20
Average	18.48	2.85	11.43



Conclusion

Based on the detailed analysis and computation explained above, the total value of the business of MS (US Entity) works out to **USD 57,70,431** and in **INR 49,45,25,931** same can be considered for the proposed issue transaction.

