REPORT ON RECOMMENDATION OF FAIR VALUE FOR PREFERENTIAL ALLOTMENT OF EQUITY SHARES BY

SILVERLINE TECHNOLOGIES LIMITED

REGISTERED VALUER'S REPORT

AUGUST 2024

PREPARED BY –

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Registered Valuer: Securities or Financial Assets

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To

The Board of Directors,
Silverline Technologies Limited
Unit 121, SDF IV, SEEPZ
Andheri (East), Mumbai 400 096.

Respected Sirs,

Re: Valuation Report for Preferential allotment of Equity shares.

We refer to the engagement letter dated August 24, 2024, and our appointment in your meeting dated August 27, 2024 to conduct a valuation analysis of Silverline Technologies Limited. This analysis will serve as the basis for pricing the issuance of preferential allotment of equity shares to prospective investors, in compliance with applicable SEBI regulations for listed companies. We are issuing our valuation and recommendation report based on the information shared with us. Please find the enclosed report.

Please note that for the purposes of our analysis to determine the pricing for the issuance of Preferential allotment of equity shares by Silverline Technologies Limited, we have relied solely on the information, explanations, and documents provided by your offices. It should be noted that we have not conducted any independent verification, attestation, or audit of the information and documents provided to us, nor do we express any opinion on the accuracy of such information or documents. The report is subject to the caveats, limitations, and disclaimers mentioned therein, and we do not assume responsibility for the success or failure of any transaction based solely on this report, with or without consideration of other factors. Additionally, we understand that the report will be used for certain regulatory filings, and we expressly consent to the same.

Yours sincerely,

NR Dedhia

CA Namrata R. Dedhia
Registered Valuer
IBBI Regn No.: IBBI/RV/06/2023/15394

Mumbai
31st August, 2024

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1. GLOSSARY

Abbreviation	Definition
BSE	BSE Limited
CAPM	Capital Asset Pricing Model
CCM	Comparable Companies Multiple
DCF	Discounted Cash Flow
FY	Financial Year
Ke	Cost of Equity
IVS	ICAI Valuation Standards
ICAI	Institute of Chartered Accountants of India
NAV	Net Asset Value
MCA	Ministry of Corporate Affairs
SEBI	Securities and Exchange Board of India
SEBI ICDR	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018
Silverline / The Company	Silverline Technologies Limited
PPE	Plant, Property and Equipment
P/S	Price to Sales Ratio
RBI	Reserve Bank of India
Report	Valuation Report
Rf	Risk-free Rate of return
Rm	Market Rate of return
RTA	Registrar and Transfer Agent
TTM	Trailing Twelve Months
Valuation Date	August 26, 2024
WACC	Weighted Average Cost of Capital

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2. BACKGROUND AND TERMS OF ENGAGEMENT

We have been engaged by the management of Silverline Technologies Limited ("**Silverline**" or "**the Company**") to recommend the pricing for the issuance of Equity Shares to prospective investors under preferential allotment. This engagement follows the terms outlined in our Engagement Letter dated August 24, 2024, which details our role in providing a fair valuation for the proposed preferential allotment.

This report ("**Report**") presents the findings of our valuation analysis, including the methodologies and assumptions used, and the limitations of our engagement scope.

For the purposes of this report, the Valuation Date considered is August 26, 2024 based on the availability of information required under the various valuation approaches.

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3. BRIEF PROFILE OF THE COMPANY

Silverline Technologies Ltd. was incorporated on April 13, 1992, and was a global leader in technology consulting, software, and business solutions. The Company made history as India's first company to be listed on the New York Stock Exchange and was recognized by NASSCOM as the 7th largest software company in India in 2002. In 1994, Silverline Technologies became the first Indian company to establish a development center in the United States. By 1995, the company furthered its commitment to innovation by founding the Silverline Institute of Software Technology in collaboration with the National Centre for Software Technology and C-DAC.

However, the Company's operations ran into troubles and were eventually discontinued with huge losses. Presently, the Company has some nominal business operations since the last 3-4 years. The Company's shares are listed on Bombay Stock Exchange ("**BSE**"). These were, however, suspended from trading due to penal reasons with effect from 20th April 2012. After several years and efforts, the management of the Company has recently identified proposals to revive the business of the Company in 4 business verticals through organic and inorganic channels. With this in view, the shares of the company have once again been listed for trading on BSE with effect from 16th August 2024.

The Authorised, Issued, Subscribed and Paid-up capital of Silverline as per the Audited Financial Statements for the year ended March 31, 2024, are as follows:

Particulars	**Amount in Rs.**
Authorised	
30,00,00,000 Equity Shares of Rs. 10/- each	3,00,00,00,000.00
Issued, subscribed and paid-up	
5,99,85,488 Equity Shares of Rs. 10/- each	59,98,54,880.00

The aforesaid equity share capital is held as under:

Particulars	**No. of Shares held**	**% of Holding**
Promoter Group	5,625	0.01%
Public	5,99,79,863	99.99%
Total	**5,99,85,488**	**100.00%**

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4. SOURCE OF INFORMATION

In undertaking this valuation exercise, we have called for and obtained such data, information, etc. as were deemed necessary for the purpose of our analysis, which have been made available to us by the Management. The following data / information was relied upon by us –

- Memorandum and Articles of Association
- Audited Financial Statements for FY 2022-23 and FY 2023-24
- Unaudited financial statements for Q1 (April to June) 2024 filed with BSE
- Future Business plans along with financial projections for the same
- Interviews and correspondence with the Management
- Explanations provided by the management in respect of the various queries raised by us
- Such other analysis, reviews and enquires, as considered relevant

For the purpose of the assignment, we have relied on the statements, information and explanations provided to us and have not tried to establish the accuracy or otherwise thereof, except for reasonable evaluation of the same.

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5. VALUATION APPROACH

Valuation is not an exact science and estimating values necessarily involves selecting a method or an approach that is suitable for the purpose of valuation.

It may be noted that the Institute of Chartered Accountants of India ("**ICAI**") on June 10, 2018 has issued the ICAI Valuation Standards ("**IVS**") effective for all the valuation reports issued on or after July 1, 2018. The IVS are mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

For the purpose of determining the pricing for the preferential allotment of equity shares by Silverline Technologies Limited, we first estimated the value of the company on a standalone basis. Based on this standalone valuation, we then recommended the appropriate pricing for the equity shares to be issued.

5.1. Valuation Date

According to IVS 102 on "Valuation Bases," the Valuation Date is a crucial element in a valuation exercise, determining the information that can be considered. This report is issued in connection with the proposed issuance of equity shares by Silverline Technologies Limited. For this purpose, we have established the Valuation Date as August 26, 2024 considering the availability of information for application of various valuation methodologies.

Further, IVS 201 on "Scope of Work, Analyses and Evaluation" deals with the effect of Subsequent Events in paragraphs 36 to 39. As an event that occurs subsequent to the valuation date could affect the value; such an occurrence is referred to as a subsequent event. The standard states that while generally, only circumstances existing at the valuation date and events occurring up to the Valuation Date are required to be considered, events and circumstances occurring subsequent to the valuation date, may be relevant to the valuation depending upon, inter alia, the basis, premise and purpose of valuation. Thus, the valuer is required to apply his professional judgement to consider any of such circumstances / events which are relevant for the valuation.

In addition, ICAI Valuation Standard 301 on "Business Valuation" emphasizes the significance of the Valuation Date in reflecting the value of a business. The selected Valuation Date August 26, 2024 coincides with the timeline for the proposed issuance of equity shares by Silverline Technologies Limited. ICAI Valuation Standard 301 ensures that the valuation reflects the conditions and circumstances as of the Valuation Date, acknowledging that subsequent events may impact the valuation. The valuer must apply professional judgment to determine whether any events after the Valuation Date, despite occurring subsequently, should be included in the valuation due to their potential relevance. This approach ensures that the valuation accurately represents the value of the business at the specified date while considering the importance of relevant post-date developments.

5.2. Valuation Bases

IVS 102 on "Valuation Bases" defines important valuation bases, which represent the fundamental principle on which professional valuations are based. As per Para 14 of IVS 102, "Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Therefore, it is important for the valuer to identify the bases of value pertinent to the engagement."

IVS 102 defines the following valuation bases:

- Fair value;
- Participant specific value; and
- Liquidation value

The valuation exercise and selection of valuation bases depend on but not limited to, the following:

a) nature of the asset to be valued;
b) scope and purpose of the valuation engagement;
c) valuation date/ measurement date;
d) intended purpose of the valuation;
e) applicable standard of value;
f) applicable premise of value;
g) assumptions and limiting conditions; and
h) applicable governmental regulations

Further, as per Para 37, Premise of Value refers to the conditions and circumstances how an asset is deployed. Some common premises of value are as follows:

- highest and best use;
- going concern value;
- as is where is value;
- orderly liquidation; or
- forced transaction.

Considering the above enumerated factors for selection of valuation bases and the corresponding premise of value, for the purposes of this valuation exercise, we have considered the following –

5.2.1. For the valuation of Silverline, considering the state of affairs of the company and preparation of its accounts on the assumption that it is a going concern, we have considered the valuation base as 'Fair Value'. Our valuation of Silverline is based on the premise of 'Going Concern Value'.

Any change in the valuation base, or the premise could have a significant impact on the valuation exercise, and therefore, this Report.

5.3. Approach for Valuation

IVS 103 on Valuation Approaches and Methods provides guidance on different valuation approaches and methods that can be adopted to determine the value of as asset. IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares). Both IVS 103 and IVS 301 specify that generally, the following three approaches for valuation of an asset or business/business ownership interest are used:

- Market Approach
- Income Approach
- Cost Approach

Each of the above approaches are discussed in the following paragraphs.

5.3.1. <u>Market Approach:</u>

Market Approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities.

The common methodologies under the Market Approach are as under:

5.3.1.1. <u>Market Price Method:</u>

This method involves determining the market price of an instrument based on its traded price on the stock exchange over a reasonable period of time.

5.3.1.2. <u>Comparable Companies Multiple Method ("**CCM**"):</u>

This method involves valuing an asset based on market multiples of Comparable Companies, which are traded on active market. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. IVS 103 suggests that while identifying and selecting the market comparables, the following factors shall be considered –

- Industry to which the asset belongs,
- Geographic area of operations,
- similar line of business, or similar economic forces that affect the asset being valued;
- other parameters such as size (for example - revenue, assets, etc), stage of life-cycle of the asset, profitability, diversification, etc.

The above list of factors is not an exhaustive list and there may be certain other factors, which a valuer shall consider while identifying and selecting the market comparables.

The market multiples are generally computed on the basis of following inputs:

- Trading prices of market comparables in an active market; and
- Financial metrics such as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), Profit After Tax (PAT), Sales, Market Capitalization, Book Value of assets, etc.

Market multiple based on non-financial metrics may also be considered where such multiple is being used by market participants for valuing an asset.

5.3.2. Income Approach:

Income Approach inter alia includes a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts. The following are some of the instances where a valuer may apply the income approach:

- where the asset does not have any market comparable or comparable transaction;
- where the asset has fewer relevant market comparables; or
- where the asset is an income producing asset for which the future cash flows are available and can reasonably be projected.

Some of the common valuation methods under the income approach are Discounted Cash Flow ("**DCF**") Method, Relief from Royalty Method, Multiple-Period Excess Earnings Method, With and Without Method, Options Pricing Models, etc.

5.3.3. Cost or Asset based approach:

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). In certain situations, historical cost of the asset may be considered by the *valuer* where it has been prescribed by the applicable regulations/law/guidelines or is appropriate considering the nature of the asset. Some situations where a valuer applies the cost approach are:

- an asset can be quickly recreated with substantially the same utility as the asset to be valued;
- in case where liquidation value is to be determined; or
- income approach and/or market approach cannot be used.

IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

The Net Asset Value ("**NAV**") method is also a practical application of the Cost Approach. The NAV method calculates the value of a business by summing the value of its assets and subtracting its liabilities, providing an estimate based on the asset-based approach principles.

5.3.4. Valuation of Silverline -

While Silverline's equity shares are listed on BSE as stated in paragraph 3 above, these shares were suspended from trading for over 12 years and have only been approved for trading recently with effect from August 16, 2024. Further, since August 16, 2024, the shares are touching upper circuit limits with very low trading volumes. Therefore, it is impractical to use the Market Price method until the share price stabilizes with normal trading.

Further, where the shares of a listed company are not frequently traded, Regulation 165 under Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 ("**SEBI ICDR**") as amended from time to time, dealing with the pricing of infrequently traded shares for the purpose of a preferential issue, prescribes that the price determined shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.

Accordingly, we are employing the following methods for this valuation exercise:

- **Market Approach –** Considering the short recent trading history and unreliability of the market price of shares of Silverline, the CCM method offers a more stable basis for valuation under the Market Approach in the current market conditions. Accordingly, we have determined a fair value of the equity shares of the Company based on the Price-to-Sales (P/S) multiple of comparable companies.
- **Income Approach –** The management of the company has identified certain organic and inorganic business opportunities for the revival of the operations of the company and has accordingly, prepared broad estimates of future projections for the next 3 years following the completion of the preferential allotment. Thus, we have applied the DCF method to determine the fair value of the equity shares of the company under the Income Approach.
- **Cost Approach –** Although the company has obtained approval for trading of its shares and also identified business opportunities for its operations, its past losses and other historical factors will have a bearing on its valuation. Accordingly, we have also employed the NAV method under Cost Approach to determine the value of the equity shares of Silverline.

A combination of the above approaches, provides a comprehensive valuation framework for determining the value of equity shares of Silverline, accounting for both future potential and asset-based value, while addressing the limitations of the market price method.

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6. VALUATION METHODOLOGY

6.1. Valuation as per CCM Method

The working in **Appendix A** shows the list of comparable companies identified for application of the CCM method and the consequent calculation of fair value of the equity shares of Silverline. As per the guidance provided in IVS 103 explained in 5.3.1.2 above, we have applied the following filters on list of companies in a particular industry obtained from TradingView and BSE website to identify comparable Indian companies with similar operational and financial characteristics as Silverline to ensure a meaningful comparison -

- Industry Selection: Silverline is presently engaged in activities in the domain of technology and computer services. Accordingly, companies from the "Software", "Computer Services" and "Technology Services" industries were identified for the purpose of comparison.
- Scale of Operations: Silverline has limited level of operations at present with its Trailing Twelve months ("**TTM**") revenue upto June 30, 2024 standing at Rs. 2.06 crore. Accordingly, companies with positive annual revenue greater than Rs. 50 Lakh but up to Rs. 10 crore were filtered for comparison, to ensure similar scale of operations as that of Silverline.
- Qualitative Analysis: The industry category of Software / Computer Services is quite broad and includes several business segments, which may not be comparable to the business of Silverline. Accordingly, we conducted a qualitative analysis to weed out companies, whose business was significantly different from that of Silverline, or whose shares were suspended from trading

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Based on the above filters, 12 comparable companies were identified. Using the market price of these comparable companies as on August 26, 2024 and their TTM revenue up to June 30, 2024, the average P/S ratio is calculated as 10.53. Applying the same ratio on the TTM revenue of Silverline upto June 30, 2024, the market capitalization of Silverline is determined at Rs. 21.69 crore. The company has 5,99,85,488 equity shares outstanding currently. Thus, the value per share of the company as per CCM is calculated as Rs. 3.62, as seen in the calculations given Appendix A.

6.2. Valuation as per DCF Method

As discussed above, the DCF method is based on the premise that the value of a Company is a direct function of the cash generating ability of its business. The present value of the free cash flows available to the contributors of capital represents the Enterprise Value of the Company.

6.2.1. Estimation of Net Cash Flows -

The management of the company has identified several organic and inorganic business opportunities for its operations. Based on the same, the management has provided us with future business projections for a 3-year period starting from 1st October 2024.

We have reviewed the said projections for reasonableness and have used the same for the purposes of our calculation. We have, however, not conducted an audit of such projections.

6.2.2. Rate of Discount -

The Weighted Average Cost of Capital ("**WACC**") is the discount rate that is used to discount the expected future cash flows into present value for all investors.

The estimate of the WACC must comprise the weighted average cost of all sources of capital: debt, equity, and preference shares, as the free cash flow represents cash available to all providers of capital. Based on the projections provided by the management, the proposed capital structure of the Company does not include debt or preference capital instruments. Specifically, for Silverline, the cost of debt is considered to be 0, as the interest on debt has been waived by banks and other unsecured loans have nominal interest rates. Therefore, the WACC used for this valuation is based solely on the Cost of Equity. The calculation of the Cost of Equity is as follows.

Cost of Equity

The cost of equity for an Investor will be computed on the basis of risk-free rates of return in India and risk premium expectations in the Indian equity markets. The risk-free return in India is estimated using secondary market yields on long term Government of India securities as a surrogate.

We have used the following basis for estimating Cost of Equity ('Ke') as per the Capital Asset Pricing Method ("**CAPM**")

Ke = Rf+ Beta*(Rm-Rf)

Rf or Risk-free Return = 6.97%
(as per yield for 10 year Government Bonds)

Rm or Market Return = 17.79%
(based on the long-term annualized return of the broad-based BSE Small Cap Index on the Bombay Stock Exchange)

Beta is a measure of the risk factors that the Company would be facing. It can be estimated based on the correlation between the historical returns on the shares of a company and the returns on the market for the same period. Although Silverline is listed, it was delisted for an extended period and has only recently been relisted. As a result, we cannot determine Beta using historical returns due to the lack of sufficient historical data. Consequently, Beta for Silverline is not available from historical returns.

Given the absence of historical returns for Silverline due to its extended delisting, we have relied on the latest excel workings of Beta and WACC provided by Mr. Aswath Damodaran on his website http://www.damodaran.com for determining the appropriate Beta. As the company is in "Software (System & Application)" sector, we have used the relevant Beta measure of 1.2 from the aforementioned excel working for India.

Further, the ability of the Company to execute its plans and achieve the projected numbers is dependent on several factors including availability of capital, support by employees and customers, etc. Accordingly, we have added a risk premium of 4% to the above towards company specific risk.

Thus, using CAPM, the Cost of Equity works out to 23.96%, which will be used as the WACC for the purpose of discounting the cash flows as shown in **Appendix B**.

6.2.3. Terminal Value -

Terminal Value or Perpetuity Value of the cash flows expected to be generated by the Company beyond the Explicit Period has been derived as follows:

$$\text{Terminal Value} = \frac{\text{Sustainable Cash Flows after the 3rd Year}}{\text{WACC - Growth Rate}}$$

We have assumed the long-term real Growth Rate (g) as 3%, in line with the long term growth expectations of the economy and after considering the base effect, to arrive at Free Cash Flows that will be generated after Year 3.

The Terminal Value so arrived at has been discounted further to calculate the Present Value of Terminal Value as shown in **Appendix C**.

6.2.4. Enterprise Value -

The total enterprise value of the company is the sum total of the discounted value of the net cash flows for the 3 projected years plus the present value of Terminal value and the cash available with the Company. Accordingly, the Enterprise Value of the Company after the above adjustments works out to approximately Rs. 200.40 lakh.

As the target capital structure of the Company does not contain any long-term debt, the cash flows considered in arriving at the valuation above are said to be available to the equity shareholders of the Company in entirety. In other words, the Enterprise Value of the Company is also the value of the Equity Capital of the Company.

6.2.5. Determining Fair Value

As calculated above, as per the DCF Method, the Equity Value of the company is calculated as Rs.200.40 Lakh. The company presently has 5,99,85,488 issued and subscribed equity shares. Thus, the value per equity share is calculated as **Rs. 33.41** as seen in **Appendix C**.

6.3. Valuation as per NAV Method

The working in **Appendix D** is based on the latest available unaudited Q1 (April to June) 2024 financials filed by the Company with BSE, which are used to establish its NAV. The steps followed are as under:

- Current assets of the company comprise of Cash and cash equivalents, trade receivables, other current financial assets. We have considered their book values as on June 30, 2024, as their Replacement Cost.

- Similarly, non-current assets of the company comprise of Property, plant and equipment, other non-current financial assets, non-current tax assets and other non-current assets. We have considered their book values as on June 30, 2024, as their Replacement Cost.
- Non-current assets of the company also comprise of Intangible assets under development. These pertain to proprietary software developed by the company, on which significant amount has been spent over the years, which is appearing in the books of accounts. As the said software are proprietary in nature and are already deployed by the company in its operations, we have considered their book values as on June 30, 2024 as their Replacement Cost.
- External liabilities comprise of borrowings, provisions, trade payables and other current liabilities. We have considered the book value of the said liabilities as their replacement cost.
- We have considered the value of Deferred Tax Liability, being an accounting adjustment, as Nil.
- We understand from the Management that in their knowledge there are no other agreements, brands, trademarks, or other intangible assets owned by Silverline.
- The aggregate of the replacement value of the assets, net of liabilities is considered as the depreciated replacement value of the Business.
- We have divided the Business Value so determined by the number of fully paid, issued and subscribed equity shares to arrive at value per share of Silverline. The Value per share after following the aforesaid steps is determined to be Rs. 4.11 per share as per the working provided in Appendix A.

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7. RECOMMENDED FAIR VALUE OF EQUITY SHARE

Based on the foregoing valuation exercise, data, considerations and steps followed, the fair value of the Equity Shares in Silverline is considered as follows –

Particulars	Valuer per Equity Share (Rs.)	Weights*	Weighted Value
Market Approach – CCM Method*	3.62	40%	1.448
Income Approach – DCF Method**	33.41	20%	6.682
Cost Approach – NAV Method***	4.11	40%	1.644
Total			**9.774**

*The weights have been assigned considering the historical background of the company, reliability of information under each method, number of assumptions made, and the possibility of deviation from such assumptions

Considering the above, the weighted average value of the equity shares of the Company is computed as **Rs. 9.774 per share**. As the face of these equity shares is Rs. 10 each and the company cannot issue shares at a discount, **the fair value of equity shares is recommended at Rs. 10 each**.

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8. CAVEATS, LIMITATIONS AND DISCLAIMERS

This Report is subject to the scope of limitations detailed hereinafter -

As such the Report is to be read in totality and not in parts.

The valuation is based on the information furnished to us being complete and accurate in all material respect. We have relied on the written representations from the Management that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation.

The information presented in this report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the valuation materially.

Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical or prospective information used and therefore, we do not express any opinion with regard to the same.

We have relied on the judgment made by the Management and, accordingly, the valuation does not consider the assumption of contingent liabilities materializing (other than those specified by the Management and the Auditors). If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, then this may have the effect on the valuation computations.

The Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. 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.

No investigation of the claim of the companies to the title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opining or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.

The valuation is based on the market conditions and the regulatory environment that existed at the Valuation Date. However, changes to the same in the future could impact the companies and the industry they operate in, which may impact the valuation. We have no obligation to update this Report because of events or transactions occurring subsequent to the date of this Report.

We have not carried out any physical verification of the assets and liabilities of the Companies and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/commercial reasons behind the proposed transaction nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

We do not have any conflict of interest in carrying out this valuation.

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for the valuation exercise.

The Client have been provided with the opportunity to review the draft report (excluding the recommended fair equity share swap ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in the Report.

The valuation analysis and result are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

The fair valuation of the preferential issue of equity shares has been determined based on a relative equity valuation of the Silverline, using various approaches and methods detailed in the report. This valuation considers qualitative factors relevant to the company, including their business dynamics and growth potentials. While we have provided our recommendation for the preferential issue based on the available information and within the scope of our engagement, opinions on the valuation may vary. The final decision regarding the terms of the preferential issue will be the responsibility of the Board of Directors of Silverline, who should consider their own assessment and input from other advisors.

Yours sincerely,

NRDedhia

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CA Namrata R. Dedhia
Registered Valuer
IBBI Regn No.: IBBI/RV/06/2023/15394
UDIN: 24131099BKAJYJ3730

Mumbai
31st August, 2024

APPENDIX A

Valuation as per Comparable Companies Multiples Method

Sr. No.	Description	Industry	Total revenue, Trailing 12 months	Mkt Price as on 26/08/2024	Market Cap. to TTM Revenue
1	Infronics Systems Ltd	Information Technology Services	3,70,55,000	48.43	10.36
2	California Software Co.Ltd.	Information Technology Services	4,37,17,000	22.94	8.11
3	Svam Software Ltd.	Information Technology Services	1,43,36,000	3.52	4.15
4	Mahaveer Infoway Limited	Information Technology Services	4,67,23,000	8.68	1.02
5	Cranes Software International	Packaged Software	7,29,65,000	6.25	13.02
6	Lee & Nee Softwares (Exports)	Information Technology Services	8,84,61,000	11.88	7.49
7	Vama Industries Ltd.	Information Technology Services	5,54,26,000	8.88	8.42
8	Starcom Information Technology Ltd	Computers - Software & Consulting	1,61,37,000	121.27	37.58
9	Artificial Electronics Intelligent Material Ltd	Computers - Software & Consulting	3,21,00,000	130.93	4.62
	Average Market Cap to TTM Revenue Ratio of comparable companies				**10.53**
	TTM Revenue of Silverline Technologies Limited up to 30th June 2024 (Rs. in Lakh)				206.01
	Fair Value of Market Cap of Silverline Technologies Limited (Rs. in Lakh)				**2,169.09**
	Total. No. of equity shares outstanding				5,99,85,488
	Fair Value per Equity Share under CCM Method				**3.62**

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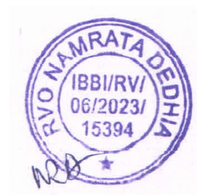
APPENDIX B

Calculation of Weighted Average Cost of Capital

Cost of Equity			
	Risk Free Return	**Beta**	**Equity Risk Premium**
	6.97%	1.20	10.82%
Cost of Equity	**19.96%**		
Company Specific Risk	**4.00%**		
Effective Cost of Equity	**23.96%**		



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APPENDIX C

Valuation as per Discounted Cash Flow Method

(Rs. in INR)

Year	**01st Oct-24 to 30th Sept 25**	**01st Oct-25 to 30th Sept 26**	**01st Oct-26 to 30th Sept 27**	**Terminal Value**
PAT	1,17,26,886	25,59,38,978	75,14,78,364	
Depreciation	9,46,26,667	9,46,26,667	9,45,95,251	
Change in WC	-5,80,84,375	-9,20,78,125	-17,78,92,344	
Capex	-28,22,00,000	-	-	
Change in Borrowings	-	-36,11,87,000	-	
FCFE	**-23,39,30,822**	**-10,26,99,480**	**66,81,81,270**	**3,28,36,85,048**
PV Factor	0.89	0.72	0.58	0.58
PV of FCFE	**-20,78,66,528**	**-7,36,18,571**	**38,63,98,528**	**1,89,89,02,476**

Sum of Present Values of Cash Flows	10,49,13,429
Present Value of Terminal Value	1,89,89,02,476
Enterprise Value	**2,00,38,15,905**
Cash Balance as on 30.06.2024	2,43,000
Equity Value (l)	**2,00,40,58,905**
No. of shares	5,99,85,488
Share price (INR)	**33.41**

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APPENDIX D

Valuation as per Net Assets Value Method as on June 30, 2024
(Based on Unaudited Financial Statements)

(INR in Lakhs)

S. No.	Particulars	Amount	Amount
I	ASSETS		
	NON-CURRENT ASSETS		
	(a) Property, Plant and Equipment	17.88	
	(b) Intangible Assets under Development	5,829.72	
	(b) Financial Assets		
	Other non-current financial assets	243.29	
	(c) Other Non-current Assets	73.40	
	(d) Tax Assets (net)	10.28	6,174.57
	CURRENT ASSETS		
	(a) Financial Assets		
	Trade Receivables	546.87	
	Cash and Cash Equivalents	2.43	
	Other current financial assets	26.50	575.80
	TOTAL ASSETS		**6,750.37**
II	LIABILITIES		
	NON-CURRENT LIABILITIES		
	(a) Financial Liabilities		
	Borrowings	3,611.87	
	Provisions	228.71	3,840.58
	CURRENT LIABILITIES		
	(a) Financial Liabilities		
	Trade Payables	197.36	
	(b) Other Current Liabilities	243.86	
	(c) Provisions	0.75	441.97
	TOTAL LIABILITIES		**4,282.55**
	TOTAL BUSINESS / EQUITY VALUE AS ON 30.06.2024 (INR IN LAKHS)		**2,467.82**
	NO. OF EQUITY SHARES		5,99,85,488
	NET ASSET VALUE PER EQUITY SHARE (INR)		**4.11**

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