

Sindu Valley Technologies Limited

Determination of fair value of equity shares of Sindu Valley Technologies Limited in compliance with the requirements of Securities and Exchange Board of India (“SEBI”) Substantial Acquisition of Shares and Takeover Regulations, 2011 (“SAST Regulations”)

Valuation Date: 18th October 2024
Report Date: 18th October 2024

R V Shah & Associates

Chartered Accountants

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Kind Attn:

Navigant Corporate Advisors Limited 804, Meadows, Sahar Plaza Complex, J B Nagar, Andheri- Kurla Road, Andheri (East) Mumbai-400 059	Mr. Jahidmohmed H. Vijapura (Acquirer-1) Flat No. 5501, 55th Floor, B wing, Orchid enclave, Jahangir Boman Behram Marg, Opp. Mumbai Central bus depot, Mumbai-400 008 JHV Commercials LLP (Acquirer-2) 1st Floor, AML Centre 1, 8 Mahakali Caves Road, Andheri East, Chakala MIDC, Mumbai, Mumbai, Maharashtra, India, 400 093 Mrs. Husena Musamji (Person Acting in Concert / PAC) 403/A Wing, Sultanabad Chirag CHS LTD, Behram Baug Road, Jogeshwari (West), Mumbai- 400 102
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Fair valuation of equity shares of Sindu Valley Technologies Limited ('SVTL')

Sindu Valley Technologies Limited ('SVTL' or 'the Company' or 'the Client') is a Company incorporated in India with its equity shares listed on Bombay Stock Exchange Limited. We understand that the equity shares of the Company are intended to be acquired by Mr. Jahidmohmed H. Vijapura (Acquirer-1) and JHV Commercials LLP (Acquirer-2) (Acquirer-1 and Acquirer-2 hereinafter collectively referred to as "the Acquirers") along with Mrs. Husena Musamji (PAC). We understand that the equity shares of the Company are infrequently traded as SAST Regulations and the Acquirers has therefore requested us to undertake the valuation of equity shares of Sindu Valley Technologies Limited in compliance with relevant provisions of SAST regulations for determining the Offer Price.

In this regard, the Client has appointed R V Shah & Associates (Chartered Accountants), being an Independent Valuer ('RVS' or 'We'), to determine the fair valuation of equity shares of the Company as required from the independent valuer under relevant provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Valuation Purpose'). The valuation date as informed to us by the Management is the valuation date is 18th October 2024 ('Valuation Date').



On the basis of our analysis discussed under 'Valuation Analysis' section, the fair value per equity shares of Sindu Valley Technologies Limited is **INR 18.84 per equity share** as of the Valuation Date. Please find enclosed a narrative report detailing our recommendation of value, the methodology employed and the assumptions used in our analysis.

We understand that you have reviewed and agreed with the contents of this report and no material information has been concealed from us that could have had a bearing on the valuation. Our valuation is based on the information and explanations as provided to us by you ('the Management') as required for the stated Valuation Purpose.

If you have any questions or require additional information, please do feel free to contact us.

Respectfully submitted



Rashmi Shah FCA

(Independent Valuer)

For R V Shah & Associates

Chartered Accountants, Mumbai

ICAI Membership No.: 123478

FRN: 133958W

Date: 18th October 2024

ICAI UDIN: 24123478BKALDG2788

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Engagement Background

Sindu Valley Technologies Limited is a public company incorporated on 19 March 1976 under the Companies Act, 1956 and having its registered office at No 3 2nd Floor Dr TCM Royan Road Opp Ayyappan Temple, South Bangalore, Karnataka – 560 053. The Company is engaged in the business of manufacture of paper and paper product. The equity shares of the Company are listed on BSE Limited.

The shareholding pattern of the Company is as below:

Shareholding pattern of Sindu Valley Technologies Limited		
Category of Shareholder	No. of fully paid-up equity shares held	Shareholding %
Promoter & Promoter Group	514,860	73.55%
Public	185,140	26.45%
Total	700,000	100.00%

Source: BSE

We understand that the equity shares of the Company are intended to be acquired by Mr. Jahidmohmed H. Vijapura (Acquirer-1) and JHV Commercials LLP (Acquirer-2) (Acquirer-1 and Acquirer-2 hereinafter collectively referred to as "the Acquirers") along with Mrs. Husena Musamji (PAC). We understand that the equity shares of the Company are infrequently traded as SAST Regulations and the Acquirers has therefore requested us to undertake the valuation of equity shares of Sindu Valley Technologies Limited in compliance with relevant provisions of SAST regulations for determining the Offer Price.

In this regard, the Client has appointed R V Shah & Associates (Chartered Accountants), being an Independent Valuer ('RVS' or 'We'), to determine the fair valuation of equity shares of the Company as required from the independent valuer under relevant provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('Valuation Purpose'). The valuation date as informed to us by the Management is the valuation date is 18th October 2024 ('Valuation Date').

The fair value per equity share of Sindu Valley Technologies Limited is determined to be **INR 18.84 per equity share**. Kindly refer detailed analysis in 'Valuation Analysis' section of this report. Our valuation analysis is based on discussions with Management and data available in public domain.

Valuation Conclusion

The fair value per equity share of Sindu Valley Technologies Limited is determined to be INR 18.84 per equity share. We have performed the valuation analysis, to the extent possible, in accordance with ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ('IVS') and as prescribed by SAST Regulations. Our valuation approaches and methodologies also take cognizance of the accepted valuation methodologies as approved by the Hon'ble Supreme court for the merger of TOMCO and HLL.

The valuation summary is as below:

Valuation approach	Sindu Valley Technologies Limited	
	Value per share (INR)	Weight (%)
Asset approach - NAV method	-12.49	0.00%
Income approach - PECV method	-83.85	0.00%
Market approach - Last Trading Price 13 June 2023	18.84	100.00%
Value per share (INR)	18.84	

Kindly refer detailed analysis in 'Valuation Analysis' section of this report.

Our valuation analysis is based on publicly available information and certain other information as provided to us by the Management as of the Valuation Date.

Please refer to the 'Valuation Analysis' section for explanation on the various inputs and assumptions to determine the fair value of equity shares of Sindu Valley Technologies Limited.

The fair price of the equity shares is determined in compliance with Regulations 2(1)(j), 8(2)(e), 8(4), 8(9) and other applicable Regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SAST Regulations").



Value per share as per Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 or SAST Regulations

The relevant provisions considered by us for determining the value of shares under SAST Regulations are as below:

8. (1) The open offer for acquiring shares under regulation 3, regulation 4, regulation 5 or regulation 6 shall be made at a price not lower than the price determined in accordance with sub-regulation (2) or sub-regulation (3), as the case may be.

(2) In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of, —

(a) the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;

(b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirers or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;

(c) the highest price paid or payable for any acquisition, whether by the acquirers or by any person acting in concert with him, during the twenty-six weeks immediately preceding the date of the public announcement;

(d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;

(e) where the shares are not frequently traded, the price determined by the acquirers and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and

(f) the per share value computed under sub-regulation (5), if applicable.

We have determined the value per equity share using the Net Asset Value (NAV) method under the Cost Approach, Profit Earning Capacity Value (PECV) method under the Income Approach and Market Price method under Market Approach. Management has confirmed to us that there are no relevant and direct comparable companies listed on recognized stock exchanges, which could be considered to determine the value of equity shares of the company using the Comparable Companies' Multiple (CCM) method. We have therefore not considered the CCM method for the said Valuation Purpose. Additionally, cash flows are not available for the business. We have therefore not considered the Discounted Cash Flows (DCF) method to determine value of shares of the Company.

*Though the shares of the Company are infrequently traded in the stock exchange where it is listed, however, it is higher of the value /s of shares obtained using other method/s. We have therefore considered the Market Price method and applied appropriate weightage to determine the fair value of the shares. Considering appropriate weightage for the methods applied, the value per share for the said Valuation Purpose is **INR 18.84 per equity share**. Please refer to the 'Valuation Analysis' for an explanation on the value of equity shares of the Company under SAST Regulations.*

In this Valuation Report, we have considered the valuation methods and the weightage to valuation results under each method as per order issued by Hon'ble Supreme Court in Tomco - HLL's Merger case.

We have assigned the weight of 0.00% for the value determined using NAV method, 0.00% for value determined using PECV and 100% for value determined using Market Price method considering the relevance of each method along with specifics of the Company.

Valuation Analysis

We have determined the value of shares under the Net Asset Value (NAV) method and Market Price method. We have applied appropriate weightage to both methods to arrive at the value of the shares of the Company.

Value of equity shares using the Net Asset Value method under Cost Approach

We have considered the audited financials of the Company as of 30th June 2024, basis which, the value based on Net Asset Value (NAV) is computed as below:

Particulars (Amount in INR Lakhs)	Book Value	Fair Value
Assets		
Cash and bank Balances	0.64	0.64
Other Current Assets	4.86	4.86
Total Assets	5.50	5.50
Liabilities		
Borrowings	65.00	65.00
Other financial liabilities	27.94	27.94
Total Liabilities	92.94	92.94
Net asset Value	(87.44)	(87.44)
Number of equity shares	7,00,000	7,00,000
Value per share (INR)	(12.49)	(12.49)

Management has provided us with balance sheet as of 30th June 2024 and has confirmed that there is no material difference in the financial position between the date of financials and the valuation date so as to impact our value recommendation materially.

We understand from the Management that book values of all assets and liabilities is representative of the fair value. We have therefore considered fair value of the assets to be same as book value. Considering the NAV method, the value per share is **Negative INR 12.49 per equity share**. Hence, we have not considered this method for the said valuation purpose.



Computation of PECV per share

Particulars (Amounts in INR)	Jun-24	Mar-24	Mar-23	Mar-22	Mar-21	
Profit/(Loss) after Tax (PAT)	(29,84,000)	(43,47,000)	(15,60,000)	(20,21,000)	(11,86,000)	
Weightage	1	1	1	1	1	
Average Profit						(24,19,600)
PE Ratio						24.26
Capitalisation Value						(5,86,95,463)
No. of Equity Shares						7,00,000
Value per Share (INR)						(83.85)

We have computed the value using Profit Earning Capacity Value (PECV) Method, wherein we have considered average profits for the year ended 30th June 2024, 31st March 2024, 31st March 2023, 31st March 2022, 31st March 2021 and have capitalized the value on the basis of Sensex PE Ratio 24.26. Please refer Annexure I for Sensex PE Ratio.

The value per share using PECV Negative is Rs 83.85/-. Hence, we have not considered this method for the said valuation purpose.

Value of equity shares using the Market Price method under Market Approach

We understand that the equity shares of the Company are listed but are infrequently traded. However, we understand that the value per share under Market Price method is higher than the value per share under NAV method. Nevertheless, the equity shares were last traded on 13th June 2023. We have therefore assigned 100% weight to the value of shares obtained using the Market Price method. We have considered the share price of the Company as on 13th June, 2023 (last traded price) as INR 18.84 per share. Refer to the snapshot below:

Company :SINDU VALLEY TECHNOLOGIES LTD. 505504
 Period: 13-Jun-2019 to 07-May-2024

All Prices in ₹

Date	Open	High	Low	Close	WAP	No. of Shares	No. of Trades	Total Turnover	Deliverable Quantity	% Del. Qty to Traded Qty	* Spread	
											H-L	C-O
22/11/19	14.99	14.99	14.99	14.99	14.98	50	1	749	50	100.00	0.00	0.00
28/11/19	15.28	15.28	15.28	15.28	15.28	50	1	764	50	100.00	0.00	0.00
20/12/19	15.55	15.55	15.55	15.55	15.54	50	1	777	50	100.00	0.00	0.00
14/01/23	16.30	16.30	16.30	16.30	16.30	950	4	15,485	950	100.00	0.00	0.00
23/02/22	17.10	17.10	17.10	17.10	17.10	1,000	1	17,100	1,000	100.00	0.00	0.00
19/12/22	17.95	17.95	17.95	17.95	17.95	200	1	3,590	200	100.00	0.00	0.00
13/06/23	18.84	18.84	18.84	18.84	18.84	200	1	3,768	200	100.00	0.00	0.00

* Spread
 H-L : High-Low
 C-O : Close-Open
 Note: Kindly download the csv file to view all records. [📄](#)

Source: BSE Limited



Limiting Conditions

- The valuation is based on financial data provided to us by the Management and as available in the public domain. To the extent that our conclusions are based on the financial data, we express no opinion on the achievability of the data received by us.
- Provision of valuation opinions and consideration of the issues described herein are areas of our regular valuation practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.
- The valuation report was prepared for the purpose of complying with provisions of SAST Regulations and is for the confidential use of the Client only. Its suitability and applicability of any other use has not been checked by us. Neither the valuation report nor its contents may be disclosed to any third party or referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, any public communication, loan agreement or other agreement or document given to third parties without our prior written consent. We retain the right to deny permission for the same other than for compliance with SAST Regulations.
- In accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements.
- We have been given to understand by the Management that it has made sure that no relevant and material factors have been omitted or concealed or given inaccurately by people assigned to provide information and clarifications to us for this exercise and that it has checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. We have assumed that the information provided to us presents a fair image of the valuation subject's activities and the assets being valued at the Valuation Date. Therefore, we will accept no responsibility for any error or omission in the Report arising from incorrect or incomplete information provided by Management. Also, we assume no responsibility for technical information furnished by the Management and believed to be reliable. We may however in no way be held responsible for completeness, accuracy, etc. for the data provided to us.
- The Report assumes that the Company complies fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that it will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to the following matters -
 - Matters of a legal nature, including issues of legal title and compliance with local laws, and
 - Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Company.

- The valuation analysis and result are governed by concept of materiality.
- The opinion(s) rendered in the Report only represent the opinion(s) based upon information furnished by you and others on your behalf and other sources and the said opinion(s) shall be considered advisory in nature. Our opinion is however not for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.
- The fee for the Report is not contingent upon the results reported.
- We owe responsibility to only to the directors of the company who have retained us and nobody else.
- We do not accept any liability to any third party in relation to the issue of this valuation report.
- The Report is not for anybody to make any investment into the valuation subject nor meant to assist anybody for any transaction purpose (for which expert opinion needs to be obtained) nor as to how the voting should be conducted in any meeting. The Report is purely for compliance with requirements of the said Valuation Purposes. This report has been prepared for a very specific purpose. Thus, this valuation report cannot be used for any other purpose apart from what is mentioned herein.
- We will not be held responsible to anybody in relation to this report. We understand that the contents of the report have been reviewed in detail before we issued the final signed report.
- We are not responsible to update this report subsequent to the date mentioned in this report because of any material event or any event that could have a bearing on our valuation analysis.
- We understand that there are no material transactions between the valuation date and the date of financials provided to us or the report date so as the materially impact our value recommendation.

Sources of Information

The following sources of information have been utilized in conducting the valuation as provided to us by the Management and public sources:

- Audited Financial statement of Sindu Valley Technologies Limited for the year ended 31st March, 2024 and unaudited result for the period ended June 30, 2024
- Shareholding pattern as per BSE Limited
- Other background information provided through emails, word documents or during discussions
- Other publicly available information
- Discussions with the Management

In addition to the above, we have also obtained such other information and explanations from the Management as considered relevant for the purpose of the valuation. We have obtained a general representation from the Management confirming that they have provided us with all the relevant information, knowledge, supporting documents and confirmations completely and correctly and that no material information has been concealed or withheld or misrepresented to us.



Annexure I – Sensex PE Ratio

Average Sensex PE Ratio of 24.26 is considered from October, 2023 to September, 2024 on monthly basis.

	Month	PE ratio
1	Oct-23	22.40
2	Nov-23	23.70
3	Dec-23	25.60
4	Jan-24	24.60
5	Feb-24	24.80
6	Mar-24	25.20
7	Apr-24	23.90
8	May-24	23.60
9	Jun-24	24.00
10	Jul-24	24.30
11	Aug-24	24.20
12	Sep-24	24.80
	Average	24.26

