

VALUATION REPORT OF SOFTTECH ENGINEERS LIMITED

Prepared By:

Maitri Valuation Private Limited

Registered Valuer – Securities or Financial Assets

Gandhiangar, Gujarat

IBBI Reg. No. – IBBI/RV-E/11/2023/184

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1. INTRODUCTION:

We refer to our Engagement Letter dated **11.11.2024**, confirming our appointment as Independent Valuer of **Softtech Engineers Limited (hereinafter referred to as "SEL" or "the Company")**. In the following paragraphs, we have summarized our Valuation Analysis (the "Analysis") of the business of the Company as informed by the Management and detailed herein, together with the description of the methodologies used and limitations on our scope of work.

1.1. Key Dates:

Date of Appointment	:	11.11.2024
Date of Valuation Report	:	14.11.2024
Valuation Date	:	30.09.2024
Relevant Date as per SEBI Regulations	:	11.11.2024
Valuation Valid up to	:	Valuation is for a limited purpose and one-time use, hence not applicable.

Users are advised to use this report in a reasonable period of time and also check that no major event effecting valuation has occurred after the issue of report.

2. CONTEXT & PURPOSE OF VALUATION:

The Management of the Company is planning to issue its Equity Shares on preferential allotment basis to persons belonging to Non-Promoter Category and requires our assistance in determining the fair value consideration for such issue. The valuation is required as per the provisions of the Companies Act, 2013 ("**the Act**") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**the SEBI Regulations**").

This report has been prepared exclusively for the use of Board of Director(s) of the Company for the proposed issue of equity shares on preferential allotment basis as per the provisions of the Act, the Regulations and allied laws. This report shall not be used for any purpose and person other than as stated above.

The usage of report for any purpose other than above without the specific permission of issuer will be treated as illegal, void and breach of trust.

3. BACKGROUND OF THE COMPANY:

3.1. About Company

Softtech Engineers Limited was incorporated as on 17th June 1996 and is registered at Registrar of Companies, Pune.

The Company is involved in providing a complete range of digital solutions for every phase of architecture, engineering, and construction projects. From design and planning to execution, and operations management, SoftTech's advanced software platform automates, integrates and accelerates processes

Softtech Engineers Limited' Corporate Identification Number (CIN) is L30107PN1996PLC016718 and its registered address is SoftTech Towers,S NO 1/1A/7 8, 15 16 17, Plot No.BCD 1-Baner, Opp. Royal Enfield Showroom, Ba ner Road , Pune, Maharashtra, India - 411045

3.2. Capital Structure of the Company:

The Company is having following **capital structure** as on 11th November, 2024:

Particulars	No. of Shares	Face Value per Share	Total nominal value
Authorised Capital Equity Shares	1,50,00,000	₹ 10/-	₹ 15,00,00,000/-
Issued, Subscribed and Paid-Up Capital Equity Shares	1,28,19,140	₹ 10/-	₹ 12,81,91,400/-

The **Shareholding of the Company** as on 11th Nov, 2024 was as follows:

Name	Number of Shares	% of Holding
Promoter & Promoter Group	26,07,872	20.34%
Public	1,02,11,268	79.66%
Total	1,28,19,140	100.00%

4. CONDITIONS, SOURCES OF INFORMATION AND LIMITATIONS OF VALUATION:

4.1. Conditions

The financial information about the Company presented in this report is included solely for the purpose to arrive at value conclusion presented in this report, and it should not be used by anyone to obtain credit or for any other unintended purpose.

This report is only to be used in its entirety, and for the purpose stated in the report. No third parties should rely on the information or data contained in this report without the advice of their lawyer, attorney or accountant.

We have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in 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 analyst regarding such additional engagement.

4.2. Assumptions

The Valuation in this report has been carried out assuming Company to be a going concern entity. The other assumptions made by us are listed as follows:

- We have assumed the perpetual growth rate of the Company to be 5%
- The risk-free rate of return has been assumed to be 6.75%, which is derived based on yield of 10-year yield on Government of India bond.
- We have assumed company specific risk premium and company size risk premium as 1% each, i.e., total 2% of risk premium.

Further, the valuation exercise performed involves placing reliance on the financial projections shared by the Management of the Company. The said projections are based on several assumptions made by the Management of the Company, including assumptions pertaining to growth in revenue of the Company, gross margins, period of credit available on purchases made, credit to be extended on sales made, etc.. We have reviewed the said projections to the extent of ascertaining their feasibility. However, we do not confirm or certify their achievability.

4.3. Sources of information

The Management of the Company intend to give effect to aforesaid issue on preferential basis, and valuation analysis for the purpose has been done as on 13th February, 2024. The following has been the sources of information for carrying out the valuation:

- MoA and AoA of the Company;
- Audit report of the Company for the year ended 31st March, 2024;
- Shareholding Pattern of the Company
- Database of Prof. Aswath Damodaran, for the purpose of calculating Beta (β) and Equity Risk Premium of the Company;
- Market prices and trading history of the Company as obtained from NSE.
- Quarterly results of the company as available on BSE / NSE.
- Other salient information provided by the Management of the Company and reliance has been placed on the verbal explanations and information given to us by the promoters and key managerial personnel;

4.4. Limitations

Any valuation method or standard has its own inherent limitations. The major limitation of the valuation reports is as under:

- I. Our work does not constitute an audit or certification of the historical financial statements or the financial projections, including the working results of the Company referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.
- II. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report is as per engagement letter. It may not be valid if done by another entity.
- III. A valuation of this nature involves consideration of various factors including those impacting industry trends. This report is issued on the understanding that the Company have drawn attention to all material information, which they are aware of concerning the financial position of the Company and any other matter, which may have impact on our opinion, on fair value, including any significant changes that have taken place in the financial position of the company(ies), subsequent to last audited balance sheet. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- IV. During the course of our work, we have relied upon assumptions made by management of company(ies). These assumptions require the exercise of judgement and are subject to uncertainties. While we have reviewed the assumptions for reasonableness and discussed these assumptions with management, there can be no assurance that the assumptions are accurate. To the extent that the assumed events do not occur, the outcome may vary significantly from the assumed. The fact that we have considered the assumptions in the exercise of valuation should not be considered or taken as our being associated with or a party to such assumptions.

5. VALUATION METHODOLOGY AND APPROACH:

The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay, and a seller could reasonably be expected to accept, if the business were exposed for Equity Issuance or sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

There are three general approaches available to the valuation professional; the market approach, the income approach and the asset approach. The choice of which approach to use in a particular situation depends upon the facts and circumstances associated with the Company; as well as the purpose for which the valuation analysis is being conducted. However, the valuation for SEL has been carried out as per Income Approach and Market Approach. The detailed reasoning for not computing the same as per other methods is discussed ahead.

Valuation Approach & Methodology:

Approach	Fair Value Methodologies
Income Approach	Discounted Cash Flow (DCF) Method
Market Approach	Market Price Method;
Asset Approach	Net Asset Value Method

5.1. Income Approach

This method converts the anticipated benefits into a present single amount. It is one of the general ways to determine the fair value indication of a business, project, or ownership interest. The method uses the future free cash flows of the Company (anticipated benefits) discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity). The weighted average cost of capital is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. It can also be anticipated as the rate of return that would be required by providers of capital to the Company to compensate them for the time value of money, as well as the risk inherent in the particular investment. The projected cash flows reveal growth expectations, while allowing for a great deal of flexibility in projecting such growth rates.

Hence, the DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a Company to generate cash flows in the future and on the concept of "going concern" of the Company.

For the purpose of valuing Softtech Engineers Limited, we have applied the Discounted Cash Flow Method of valuation under Income Approach. The value per share of the Company as per this approach comes to ₹ 382.62/-. Detailed working of the same could be found at Annexure I. The said value is calculated as on September 30, 2024, as the latest available financials of the Company were drawn up to the said date.

5.2. Market Approach

❖ Market Price Method

The SEBI (ICDR) Regulations, also prescribes the method of valuation to be used in case of valuing listed securities, which is based on their trade price at the recognised stock exchanges. The same is also called as Market Price Method.

The relevant extract of SEBI regulation is as follows:

"164. (1) If the equity shares of the Company have been listed on a recognized stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following;

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

b. the 10 trading days' volume weighted average prices of the related equity shares quoted on a recognized stock exchange preceding the relevant date.

Provided that if the Articles of Association of the issuer provide for a method of determination which results in a floor price higher than that determined under these regulations, then the same shall be considered as the floor price for equity shares to be allotted pursuant to the preferential issue."

Articles of Association of SEL do not provide for any particular method of determination which results in a floor price higher than that determined under SEBI ICDR Regulations.

The value so obtained as per this method is also referred to as "Floor Price" in case of preferential share issue by listed Companies, as it provides the minimum price below which such preferential allotment cannot be made.

The value so derived as per this method comes to ₹ 404.86/- per share. Detailed working for the same can be found at Annexure III.

5.3. Asset Approach

The value arrived at under this approach may be defined as Shareholders' Funds or Net Assets owned by the business. It is calculated by subtracting Current and Non-Current Liabilities from Total Value of the Assets. The asset-based approach derives an indication of value based on anticipated cost to replace, replicate, or recreate the assets. It is often considered as "Floor Value". In this approach, the balance sheet values can be adjusted for any contingent liabilities that can be likely to materialise. These approach shows how much value Equity holders hold in the books of the Company and given that the fair market value of the assets and liabilities can vary from the book value, adjustments can be made for fair market prices of assets and liabilities as well. Adjustments are done to remove fictitious and other miscellaneous assets and liabilities while deriving the valuation.

The value so derived as per this method comes to ₹ 99.61/- per share. Detailed working for the same can be found at Annexure II.

5.4. Selection of Valuation Approaches and Weights Assigned

In light of the above and on consideration of all the relevant factors and circumstance as discussed and outlined herein above referred to earlier in this report for the proposed transaction, the valuation of Company has been computed as per Income and Market Approach.

As per the said approaches the value per share of the Company comes as follows:

VALUATION APPROACH	VALUATION METHOD	VALUE PER SHARE
Income Approach	Discounted Cash Flow Method	₹ 382.62/-
Market Approach	Market Price Method	₹ 404.86/-
Asset Approach	Net Asset Value Method	₹ 99.61/-

However, as the value calculated as per the Discounted Cash Flow Method and Net Asset Value Method are less than the value as per Market Price Method, which is also the Floor Price as per SEBI Regulations, the value recommended by us for the preferential issue under consideration is ₹ 404.86/- per share.

6. CONCLUSION:

The Fair Value of Equity Share of **Softtech Engineers Limited** has been estimated using Market Approach to be ₹ **404.86/- per share.**

For, Maitri Valuation Pvt. Ltd.

Hiten Prajapati
Director

Registered Valuer – Securities or Financial Assets
Registration no. IBBI/RV-E/11/2023/184
Date: 14th November, 2024

Annexure I

❖ CALCULATION AS PER DISCOUNTED CASH FLOW METHOD:

(₹ in Lacs)

Year Ended on March 31,	2025	2026	2027	2028	2029
	6 months	12 months	12 months	12 months	12 months
Profit Before Tax	1,206.51	2,481.81	3,653.92	5,801.35	7,343.62
Add:					
Depreciation	625.33	1,484.58	1,593.97	1,781.37	2,020.83
Interest*(1-T)	98.05	248.46	234.09	230.39	230.39
	1,929.90	4,214.85	5,481.98	7,813.11	9,594.84
Less:					
Tax	308.45	722.70	1,064.02	1,689.35	2,138.46
Total	1,621.45	3,492.14	4,417.96	6,123.76	7,456.38
Less:					
Change in Fixed Asset	610.36	71.30	266.63	420.63	394.55
Change in Net Current Assets	564.85	636.38	758.19	814.22	1,082.15
Cash Flow	446.24	2,784.46	3,393.14	4,888.91	5,979.67
Discounting Factor	0.94	0.82	0.72	0.63	0.55
Discounted Cash Flow	417.84	2,285.87	2,442.23	3,085.11	3,308.33
Gross Cash for explicit period	11,539.38				

Terminal Value

Last Year Cash	3,308.33
Growth	5%
WACC	14.06%
Terminal Value	38,349.57

Enterprise Value

Gross Cash for explicit period	11,539.38
Terminal Value	38,349.57
Enterprise Value as on September 30, 2024	49,888.95
Less:Debt	3,599.37
Add: Investments	2,680.96
Add:Cash	77.89
Business Equity Value	49,048.43
Number of Shares	12,819,140
Value per Share (INR)	382.62

❖

Annexure II

❖ CALCULATION OF NET ASSET VALUE:

Particulars	Amount (₹ In Lacs)
Share Capital	1,281.91
Reserves & Surplus	11,486.83
Net Worth	12,768.74
Number of Shares	12819140
Net Asset Value per Share (₹)	99.61

Annexure III

❖ TRADE SUMMARY OF SHARES OF SEL FOR LAST 90 TRADING DAYS:

Sr. No.	Date	Volume	Value
1	08-Nov-24	4,612	18,98,937
2	07-Nov-24	18,594	77,88,682
3	06-Nov-24	22,813	95,16,937
4	05-Nov-24	1,93,405	7,89,90,197
5	04-Nov-24	14,458	55,18,384
6	01-Nov-24	4,941	18,39,809
7	31-Oct-24	9,698	36,26,726
8	30-Oct-24	2,479	8,86,517
9	29-Oct-24	4,637	16,56,813
10	28-Oct-24	2,216	7,69,096
11	25-Oct-24	4,287	14,56,313
12	24-Oct-24	2,700	9,30,070
13	23-Oct-24	5,173	17,71,236
14	22-Oct-24	5,017	17,37,944
15	21-Oct-24	4,039	14,16,146
16	18-Oct-24	7,934	28,30,488
17	17-Oct-24	4,972	17,57,748
18	16-Oct-24	1,973	6,94,947
19	15-Oct-24	6,386	22,42,335
20	14-Oct-24	1,489	5,26,711
21	11-Oct-24	2,735	9,74,764
22	10-Oct-24	3,927	13,93,545
23	09-Oct-24	7,673	27,41,341
24	08-Oct-24	10,896	37,75,549
25	07-Oct-24	9,554	33,01,880
26	04-Oct-24	6,393	23,01,849
27	03-Oct-24	14,882	54,07,781
28	01-Oct-24	16,444	60,92,171
29	30-Sep-24	22,085	79,55,884
30	27-Sep-24	2,796	9,78,590
31	26-Sep-24	12,191	42,33,780
32	25-Sep-24	8,600	30,45,767
33	24-Sep-24	10,655	37,90,558
34	23-Sep-24	16,358	60,41,193
35	20-Sep-24	4,523	16,58,716
36	19-Sep-24	17,182	63,04,668
37	18-Sep-24	18,341	67,49,789
38	17-Sep-24	8,111	30,01,780
39	16-Sep-24	17,355	63,05,735
40	13-Sep-24	11,924	41,30,090

41	12-Sep-24	6,064	20,95,731
42	11-Sep-24	10,424	36,43,363
43	10-Sep-24	8,700	30,59,425
44	09-Sep-24	10,423	36,73,199
45	06-Sep-24	7,772	28,18,824
46	05-Sep-24	4,063	14,49,813
47	04-Sep-24	3,263	11,49,734
48	03-Sep-24	2,863	10,35,789
49	02-Sep-24	13,193	47,95,113
50	30-Aug-24	16,919	61,43,962
51	29-Aug-24	26,968	94,42,557
52	28-Aug-24	16,413	56,71,410
53	27-Aug-24	7,002	25,02,294
54	26-Aug-24	6,701	25,14,690
55	23-Aug-24	10,620	39,80,555
56	22-Aug-24	17,726	68,34,351
57	21-Aug-24	1,62,857	6,57,47,618
58	20-Aug-24	28,206	1,05,29,985
59	19-Aug-24	6,589	23,41,983
60	16-Aug-24	1,05,282	3,70,36,997
61	14-Aug-24	8,109	28,01,920
62	13-Aug-24	4,866	16,96,459
63	12-Aug-24	2,437	8,71,382
64	09-Aug-24	3,054	10,67,340
65	08-Aug-24	1,752	6,14,471
66	07-Aug-24	2,558	8,93,574
67	06-Aug-24	3,779	13,06,584
68	05-Aug-24	6,313	22,21,336
69	02-Aug-24	2,410	8,61,720
70	01-Aug-24	3,185	11,26,632
71	31-Jul-24	3,820	13,72,936
72	30-Jul-24	7,373	26,20,917
73	29-Jul-24	10,347	36,94,904
74	26-Jul-24	4,548	16,07,256
75	25-Jul-24	8,952	31,13,777
76	24-Jul-24	3,342	11,53,686
77	23-Jul-24	8,234	28,49,895
78	22-Jul-24	3,802	13,41,806
79	19-Jul-24	4,892	17,20,000
80	18-Jul-24	17,687	64,79,342
81	16-Jul-24	16,095	59,95,168
82	15-Jul-24	31,862	1,19,08,336
83	12-Jul-24	22,145	83,64,602
84	11-Jul-24	7,338	26,40,685
85	10-Jul-24	4,886	17,32,210

86	09-Jul-24	9,834	35,58,372
87	08-Jul-24	16,370	59,77,950
88	05-Jul-24	5,774	20,68,810
89	04-Jul-24	17,289	62,60,899
90	03-Jul-24	21,282	79,32,609.20
Total		12,80,831	48,03,64,437
90 Trading days Price			375.04

❖ **TRADE SUMMARY OF SHARES OF SEL FOR LAST 10 TRADING DAYS:**

Sr. No.	Date	Volume	Value
1	08-Nov-24	4,612	18,98,937
2	07-Nov-24	18,594	77,88,682
3	06-Nov-24	22,813	95,16,937
4	05-Nov-24	1,93,405	7,89,90,197
5	04-Nov-24	14,458	55,18,384
6	01-Nov-24	4,941	18,39,809
7	31-Oct-24	9,698	36,26,726
8	30-Oct-24	2,479	8,86,517
9	29-Oct-24	4,637	16,56,813
10	28-Oct-24	2,216	7,69,096
Total		2,77,853	11,24,92,098
10 Trading days Price			404.86

Thus, as per Regulation 164 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Floor Price for preferential issue of shares of SEL will be higher of the above two prices, i.e., ₹ 404.86 per share.