

SAMPATH SOORA (FCA, DISA, RV-SFA)

Registered Valuer (IBBI)

RV Registration No. IBBI/RV/02/2019/11607

February 11, 2024

To:

The Board of Directors

M/s.ASM Technologies Limited

80/2, Lusanne Court, Richmond Road

Bangalore, Karnataka, India - 560025

Dear Sir,

Sub: Fair Market Value of Equity of M/s.ASM Technologies Limited

With reference to the engagement letter dated February 07 2024 whereby Mr.Sampath Soora, Registered Valuer, M.No. IBBI/RV/02/2019/11607 (hereinafter referred to as 'the Valuer' or 'We' or 'Us' or 'Our') is appointed by the Board of Directors of M/s. ASM Technologies Limited to evaluate/arrive at the Fair Market Value of the Equity of the Company.

In pursuance to the above, we have summarized our understanding of the key facts; key information relied upon, basis of recommendation and limitations to the scope.

The report is structured as under:

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Company Profile

ASM Technologies Limited ('Company') is a publicly-listed company in India with global presence in the USA, Singapore, the UK, Canada, Mexico and Japan. The Company was incorporated on August 10, 1992 under the Registrar of Companies, Bangalore and has its registered office situated at 80/2, Lusanne Court, Richmond Road, Bangalore, Karnataka, India - 560 025 with Corporate Identification Number (CIN) L85110KA1992PLC013421.

With over three decades of experience, ASM has been providing world class consulting and product development services in the areas of Engineering Services and Product R&D with successful Offshore Development & Support Centers in India and Overseas for its global clientele.

The Company offers engineering services, including product design, reverse engineering, tool design, embedded software, technical publication, automation, test fixtures, sustenance engineering, and design and development and caters to industries such as automotive, avionics, hi-tech, medical, and semi conductor.

At the helm of the affairs of the Company is Board of Directors/KMP comprising of:

S.No	Director	Designation
1	Rabindra Srikantan	Managing Director
2	Vikram Ravindra Mamidipudi	Director
3	Muthuswami Lakshminarayan	Director
4	Shekar Viswanathan	Director
5	Ramesh Radhakrishnan	Director
6	Rabindra Preethi	Director
7	Narsingh Lashker Rathod	CFO
8	Vanishree Anandmurthy Kulkarni	Company Secretary

Current Capital Structure

Authorized Share Capital

1,50,00,000 Equity Shares of Rs.10 each

Amount (INR.)

15,00,00,000



Current Capital Structure

Issued, Subscribed and Paid-up Share Capital	Amount (INR.)
1,09,72,270 Equity Shares fully paid up of Rs.10 each	10,97,22,700
27,730 Equity Shares partly paid up of Rs.3 each	83,190

Details of holding - Equity Shareholders

Shareholders	Total
Promoter Group (5 Members)	69,07,244
Public	40,92,756
TOTAL EQUITY SHARES	1,10,00,000

Scope and Purpose of Valuation

We have been informed by the Board of Directors of the Company that the Company wishes to issue and allot securities on preferential basis and in this regard the Company is contemplating to determine the Fair Market Value of the Equity of the Company.

This report is our deliverable to the above engagement.

Valuation Date

We have been informed that the relevant date for valuation shall be February 07, 2024 which shall be 30 days prior to the date on which the Company intends to hold the Extra Ordinary General Meeting of the Members of the Company.

Valuation date (Relevant Date) is the date at which the estimated value of the equity of the Company is determined i.e., the 07th day of February 2024.

Disclosure of Interest

Sampath Soora, Registered Valuer or his relatives or his employees are not related to the Company and do not have any interest in the Company.



Sources of Information

While carrying out the valuation of the Fair Market Value of Equity of the Company, we have relied on the information and explanations provided by the Management of the Company:

1. Audited Financial Statements of the Company for the Financial Year(s) 2020-21 to 2022-23,
2. Un-audited Management Certified Provisional Financial Statements of the Company as at February 06, 2024,
3. Management Certified 3 Year Financial Projections from FY 2023-24 (from 07 February, 2024) to FY 2026-27,
4. Written and verbal information and explanations provided by the Management, and
5. Other information available on the public domain.

Basis of Valuation

Basis of Valuation describe the fundamental premise on which the reported values are based and for the captioned valuation engagement the bases of value used is in accordance with the International Valuation Standards (hereinafter referred to as "IVS") developed by the International Valuation Standard Council.

The bases of value considered are as follows –

Fair Market Value

IVS adopts the definitions prescribed by Organization for Economic Cooperation and Development (OECD) and United States Internal Revenue Service (US IRS) which is as follows

- a. OECD Definition – "Fair Market Value is the price a willing buyer would pay a willing seller in a transaction on the open market".
- b. US IRS Definition – "The Fair Market Value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts".

The basis of valuation for this engagement is Fair Market Value.

There are several methods and techniques used generally for valuation, however, these methodologies fall under three basic approaches to valuation:

- The Cost Approach
- The Market Approach
- The Income Approach



The Cost Approach - Net Asset Value Method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis.

This valuation methodology is adopted where the value of an entity is represented by its tangible assets or in a scenario where the entity is going under liquidation. In the present case, the business of the Company is intended to be continued on a 'going concern' basis and there is no intention to dispose-off the assets and that the value of the Company is not based on the assets, however due to the statutory requirement valuation under this approach has been calculated using the Net Asset Method basis Book Value.

The Market Approach

The market approach is generally used where the entity being valued is listed on a stock exchange or the information about the comparable companies is available which can be benchmarked to estimate the value of the entity or there are transactions of similar nature and size available which can also be benchmarked for estimating the value of the entity.

The market approach is based on the economic principle of competition (i.e., in a free market, forces of demand and supply will direct the values of businesses to a particular balance). Valuation under the market approach entails the application of appropriate market-based multiples selected from guideline public companies to parameters such as level of earnings, cash flow, revenues, invested capital or other financial factors (financial metrics) that represent the future financial performance of an entity.

In the present case, valuation under Market Approach has been calculated using Comparable Company Market Multiple Method. While using this method we have relied on companies that are in similar industry i.e., IT Consulting and Other Services and shares are actively being traded on a recognized stock exchange in India.

The Income Approach - Discounted Cash Flow Method

The DCF method is a more appropriate method in arriving the fair value of Equity of an entity. Under this method, the projected free cash flows from business operations are discounted at the Weighted Average Cost of Capital ('WACC') which is opportunity cost to all capital providers (namely shareholders and Creditors), weighted by their relative contribution to the total capital of the entity.

Estimating Future Free Cash Flows

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity. Future Free Cash



Flows is calculated as the sum value of cash flow generated in the foreseeable future and the perpetual value of cash flows represented as Terminal Value.

Future Free Cash Flow is calculated using the 3 year financial projections provided to us by the Management of the Company using which the Profit after Tax is adjusted with the depreciation, changes in working capital, and change in non-current assets to finally arrive at the Free Cash Flows during the period of Projections which is then multiplied by the Discount Rate to arrive at the Present Value of Future Free Cash Flows to the Firm (FCFF).

The Company is a going concern entity and therefore shall generate cash flow perpetually the indication of which is the Terminal Value which is a function of the product of FCFF of Year 2026-27 and Terminal Growth Rate over the difference between Discount Rate and Terminal Growth Rate. The above function of Terminal Value is then multiplied with the Discount Rate applicable to Year 2026-27 to arrive at the Present Value of Terminal Value.

For the purpose of arriving at the Terminal Value, we have considered the Terminal Growth Rate at 3.00%.

Appropriate Discount rate has to be applied to the cash flows i.e., the cost of capital. We have considered Capital Asset Pricing Model to derive the Cost of Equity. Cost of Debt has been calculated as a function of finance cost over the balance of debt and then is adjusted for the tax benefit. Appropriate weights have been applied to Cost of Equity and Cost of Debt to calculate the Weighted Average Cost of Capital (WACC). WACC in this current valuation analysis is arrived at 12.37% after including a Country Risk Premium of 3.21%.

The Company is a going concern entity and therefore shall generate cash flow perpetually the indication of which is the Terminal Value which is a function of the product of FCFF of Year 2026-27.

Pricing Approach as per ICDR Regulations:

As per Regulation 166A of the SEBI (ICDR) Regulations, 2018

166A. (1) Any preferential issue, which may result in a change in control or allotment of more than five percent of the post issue fully diluted share capital of the issue, to an allottee or to allottees acting in concert, shall require a valuation report from an independent registered valuer and consider the same for determining the price:



Provided that the floor price, in such cases, shall be higher of the floor price determined under sub-regulation (1), (2) or (4) of regulation 164, as the case may be, or the price determined under the valuation report from the independent registered valuer, or the price determined in accordance with the provisions of the Articles of Association of the issues, if applicable.

Computation as per Regulation 164 of SEBI (ICDR) Regulations 2018

Pricing of frequently traded shares

164. (1) If the equity shares of the issuer have been listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall not be less than higher of the following:

a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty six weeks preceding the relevant date;

or

b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

Amendment has been made to Regulation 164 which prescribes for pricing of frequently traded shares now instead of 26 weeks, 90 trading days will be taken as basis period for determination of pricing of frequently traded shares.

The pricing guidelines prescribed under Regulation 164 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Last amended on July 25, 2022] states that if the equity shares of the issuer have been listed on a recognized stock exchange for a period of 26 weeks [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:

i. the [90 trading days] volume weighted average price of the related equity shares quoted on the recognized stock exchange preceding the relevant date; or

ii. the [10 trading days] volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date.



Stock Exchange

"For the purpose of regulation 164, 'stock exchange' means any of the recognised stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 26 weeks [90 trading days] prior to the relevant date."

Frequently Traded Shares:

As per Regulation 164 of SEBI (ICDR) Regulations, 2018 [Last amended on July 25, 2022], "Frequently traded shares" means the shares of the issuer in which the traded turnover on any recognized stock exchange during the twelve calendar months [240 trading days] preceding the relevant date, is at least ten percent of the total number of shares of such class of shares of the issuer.

Value of Equity

The detailed valuation of Equity has been set out in Annexure I & II.

Conclusion

In our opinion the Fair Market Value of per share of Equity dealt within this report of valuation of M/s.ASM Technologies Limited shall not be less than -

The Fair Market Value per share of Equity
as at February 07, 2024:

Indian Rupees 469.21 per Equity Share
for issue Preferential Equity Shares

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Caveats, Scope, Limitations and Disclaimer

The report is subject to the scope and limitation detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

No investigation of the title of assets of the Companies or the basis of Financial Projections has been made for the purpose of estimating the value. Therefore, no responsibility is assumed for matters of a legal nature.

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. There is, therefore, no indisputable single value. While Sampath Soora, Registered Valuer, has provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.

The work does not constitute certification of Provisional Financial Statements and Financial Projections, and therefore we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

While issuing this report, we were provided with both written and verbal information. We have evaluated the information provided by the Management through broad inquiry, analysis, and review. We assume no responsibility for any errors in the above information furnished by the Management and consequential impact on the valuation. We do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to us.

Where in any situation/circumstance, additional information affecting this Valuation Report comes to light, we reserve the right, at our discretion to change or modify the Valuation Report so as to reflect such additional information.

Our work does not constitute certification or due diligence of the past working results of the company and we have relied upon the information provided by the company.

The draft of the present report was circulated to the Management for confirming the facts



stated in the report and to confirm that information or facts stated are not erroneous and the assumptions used are reasonable.

Review and development of the financial projections is a subject matter of Management responsibility. While we reviewed the financial projections in comparison to the historical levels, we do not take responsibility of the financial projections considered in developing this analysis. Future performance of the company which would result in meeting or not meeting the financial projections is based on matters that are outside the purview of this analysis and we do not take any steps in monitoring performance post the date of signing of this report.

This document has been prepared solely for the purpose of assisting Management to understand the fair market value of their Company in the pursuit of raising investments through private placement and therefore any person/party intending to provide finance/invest in the shares/business of the Company shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

The decision to carry out the transaction (including consideration thereof) on the basis of this valuation lies entirely with the Management/ the Company and our work and our finding shall not constitute a recommendation as to whether or not the Management/ the Company should carry out the transaction.

Our Valuation Analysis should not be construed as investment advice. We do not express any opinion on the suitability or otherwise of entering into any transaction with the Company.

Sampath Soora, nor his employees or agents shall be liable to shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein in this report.

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This opinion is not valid for any other purpose and reliance placed by any other party including but not limited to the Investor/Lender(s) is not binding upon Sampath Soora nor his employees or agents or any of them. Further, the fees for this engagement is not contingent upon the recommendation, consideration of the facts and purpose of recommendation.

Sampath Soora, nor employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness, or completeness of the information, based on which the report is issued.



CA.Sampath Soora

Registered Valuer

Regd.No. IBBI/RV/02/2019/11607

VRN: IOV/2023-2024/6058

February 11, 2024

Annexure - I

Pricing - Preferential Allotment

S.No	Particulars	Amount
1	Relative Valuer per Share (Annexure II)	464.81
2	Value per Equity shares - Regulatory Approach	469.21
	Higher of (1) & (2)	469.21

Pricing - ICDR Regulation (Regulatory Approach)

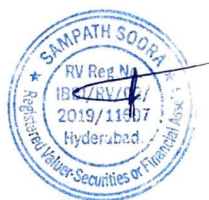
S.No	Particulars	Amount
1	Average of 90 day trading VWAP	469.21
2	Average of 10 days trading VWAP	461.59
	Higher of (1) & (2)	469.21



Annexure - II

Value per Share - Asset, Income and Market Approach

S. No	Particulars	Amount (A)	Weights (W)	Amount (AxW)
1	Asset Approach	61.11	0%	0.00
2	Income Approach	468.10	50.00%	234.05
3	Market Approach	461.52	50.00%	230.76
	Relative Valuer per Share			464.81



ASM Technologies Limited*(Amount in INR, in Millions)***Valuation of Equity Shares - Asset Approach (Book Value basis)**

Particulars	Value
Assets	
Tangible Assets	305
Intangible Assets	165
Goodwill on Consolidation	-
Investments	190
Loans	21
Deferred Tax Assets (Net)	
Other Non-Current Assets	121
Inventories	33
Investments	190
Trade Receivables	561
Cash and Cash Equivalents	69
Loans	21
Others	1
Other Current Assets	51
Total Assets	1,730
Liabilities	
Long-term Borrowings	315
Lease Liabilities	99
Provisions	19
Other Long-term Liabilities	-
Short-term Borrowings	337
Lease Liabilities	99
Trade Payables	72
Other financial liabilities	9
Other Current Liabilities	62
Short-term Provisions	46
Total Liabilities	1,059
Net Asset Value	671
No. of outstanding shares	11
Value per Equity Share (Actuals)	61.11



Valuation of Equity Shares - Market Approach (Comparable Company Multiple Method)

ID	Company	EV/Revenue
BSE:532395	AXISCADES Technologies Limited	3.86x
BSE:517536	Onward Technologies Limited	2.72x
NSEI:DATAMATICS	Datamatics Global Services Limited	2.40x
NSEI:BSOFT	Birlasoft Limited	4.23x
	Average (A)	3.30x
	Median (B)	3.29x
	Revenue of ASM Technologies ©	1,739
	Enterprise Value (D= B x C)	5,720
	Less: Value of Debt	652
	Implied Market Value	5,068
	No. of outstanding Shares	11
	Value per Equity Share (Actuals)	461.52



(Indian Rupees, in Millions)

ASM Technologies Limited

Discounted Cash Flow Analysis

Particulars	31-03-2024	31-03-2025	31-03-2026	31-03-2027
NOPAT	-3	454	695	932
Adjust: Adjusted Income Tax	5	-89	-146	-198
Adjust: Changes in Net Working Capital	6	-189	-177	7
Adjust: Outflow of Non-Current Assets	-	-154	-125	-125
Future Free Cash Flow to the Firm (FCFF)	8	21	247	616
Period Factor	0.03	1.03	2.03	3.03
Mid-Period Factor	0.01	0.54	1.54	2.54
Pv Factor @ 12.37%	1.00	0.94	0.84	0.74
Pv of Discounted FCFF (Discreet Cash Flow)	8	20	207	458
Sum of Discreet Cash Flow	693			
Add: Terminal Value @ 3.00% Growth	5,032			
Add: Cash & Cash Equivalents	69			
Enterprise Value	5,793			
Less: Value of Debt	652			
Value attributable to Shareholders	5,141			
Value attributable to Shareholders (Rounded Off)	5,140			
Number of Outstanding Shares (in Millions)	11			
Value per Equity Share	468.10			

