



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

REPORT ON VALUATION OF SHARES OF SLONE INFOSYSTEMS LIMITED

STRICTLY PRIVATE & CONFIDENTIAL

I, Anirudh Kumar Tanvar, Registered Valuer have been requested by the Management of **SLONE INFOSYSTEMS LIMITED (CIN: L72900MH2022PLC396387)** (hereinafter referred to as "SIL" or "the Company") to undertake the valuation of Equity Shares of the Company and issue a report recommending the fair value per Equity Share of the Company as per Securities And Exchange Board Of India (Issue Of Capital And Disclosure requirements) Regulations, 2018 for issuing Equity Shares.

In the following paragraphs I have summarized my understanding of the key facts, key information relied upon, valuation approach and limitations to my scope of work:-

1 BACKGROUND

Slone Infosystems Limited is an Indian listed Company, which was incorporated on 29th December, 2022. The Company operates primarily in the IT hardware solutions industry within India. The Equity Shares of the Company are presently listed on National Stock Exchange of India Limited (NSE).

The Registered Office of the Company is located at Office 203, 2nd Floor, Mohini Height CHS Ltd, 5th Road, Khar West, Behind Rajasthan Hotel, Khar Delivery, Mumbai, Maharashtra, India, 400052.

2 PURPOSE OF VALUATION

I have been informed by the Management of the Company, (hereinafter referred to as "the Management") that the Company intends to issue share warrants.

In this connection, I have been appointed on 6th November, 2024, to carry out valuation of Equity Shares of the Company in accordance with Regulation 166A read with regulation 164 and other applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time and Articles of Association of the Company.



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

3 CONFLICT OF INTEREST

I do not have any interest or conflict of interest of any kind with the Company with respect to the valuation undertaken by me. Further, the fees for this engagement is not contingent upon the results arrived under this valuation exercise.

4 SOURCES OF INFORMATION

For the purpose of the valuation exercise I have relied upon the following sources of information provided by the management of the Company:

- (a) Audited Financial Statements for the year ended 31st March, 2024 and 31st March, 2023.
- (b) Shareholding pattern of the Company as on date;
- (c) Memorandum and Articles of Association of the Company;
- (d) Information including market prices, trading volumes etc., available in public domain and databases such as NSE, YahooFinance, etc.
- (e) Such other information and explanations as required and which has been provided by the Management of the Company.

5 RELEVANT DATE & REPORT DATE

The analysis of the Fair Value of the Share Warrants of the Company has been carried out as on the Relevant Date i.e. 5th November, 2024 and valuation report date is 11th November, 2024. As per Regulation 161 of the SEBI ICDR, 2018, "relevant date" means in case of preferential issue, the date thirty days prior to the date on which the meeting of Equity Shareholders is held to consider the proposed preferential issue. 5th December, 2024 is the date of the Extra Ordinary General Meeting .

6 VALUATION APPROACHES

For the purposes of valuation, generally the following approaches are adopted:

- (a) the 'underlying asset' approach;
- (b) the 'Income' approach; and
- (c) the 'market' approach.

(a) 'underlying asset' approach

In case of the 'underlying asset' approach, the value per share is determined by arriving at the net assets (Assets Less Liabilities) of the Company.

(b) 'Income' Approach



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

Under the 'Income' approach, the equity shares of the company can be valued using either Discounted Cash Flow (DCF) Method - FCF Approach or Price Earning Capacity Value (PECV) Method.

DCF Method

Under the DCF method, the projected free cash flows from business operations after considering fund requirements for projected capital expenditure, incremental working capital and other adjustments are discounted at the Weighted Average Cost of Capital (WACC). The sum of the discounted value of such free cash flows and discounted value of perpetuity is the value of the business.

Using the DCF method involves determining the following:

- *Estimating the future free cash flows:*
Future Free cash flows are the cash flows expected to be generated by the entity that are available to the providers of entity's capital. The free cash flows under the FCF method are determined by adjusting the Earnings before Taxes, Depreciation and Amortization for capital expenditure, taxes and working capital.
- *Time frame of such cash flows:*
The time frame for free cash flows is determined by separating the value of the business in the explicit projection period and the post explicit projection period.
- *Appropriate Discount rate (WACC):*
Under DCF-FCF Method, the time value of money is recognized by applying a discount rate viz. WACC to the future free cash flows to arrive at their present value as on the date of valuation. WACC is considered as the most appropriate discount rate in the DCF Method since it reflects both the business and the financial risk of the company. In other words, WACC is generally the weighted average of the company's cost of equity capital. Normally, in stable growth companies the cost of equity is determined by using Capital Asset Pricing Model ('CAPM'). The WACC arrived as per the Working is adjusted for additional risk premium on account of uncertainty of the Management projections.
- *Terminal or perpetuity value:*
The Perpetuity value of an ongoing business is determined as present value of the estimated future free cash flows by capitalizing the free cash flows of the last year of the explicit projection period into perpetuity using an appropriate rate of return and perpetual growth rate.
- *Value for Equity Shareholders:*
The equity value so arrived at under 'income' approach is divided by the outstanding number of equity shares as on the date of valuation to arrive at the value per share of the Company.



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

PECV Method

Under PECV method, the average earnings on the basis of past years are first determined, adjustments are then made for any exceptional transactions or items of non-recurring nature. The adjusted average earnings are then capitalized at an appropriate rate to arrive at the value of business. The capitalization rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E prevailing in the industries etc.

In the present case Price Earning Capacity Value (PECV) Method has been considered.

(c) 'Market' Approach

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

As per Guidelines for Preferential Issue, the minimum price at which shares are to be issued (in case of frequently traded shares) is prescribed under Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Regulation 164 (1) states - If the equity shares of the issuer have been listed on a recognised 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 recognised stock exchange preceding the relevant date; or
- b. The 10 trading days volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or

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.

Regulation 164 (5) states "frequently traded shares" means the shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of shares of the issuer.



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

Explanation to regulation 164 states that - For the purpose of this regulation, '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 90 trading days prior to the relevant date.

7 METHODOLOGY OF VALUATION

Since in the present case, Equity Shares of SIL, a listed Indian Company, would be issued on preferential basis, as per guidelines for Preferential Issue, the Minimum Price at which shares are to be issued (in case of frequently traded shares) is prescribed under Regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

In the present case, Equity Shares of SIL are listed on NSE, which are widely held, regularly and frequently traded with reasonable volumes on the exchanges. I have therefore used the market price approach to value the equity shares of SIL as per the regulations of Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018. Moreover the trading volume of the equity shares of the Company was higher on NSE during the preceding 90 trading days prior to the relevant date hence the 90 trading days volume weighted average price and the 10 trading days volume weighted average price of the equity shares on NSE has been considered. The Articles of Association of the Company do not provide any method for determination of price. The detailed working of the calculation is provided at Annexure – I.

I have also considered NAV method to value the shares by arriving at the net assets (Assets Less Liabilities) of the Company as per the unaudited financials of the Company as on 31st March, 2023 as per working provided in Annexure II.

I have also considered the Price Earning Capacity Value (PECV) Method as per working provided in Annexure III.

Regulation 164 states that the floor price shall be higher of the price determined as per Regulation 164 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 issuer, if applicable. Hence the higher of the price obtained from the above methods has been considered.

8 RECOMMENDATION

Based on my analysis of the valuation and subject to the caveats as further detailed in this report, the recommended fair value of share warrants is **Rs. 163.82/- (Rupees One Hundred and Thirty Paise Ninety Seven Only)** per equity share of the face value of Rs. 10/- each (as detailed in workings at Annexure V to this Report) as on 05/11/2024.



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

9 EXCLUSIONS AND SCOPE LIMITATIONS

This report is subject to the scope limitations 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 and in the context of the purpose for which it is made.

No investigation of the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of legal nature.

The work does not constitute certification of the historical financial statements including the working results of the Company referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of the engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.

This report is issued on the understanding that the Company has drawn my attention to all material information, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on my opinion, on the value of the equity share of the Company, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I also have no responsibility to update this report for events and circumstances occurring after the date of this report.

This Valuation Report does not look into the business/commercial reasons behind the proposed transaction or address any potential synergies to the Company and other parties connected thereto.

In the course of the valuation, I was provided with both written and verbal information. I have evaluated the information provided to me by the Company through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to me.

The report is not, nor should it be construed as opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.

The information contained herein and the report is confidential. Any person/party intending to provide finance/invest in the shares/businesses 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. It is to be



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI


noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only after obtaining prior permission in writing.

This document has been prepared solely for the purpose of assisting the Company, under consideration, in recommending the fair value per equity share of the Company.

By its very nature, valuation work cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, opinion on the valuation exercise may differ due to application of the facts and assumptions, formulas used and numerous other factors. There is, therefore, no indisputable single value or standard methodology for arriving at the value per equity share. Although my conclusions are in my opinion reasonable, it is quite possible that others may not agree.

I, nor my 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. All such parties expressly disclaim any and all liability for, or based on, or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the company referred herein or any person connected thereto.

Thanking You,
Yours faithfully,




Anirudh Kumar Tanvar

REGISTERED VALUER: Securities or Financial Assets
IBBI Registration Number IBBI/RV/07/2020/13025

Place: Mumbai

Date: November 11th, 2024



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

ANNEXURE – I

Calculation as per Regulation 164 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Proposed date of Extra-ordinary General Meeting (EGM)	5 th December, 2024
Relevant date (30 days prior to date of EGM)	5 th November, 2024

1. VWAP for a period of 90 trading days (Day number 1 being earliest)

Day Number	Date	Total Traded Quantity	Turnover (Rs.)
1	26-Jun-24	5,82,400	9,98,83,760
2	27-Jun-24	2,09,600	3,43,49,600
3	28-Jun-24	1,28,000	2,08,66,720
4	01-Jul-24	81,600	1,36,76,240
5	02-Jul-24	44,800	74,89,760
6	03-Jul-24	67,200	1,11,23,200
7	04-Jul-24	73,600	1,19,29,760
8	05-Jul-24	1,26,400	1,94,36,320
9	08-Jul-24	48,000	71,21,040
10	09-Jul-24	89,600	1,41,17,360
11	10-Jul-24	94,400	1,49,70,720
12	11-Jul-24	32,000	51,29,440
13	12-Jul-24	44,800	69,19,040
14	15-Jul-24	27,200	41,07,040
15	16-Jul-24	49,600	78,57,440
16	18-Jul-24	68,800	1,13,94,640
17	19-Jul-24	16,000	25,42,240
18	22-Jul-24	8,000	12,96,000



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

19	23-Jul-24	17,600	27,63,760
20	24-Jul-24	9,600	14,91,760
21	25-Jul-24	1,600	2,52,640
22	26-Jul-24	19,200	30,16,960
23	29-Jul-24	9,600	14,69,440
24	30-Jul-24	14,400	22,44,720
25	31-Jul-24	9,600	15,15,200
26	01-Aug-24	27,200	43,09,280
27	02-Aug-24	57,600	93,01,040
28	05-Aug-24	30,400	47,36,240
29	06-Aug-24	35,200	52,38,320
30	07-Aug-24	9,600	14,36,560
31	08-Aug-24	24,000	37,09,920
32	09-Aug-24	19,200	29,92,320.00
33	12-Aug-24	14,400	21,94,480
34	13-Aug-24	6,400	9,73,120
35	14-Aug-24	3,200	4,76,800
36	16-Aug-24	12,800	18,88,400
37	19-Aug-24	30,400	43,15,040
38	20-Aug-24	30,400	42,55,200
39	21-Aug-24	35,200	50,55,120
40	22-Aug-24	35,200	53,80,880
41	23-Aug-24	40,000	63,95,600
42	26-Aug-24	75,200	1,22,24,640
43	27-Aug-24	17,600	28,76,320



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

44	28-Aug-24	52,800	89,39,280
45	29-Aug-24	60,800	1,09,42,320
46	30-Aug-24	59,200	1,07,84,160
47	02-Sep-24	41,600	75,50,320
48	03-Sep-24	8,000	14,78,960
49	04-Sep-24	19,200	34,80,080
50	05-Sep-24	30,400	52,04,960
51	06-Sep-24	9,600	16,67,600
52	09-Sep-24	19,200	31,99,600
53	10-Sep-24	14,400	24,34,880
54	11-Sep-24	30,400	50,40,400
55	12-Sep-24	16,000	26,93,200
56	13-Sep-24	6,400	10,97,600
57	16-Sep-24	12,800	20,87,840
58	17-Sep-24	22,400	35,87,440
59	18-Sep-24	20,800	34,59,040
60	19-Sep-24	25,600	43,51,520
61	20-Sep-24	14,400	24,60,720
62	23-Sep-24	8,000	13,24,640
63	25-Sep-24	14,400	23,52,160
64	26-Sep-24	6,400	10,16,160
65	27-Sep-24	8,000	12,58,800
66	30-Sep-24	38,400	62,87,680
67	01-Oct-24	12,800	22,01,280
68	03-Oct-24	28,800	50,25,200



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

69	04-Oct-24	12,800	21,67,040
70	07-Oct-24	12,800	21,28,000
71	08-Oct-24	4,800	7,87,280
72	09-Oct-24	12,800	21,46,400
73	10-Oct-24	16,000	26,13,280
74	11-Oct-24	16,000	26,58,720
75	14-Oct-24	33,600	54,68,800
76	15-Oct-24	65,600	1,03,09,520
77	16-Oct-24	48,000	74,21,440
78	17-Oct-24	60,800	95,53,200
79	18-Oct-24	43,200	65,72,880
80	21-Oct-24	24,000	37,85,280
81	22-Oct-24	46,400	76,02,320
82	23-Oct-24	6,400	10,28,400
83	24-Oct-24	8,000	12,88,080
84	25-Oct-24	19,200	30,26,880
85	28-Oct-24	1,600	2,55,840
86	29-Oct-24	48,000	79,04,400
87	30-Oct-24	57,600	92,48,720
88	31-Oct-24	28,000	47,61,840
89	01-Nov-24	6,400	10,95,240
90	04-Nov-24	36,800	61,19,840
	TOTAL	35,67,200	58,25,93,320
VWAP of 90 trading days volume weighted average price ("VWAP") preceding the relevant date			163.32



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

2. VWAP for a period of 10 trading days (From earliest to latest)

Day Number	Date	Total Traded Quantity	Turnover (Rs.)
1	22-Oct-24	46,400	76,02,320
2	23-Oct-24	6,400	10,28,400
3	24-Oct-24	8,000	12,88,080
4	25-Oct-24	19,200	30,26,880
5	28-Oct-24	1,600	2,55,840
6	29-Oct-24	48,000	79,04,400
7	30-Oct-24	57,600	92,48,720
8	31-Oct-24	28,000	47,61,840
9	01-Nov-24	6,400	10,95,240
10	04-Nov-24	36,800	61,19,840
	TOTAL	2,58,400	4,23,31,560
VWAP of 90 trading days volume weighted average price ("VWAP") preceding the relevant date			163.82

Minimum issue price for the proposed preferential issue as per Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018 is higher of VWAP of 90 previous trading days or VWAP of 10 previous trading days. As VWAP of 10 previous trading days is higher, the minimum issue price as per Securities And Exchange Board Of India (Issue Of Capital And Disclosure requirements) Regulations, 2018 is **Rs. 163.82/-**.

* trading volume of the equity shares of the Company was higher on NSE during the preceding 90 trading days prior to the relevant date hence NSE has been considered as the recognized stock exchange.



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

ANNEXURE – II

Valuation based on Intrinsic value Method as per Audited Financials as on 31/03/2024

Particulars	Rs. in Lakhs
Financial and Non-Financial Assets	2086.89
Less: Outside Liabilities	765.41
Net Asset Value	1321.48
No of Equity Shares (Actuals)	38,69,013
Equity Per Share (Rs. Actual)	34.16



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

ANNEXURE III

Calculation as per PECV Method

1. Average Earnings of previous 2 (Two) Years:

(Rs. In lakhs)

Particulars	F.Y.	F.Y.
	2023-2024	2022-2023
Total Income	6107	537
Total Expenses	5550	495
Net Profit/ (Loss) before tax and exceptional items	557	42
Average Earnings for previous two years	300	

2. Capitalization Rate:-

Considering the type of business and industry Capitalization rate (Expected Rate of return) of 20% is recommended.

3. Capitalized Earnings:-

Capitalized Earnings = Average Net Earnings before tax * (1+ Capitalization Rate)

$$= 300 \text{ Lakhs} * (1+ 20\%)$$

$$= 360 \text{ lakhs}$$

4. Value per share = Capitalized Earnings / No of Equity Shares

$$= 360 \text{ Lakhs} / 38,69,013 \text{ (actual)}$$

= Rs. 9.30 per share



Anirudh Kumar Tanvar

B.Com (P), M.Com (Acct & Business Statistics), DCA,
Company Secretary, Registered Valuer - IBBI, Peer Reviewer - ICSI

ANNEXURE – IV

Valuation Method	Value per share (Rs.)	Weight	Weighted Average Equity Value (Rs.)
Market Price (as prescribed under regulation 164) (Market Approach)	163.82/-	100%	163.82/-
Underlying Asset (NAV) (Asset Approach)	34.16/-	0%	-
Price Earning Capacity Value (PECV) (Income Approach)	9.30/-	0%	-
Value per share (Rs.)	163.82/-		

*I would like to emphasize that equity value per share under the market price method as prescribed Regulation 164 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 is higher than the price determined by the NAV method and the PECV method, hence I have not given any weightage to the price determined as per the Asset Approach and the Income Approach. As per SEBI ICDR regulations any listed company issuing Equity Shares cannot issue below the floor price determined as per Regulation 164 which states that the floor price shall be higher of the price determined as per Regulation 164 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 issuer, if applicable.