

**Valuation Report
of
MosChip Technologies Limited
CIN: L31909TG1999PLC032184**

**Prepared by:
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(IBBI Registered Valuer (SFA))
Registration No. IBBI/RV/05/2021/14062**

Report Date: March 28, 2023

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AKR



Date: March 28, 2023

To,
The Board of Directors,
MosChip Technologies Limited,
7th Floor, My Home Twitza, Plot No.30/A,
Sy.No.83/1 TSIIC Hyderabad Knowledge City,
Raidurg, Panmaktha, Hyderabad, Telangana – 500081.

Dear Sir / Madam,

Subject: Valuation of Equity Shares of MosChip Technologies Limited (the “Company”)

I. Purpose:

I have been engaged by the Company having registered office at 7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1 TSIIC Hyderabad Knowledge City, Raidurg, Panmaktha, Hyderabad – 500081, for the purpose of valuation of equity shares of the Company.

The Company is evaluating the fair market value of equity shares under preferential issue of shares under the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR Regulations, 2018).

Since, the Board of the Directors of the Company may issue equity shares, the Company requires Valuation of its shares for issuing shares in terms of the regulations under SEBI ICDR Regulations, 2018.

Accordingly, as per the request received from the Company, I am are valuing the Equity Shares of the Company considering March 27, 2023 as relevant date.

The information contained herein and our report is confidential. It is intended only for the sole use for the Company, and only in connection with the purpose mentioned above. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the purpose as aforesaid, can be done only with our prior permission in writing.

II. About the Valuer:

Srivenkata Krishna Rao Nagam is an Independent valuer and he is registered with Insolvency and Bankruptcy Board of India (“IBBI”) with Registration No.: IBBI/RV/05/2021/14062 for the purpose of carrying out the said valuation of equity shares.




III. Background/Information about the Company

The Company was incorporated in Hyderabad in 1999. The registered office of the company is situated at 7th Floor, My Home Twitza, Plot No.30/A, Sy.No.83/1 TSIIC Hyderabad Knowledge City, Raidurg, Panmaktha, Hyderabad, Telangana – 500081. The Company is presently listed on BSE Limited (BSE). The share capital and holding structure of the Company, on a fully diluted basis, as on December 31, 2023 is as under:

Particulars	Amount in INR
Issued, subscribed and paid-up Capital 16,61,38,090 Equity Share of INR 2 each fully paid-up	33,22,76,180

(Source: Shareholding Pattern as on December 31, 2022 filed with BSE)

IV. Shareholding Pattern of the Company

Shareholding pattern as on December 31, 2023

Particulars	% of holding
Promoter & Promoter Group	55.15 %
Other than Promoter & Promoter Group	44.73 %
Shares held by employee trust	0.12 %
Total	100.00%

(Source: Shareholding Pattern as on December 31, 2022 filed with BSE)

V. Appointing Authority

I was assigned with this project of valuation of the equity shares of the Company by the Audit Committee of Board of the Company and engagement letter for this project has been signed by Mr. Jayaram Susarla, CFO of the Company.

VI. Disclosure of Valuer's interest/ conflict:

The Valuer is not related to the Company or its Promoters or its Directors or their relatives. The Valuer does not have any interest or conflict of interest with respect to the valuation under consideration.

VII. Sources of Information:

I was provided with the following information by the Company for the valuation purpose as aforesaid:

- ❖ Brief background of the business of the Company.
- ❖ Audited Financial Statements of last 3 years.
- ❖ Information available in the Public Domain;
- ❖ Latest Shareholding Pattern on December 31, 2022



- ❖ Market prices available on BSE.

VIII. Approach Considered in our Value Analysis

General Principle for Valuation

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties. Broadly there are three approaches of Valuations which are as follows:

- "Net Asset Approach"
- "Profit Earning Capacity Value (PECV) Approach"
- "Market" Approach
- "Comparable Company Method"
- "Discounted Cash Flow (DCF) Method"

In summary:

The application of any method of valuation depends on the purpose for which the valuation exercise is performed; relevance of each method under the circumstances of the case and other factors as determined appropriate. The brief methodology in each of the three approaches as mentioned above is as mentioned hereunder:

- ❖ **Net Asset Approach:** This method takes into account the value of the assets of the business or the net worth as represented in the financial statements of the Company. For the purposes of arriving at net asset value per share, the net worth so arrived at shall be divided by the number of equity shares issued and paid-up.
- ❖ **Profit Earning Capacity Value (PECV) Approach:** This method of valuation presumes the continuity of the business and uses the past earnings to arrive at an estimate of future maintainable profits (FMP). For the purpose of the calculating PECV of shares, commonly accepted approach is to capitalize weighted average of past earnings, at an appropriate rate of capitalization, to arrive at the fair value per share.
This method of valuation for determination of fair value of equity share is not suitable as the MosChip didn't have earning in the last three years except FY22
- ❖ **Market Approach:** The market approach is a method of determining the value of shares based on the quoted price in the respective stock exchange where the shares have been listed.



- ❖ **Comparable Company Method:** The Comparable Companies Multiple Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. 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, such as growth potential, past track record, size, company dynamics, etc.
- ❖ **Discounted Cash Flow (DCF) Method:** The Discounted Cash Flow Method involve forecasting the Free Cash Flows available to Equity and Estimated Terminal value and discounted back to the valuation date with Cost of Equity for the Company to arrive at the value available to equity shareholders. We have not carried out the valuation of the Company using the Discounted Cash Flow Method since the purpose in case of the subject company under valuation is different.

IX. Selection of Valuation Methodology

The objective of the valuation process is to make a best reasonable judgment of the value of the Equity Shares of the Company. The Company's equity shares are presently listed on BSE and are frequently traded at BSE.

Further, since the Company may issue shares to the proposed allottees, in terms of the provisions of the regulations under SEBI ICDR Regulations, 2018, as amended up to date, the Company requires Valuation of its equity shares for issuing equity shares on preferential basis. The best reasonable judgment of the value will be referred to as higher of fair value as per this report and price calculated in terms of the provisions of SEBI ICDR Regulations, 2018.

Fair Value as calculated hereinafter as on March 27, 2022 being relevant date - As per Annexure-I.	Rs.32.36
Market Price as calculated - As per Annexure-II.	Rs.65.22
Whichever is higher as above	Rs.65.22

X. Valuation & Conclusion

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors.

The Fair Market Value per equity share of the Company as per above methodology is Rs.65.29 (Rupees Sixty Five and twenty two Paise) which is the minimum price at which the equity shares may be issued to the proposed allottee.



XI. Limitations & Disclaimers

- Our 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.
- 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 I have 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.
- Our scope of work does not enable me to accept responsibility for the accuracy and completeness of the information provided to me. I have, therefore, not performed any audit, review, due diligence or examination of any of the historical or prospective information used and therefore, does not express any opinion with regards to the same.
- No investigation on 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. No consideration has been given to liens or encumbrances against the assets, beyond the liabilities in the books. Therefore, no responsibility is assumed for matters of a legal nature.
- Our work does not constitute an audit or certification of the historical financial statements/prospective results 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 mentioned in the report is as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- In the course of the valuation, I was provided with both written and verbal information. I have however, evaluated the information provided to me by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Company. I assume no responsibility for any errors in the above information furnished by the Company and consequential impact on the present exercise.
- A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular. This report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Company and any other matter, which may have an impact on our opinion, on the fair value of the Equity shares of the Company including any significant changes that have taken place or are likely to take place in the financial position of the Company. I have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 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 Company and our work and our finding shall not constitute a recommendation as to whether or not the Company should carry out the transaction.
- Our report is meant for the purpose as mentioned and should not be used for any purpose other than the purpose mentioned therein. 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.
- Neither Valuer, nor its partners/directors, managers, employees make any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

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Srivenkata Krishna Rao Nagam
IBBI-Registered Valuer (SFA)
Registered No. IBBI/RV/05/2021/14062

Date: March 28, 2023
Place: Hyderabad



Annexure-I

1. Net Asset Approach:

Amounts in Lakhs

Particulars	As on 31 March 2022	As on 31 Dec 2022
Share Capital	3,197	3,319
Securities Premium	14,286	17,371
Capital Reserve	1,087	1,087
Retained Earnings	(11,785)	(11,182)
Other Reserves	560	948
Net worth	7,345	11,542
No. of shares	160,044,195	166,138,090
NAV	4.59	6.95

Note: NAV Price Rounded off up to two decimal places.

2. Profit Earning Capacity Value (PECV) Approach: Not Applicable

3. Closing Market Price as on March 24, 2023 (Relevant date March 27, 2023) – Rs. 65.61
(www.bseindia.com)

4. Comparable Company Method

	MosChip	Happiest Minds	MTAR	TATA Elxsi	Dixon Technologies
PAT for FY 2021-22	537.10	18,120.00	6,088.10	54,967.15	19,033.00
No. of Shares	166,138,090	146,863,556	30,759,591	62,276,440	59,341,935
Market Price as on 24 March 2023	65.61	797.10	1,608.30	5,992.85	2,880.65
MARKET CAPITALISATION (Amount in lakhs)	109,003	1,170,649	494,707	3,732,134	1,709,433
Market Capi / PAT	202.95	64.61	81.26	67.90	89.81
Total Valuation of MosChip (Amount in Lakhs)		34,699.55	43,643.64	36,467.76	48,239.20
Per Share Value as per CCM		20.89	26.27	21.95	29.04
Average Price Per Share					24.54

(MosChip: MosChip Technologies Limited, Happiest Minds: Happiest Minds Technologies Limited, MTAR: MTAR Technologies Limited, TATA Elxsi: TATA ELXSI Limited, Dixon: Dixon Technologies Limited)

Weighted Average	Price per Share	Weight	Product
Net Asset Value Method	6.95	1.00	6.95
Comparable Company Method	24.54	1.00	24.54
Market Price as on 24 March 2023 (relevant date 27 March 2023)	65.61	1.00	65.61
		3.00	97.09
	Fair Market Price		32.36

Note: the above companies are taken as comparable as their nature of business is similar to MosChip Technologies Limited.



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Annexure-II

Market Price as per SEBI ICDR Regulations, 2018:

The Company's equity shares are presently listed and trading on BSE.

As per SEBI ICDR Regulations, 2018, the Company's equity shares are frequently traded. The price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

Market Price (10 trading days volume weighted average price quoted at BSE during the 10 trading days preceding the relevant date i.e. March 27, 2023)	Rs. 62.63
Market Price (90 trading days volume weighted average price quoted at BSE during the 90 trading days preceding the relevant date i.e. March 27, 2023)	Rs. 65.22
Higher of the above (Whichever is higher) Say (Rounded)	Rs. 65.22



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