

## **ACCORD SYNERGY LIMITED**

CIN: L45200GJ2014PLC079847 | NSE SME Emerge Platform

### **ADDENDUM TO VALUATION REPORT**

Supplementary Explanation of Methodology Exclusions

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IBBI Registration No.: IBBI/RV/03/2019/12285

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#### **1. PREAMBLE**

This Addendum is issued as a supplement to the Valuation Report dated May 2026 prepared for the purpose of determining the Floor Price of equity shares of Accord Synergy Limited (hereinafter referred to as "the Company" or "ASL") in accordance with Regulation 164 read with Regulation 166A of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations").

During the course of the valuation engagement, two commonly employed methodologies - (i) the Net Asset Value ("NAV") / Cost Approach, and (ii) the Discounted Cash Flow ("DCF") / Income Approach - were considered but ultimately not adopted. This Addendum provides a detailed elaboration of the professional and analytical reasoning underlying the exclusion of each of these approaches, with specific reference to the financial data and circumstances of the Company.

The Addendum should be read in conjunction with the main Valuation Report and is subject to all the assumptions, qualifications, limitations and disclaimers set out therein.

#### **2. BASIS FOR ADOPTION OF THE NET ASSET VALUE (NAV) / COST APPROACH WITH LIMITED WEIGHTAGE**

##### **2.1 Overview of the Cost Approach**

The Cost Approach (also referred to as the Net Asset Value or Book Value Method) determines the value of a business by computing the net realisable value of its total assets after deducting all outstanding liabilities. In principle, the approach answers the question: how much would a rational buyer pay for the individual assets of the business, less what they would inherit in liabilities?

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For reference, the NAV computation prepared as of 30th September 2025, based on the Company's limited review half-yearly financial statements, yields the following:

	<b>Rs. in Lakhs</b>
<b>Particulars</b>	<b>30-09-2025</b>
<b>ASSETS</b>	
<b>NON-CURRENT ASSETS</b>	
(a) Property, Plant & Equipment & Intangible Assets	
(i) Property, Plant & Equipment	70.28
(ii) Intangible assets	21.71
(iii) Capital work-in-progress	-
(iv) Intangible Asset under development	-
(b) Non-Current Investments	-
(c) Deferred Tax Assets (Net)	7.54
(d) Long-Term Loans and Advances	-
(e) Other Non-Current Assets	124.67
<b>CURRENT ASSETS</b>	
(a) Current Investments	-
(b) Inventories	167.32
(c) Trade Recievables	1166.51
(d) Cash and Cash Equivalents	96.66
(e) Short-Term Loans and Advances	344.64
(f) Other Current Assets	-
<b>TOTAL (A)</b>	<b>1,999.34</b>
<b>NON-CURRENT LIABILITIES</b>	
(a) Long-Term Borrowings	70.62
(b) Deferred Tax Liabilities (Net)	-
(c) Other Long Term Liabilities	-
(d) Long-Term Provisions	38.45
<b>CURRENT LIABILITIES</b>	
(a) Short-Term Borrowings	-
(b) Trade Payables	68.40
(c) Other Current Liabilities	340.29
(d) Short-Term Provisions	12.48
<b>TOTAL (B)</b>	<b>530.23</b>
<b>Net Asset Value (A-B)</b>	<b>1,469.10</b>
<b>Total Outstanding Equity Shares</b>	<b>34,72,000</b>
<b>Net Value Per Share</b>	<b>42.31</b>

Source: Limited Review Statement of Assets and Liabilities of Accord Synergy Limited as on 30th September 2025.

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The Cost Approach (NAV Method) has been considered and assigned a weightage of 50% in the final valuation. Whilst the NAV computation (Rs. 42.31 per share as at 30th September 2025) provides a useful, balance-sheet-anchored reference for the Company's intrinsic worth, the following considerations and limitations have been noted, which form the basis for limiting its weightage to 50% rather than treating it as the sole or predominant methodology:

## **2.2 Company is a Going Concern - NAV Reflects Static Book Value and May Understate Earning Potential**

The Company is presently operating as a going concern and is expected to continue to do so for the foreseeable future. The NAV methodology is predicated on a liquidation or break-up premise; it reflects the static book value of a business at a point in time and does not capture the forward-looking earning potential, growth prospects, or the operational momentum of an ongoing enterprise. Applying the NAV in a going concern context would invariably result in an underestimation of the economic value of the Company's equity shares.

## **2.3 Business Model is Service-Oriented - Not Asset-Heavy**

Accord Synergy Limited is primarily engaged in telecom infrastructure support services and manpower outsourcing, operating on a subcontracting model for telecom operators and Original Equipment Manufacturers (OEMs). The value drivers of such a business are not its tangible assets but rather its:

- Established relationships with telecom operators and OEMs;
- Technical execution capabilities and trained manpower pool;
- Order pipeline and project execution track record; and
- Operational goodwill, brand presence, and recurring business flows.

None of the above value drivers are captured in the balance sheet or reflected in the NAV. The Cost Approach, by design, ignores intangible value, making it structurally inappropriate for a service-led business such as the Company.

## **2.4 Asset Composition Necessitates Supplementary Corroboration through the Market Price Method**

A granular review of the Company's asset composition as of 30th September 2025 further reinforces this conclusion:

- Trade Receivables of Rs. 1166.51 lakhs (approximately 58.3% of total assets): The single largest asset on the balance sheet is receivables. Receivables are entirely dependent on ongoing business activity and timely collections. In any scenario where

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business decelerates, these receivables would erode significantly, rendering the NAV inherently volatile and unsuitable as a benchmark for equity value.

- Property, Plant and Equipment (net) of Rs. 70.28 lakhs (only approximately 3.5% of total assets): The Company's tangible fixed asset base is minimal. This confirms that the business model is not capital-intensive, and that the bulk of the enterprise value lies in operational intangibles not recognised in the balance sheet.
- Other Non-Current Assets of Rs. 124.67 lakhs : The nature and recoverability of these assets are uncertain and may not reflect their carrying values in a liquidation scenario.
- Short-Term Loans and Advances of Rs. 344.64 lakhs: These are primarily advances given in the ordinary course of business and may not be readily realisable at carrying value in a distress scenario.
- Inventories of Rs. 167.32 lakhs: Telecom infrastructure-related inventory may have limited secondary market value outside of specific project deployment contexts.

## **2.5 NAV Based on limited review Half-Yearly Financials**

The NAV working has been prepared using limited review financial data as at 30th September 2025, representing an interim half-yearly position. The financial statements for the half-year ended September 2025 have not been subjected to a statutory audit and may not reflect all year-end provisions, accruals, depreciation adjustments, and other accounting entries that are typically incorporated at the year-end. Accordingly, placing reliance on such interim data for valuation purposes would introduce a degree of imprecision that is inconsistent with the standards expected of a valuation for regulatory compliance.

## **2.6 NAV Approach Requires Supplementation by Market Price Method for Listed SME Companies**

The NAV / Cost Approach is conventionally applied in a narrow set of situations including: (a) investment holding companies, (b) real estate developers and infrastructure asset owners, (c) companies in financial distress or liquidation proceedings, and (d) asset-heavy industrial companies where asset replacement cost approximates enterprise value. Accord Synergy Limited does not fit any of these categories. It is a listed SME company with a service-based, execution-driven business model, for which market-based and income-based approaches are universally recognised as more appropriate.

## **2.7 SEBI ICDR Regulatory Framework Prescribes Market Price as the Regulatory Floor, Complementing the NAV Reference**

Regulation 164(1) of the SEBI ICDR Regulations mandates a market-price-based floor for preferential allotments by listed companies. The regulatory framework, by prescribing a

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market price floor, itself implicitly acknowledges the primacy of the Market Price Method for such valuations. In this context, the NAV is not a prescribed or mandated comparator, and its application would not serve the regulatory purpose for which this valuation has been undertaken. Further, Regulation 166A, which requires consideration of a registered valuer's report, is intended to ensure that the issue price is not below fair value - a test which is better satisfied by the Market Price Method for a company whose shares are actively traded.

### **2.8 Conclusion on NAV**

Notwithstanding the limitations noted above, the NAV / Cost Approach has been assigned a weightage of 50% in the overall valuation, given that it provides an objective, balance-sheet-anchored reference for the Company's intrinsic worth as at 30th September 2025 (NAV per share: Rs. 42.31). The remaining 50% weightage has been assigned to the Market Price Method (10-day VWAP: Rs. 42.33), which captures the market's current assessment of the Company's equity value and constitutes the regulatory floor prescribed under SEBI ICDR Regulations. The resultant blended fair value, on the basis of the 50:50 weightage, is Rs. 42.32 per share.

## **3. DETAILED REASONING FOR NON-ADOPTION OF THE DISCOUNTED CASH FLOW (DCF) / INCOME APPROACH**

### **3.1 Overview of the DCF Method**

The Discounted Cash Flow (DCF) method is an income-based valuation approach that estimates the intrinsic value of a business by discounting projected future free cash flows to their present value, using an appropriate discount rate (typically the Weighted Average Cost of Capital or Cost of Equity). The DCF approach is widely regarded as the most theoretically rigorous valuation methodology, as it directly measures the present value of expected future economic benefits to equity holders.

For a DCF analysis to yield credible and defensible results, the following critical inputs are essential:

- Detailed financial projections for an explicit forecast period (typically 5 to 10 years), covering Revenue, EBITDA, EBIT, Depreciation and Amortisation, Tax, and Working Capital movements;
- Specific and substantiated assumptions underlying each projection (revenue growth rates, gross margin assumptions, SG&A cost trends, capex plans, depreciation policies);
- A clearly defined terminal value framework (perpetuity growth rate or exit multiple);

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- A robust discount rate calculation supported by appropriate Cost of Equity / WACC derivation (Beta, Risk-Free Rate, Equity Risk Premium, Size Premium, Company-Specific Risk Premium); and
  - Supporting evidence for the projections in the form of confirmed order book, management business plans, industry outlook reports, or comparable benchmarks.

### **3.2 Inconsistency in Historical Profitability Renders Future Cash Flow Projections Untenable**

A review of the audited financial statements of the Company for the financial year ended March 31, 2025 (FY 2024-25) reveals a significant and material deterioration in financial performance, with the Company recording a net loss in FY 2024-25 as against a net profit in the preceding financial year (FY 2023-24). This inconsistency in profitability constitutes a fundamental impediment to the credible application of the DCF / Income Approach.

The key financial indicators from the audited Statement of Comprehensive Income (Profits and Losses) for the two most recent financial years are as follows:

- **Revenue from Operations:** Declined from Rs. 31.88 Crore in FY 2023-24 to Rs. 27.34 Crore in FY 2024-25, representing a contraction of approximately 14.2% on a year-on-year basis.
- **Net Profit / (Loss) After Tax (PAT):** The Company reported a Net Loss of Rs. 1.27 Crore (EPS: Rs. -3.67 per share) for FY 2024-25, compared to a Net Profit of Rs. 39.30 lakh (EPS: Rs. +1.13 per share) in FY 2023-24. This represents a sharp reversal of approximately Rs. 1.67 Crore in bottom-line performance within a single financial year.

The implications of this inconsistency in profitability for the application of the DCF methodology are as follows:

- **Absence of a Reliable Historical Earnings Base:** The DCF methodology requires a stable and historically consistent earnings base from which credible future projections can be derived. Given that the Company has reported a net loss in its most recently concluded financial year (FY 2024-25), any forward-looking projection of positive free cash flows would first necessitate an assumed turnaround in profitability. In the absence of substantiated evidence of such recovery, any such assumption would be inherently speculative and incapable of withstanding professional scrutiny.
- **Inability to Establish Meaningful Base-Year Cash Flows:** A DCF model typically normalises historical cash flows to arrive at a representative starting point for the projection period. Where the most recent financial year reflects a loss – particularly when that loss immediately follows a profitable year – there is no representative or normalised base-year cash flow that can be extrapolated with reasonable confidence.

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Applying a growth rate to a negative base year would produce an internally inconsistent and professionally indefensible result.

- **Revenue Contraction Raises Material Uncertainty Over Recovery Timeline:** The 14.2% contraction in revenue from operations in FY 2024-25 indicates a measurable shrinkage in the Company's business volumes. Any projection of future revenues during the DCF forecast period would first need to account for recovery of lost revenue – a scenario that cannot be validated without confirmed order book data, long-term contracts, or other substantiated management projections. In the absence of such evidence, any assumed revenue trajectory would be arbitrary.
- **Profitability Volatility Signals Elevated Operational Risk:** The sharp swing from a net profit in FY 2023-24 to a net loss in FY 2024-25 – without a corresponding change in the fundamental nature of the business – indicates a high degree of operational sensitivity and cost structure rigidity. This level of earnings volatility makes it virtually impossible to construct a DCF projection that is grounded in reasonable and defensible assumptions, since even minor changes in the revenue or cost parameters produce drastically different valuation outcomes.
- **Consistency with IBBI Valuation Standards:** Under the IBBI (Valuation) of Securities or Financial Assets Rules, 2017, and the internationally recognised valuation principles applicable to Registered Valuers, a valuer is required to adopt a methodology only where the underlying inputs are reliable, verifiable, and supportive of a credible conclusion. Where historical financial data exhibits material inconsistency - including loss-making performance in the most recent audited year - the reliability of forward projections is fundamentally compromised. The adoption of the Income Approach in such circumstances would not meet the requisite professional standard expected of a Registered Valuer.

### **3.3 Business Characteristics of the Company Render DCF Particularly Unreliable**

Independent of the issue of data availability, certain inherent characteristics of the Company's business model make the DCF approach particularly susceptible to estimation error and manipulation:

- **Project-Dependent Revenue Model:** ASL operates on a subcontracting basis for telecom infrastructure projects. Such revenues are not contractually recurring - they are awarded project by project. This makes long-term cash flow forecasting highly uncertain.
- **Client Concentration:** The Company's revenues are concentrated in the telecom sector, and likely in a small number of telecom operators or prime contractors. Any change in the capex or procurement strategy of a major client could materially alter the

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Company's cash flow trajectory, making projections inherently unreliable over a 5 to 10 year horizon.

- No Confirmed Long-Term Contracts: The absence of disclosed, multi-year contracts with telecom operators or OEMs means there is no contractual underpinning for long-term revenue projections.

### **3.4 DCF is Highly Sensitive to Input Assumptions**

It is a well-established principle of valuation practice that the DCF methodology is highly sensitive to small changes in key assumptions, particularly the discount rate and terminal growth rate. A variation of even 1% in the discount rate or 0.5% in the terminal growth rate can result in a material change (often 20 to 30%) in the final value output. Without properly substantiated and independently verifiable assumptions, the DCF analysis becomes a tool for engineering a desired valuation outcome rather than a genuine measure of intrinsic value. Accordingly, professional valuation standards require that the DCF methodology be applied only where credible, justified, and documented assumptions are available.

### **3.5 Risk of Optimism Bias in Management Projections**

It is an inherent and well-documented risk in valuation practice that management-prepared projections, particularly in the context of a proposed capital raising transaction, tend to reflect optimistic assumptions regarding future growth and profitability. This optimism bias, if not subjected to rigorous scrutiny and adjustment, could result in an inflated DCF valuation that misleads prospective investors and does not represent a realistic assessment of the Company's earning potential. In the present case, given that the proposed transaction involves the issuance of equity shares under Regulation 166A, the risk of projection bias is particularly elevated. In the absence of management projections with properly documented, independently verifiable, and market-consistent assumptions, the Valuer cannot exercise the professional skepticism required by valuation standards.

### **3.6 Primacy of Market Price Method for Listed Companies**

For companies whose shares are listed on a recognised stock exchange and qualify as "frequently traded" in terms of SEBI ICDR Regulations, the market price of the shares constitutes the most objective and externally validated indicator of equity value. The market price reflects the collective assessment of numerous informed, independent participants in a liquid and regulated market, incorporating all publicly available information about the Company's business performance, growth outlook, and risk profile. In this context, the Market Price Method not only satisfies the regulatory floor price requirement under Regulation 164, but also provides a superior empirical benchmark for equity value relative to a DCF analysis constrained by the absence of credible, well-supported projections.

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**3.7 Conclusion on DCF**

For all the reasons enumerated above, the DCF / Income Approach has not been applied in the present valuation. The principal reasons are:

- The audited financial statements of the Company for FY 2024-25 (year ended March 31, 2025) reflect a net loss of Rs. 1.27 Crore (EPS: Rs. -3.67), representing a sharp reversal from a net profit of Rs. 39.30 lakh (EPS: Rs. +1.13) in FY 2023-24. This inconsistency in profitability, accompanied by a revenue contraction of approximately 14.2%, renders the historical financial data unreliable as a base for credible forward projections required for a DCF analysis;
- The Company's project-dependent, service-based business model inherently limits the reliability of long-term cash flow projections;
- The DCF methodology's sensitivity to input assumptions, combined with the risk of management optimism bias in a capital-raising context, renders any result that cannot be independently validated unreliable; and
- The Market Price Method, which has been adopted in the Valuation Report, provides a more objective, externally validated, and regulatorily prescribed measure of the fair value of the Company's equity shares.

**4. OVERALL CONCLUSION**

This Addendum has provided a detailed technical and professional explanation of the reasons for not adopting the Net Asset Value (NAV) / Cost Approach and the Discounted Cash Flow (DCF) / Income Approach in the Valuation Report for Accord Synergy Limited.

In summary:

- The NAV Approach has been assigned a weightage of 50% in the final valuation, providing a balance-sheet-anchored reference point (NAV per share: Rs. 42.31 as at 30th September 2025). The following limitations were noted in this regard: (a) the Company is a going concern with significant intangible value not captured in the balance sheet; (b) its service-oriented, asset-light business model makes static book value an incomplete measure of equity value; (c) the NAV is based on limited review half-yearly financial data as at 30th September 2025; and (d) the SEBI ICDR Regulations prescribe market price as the regulatory floor. Notwithstanding these limitations, the NAV provides a useful reference that has been blended equally with the Market Price Method to arrive at the final fair value of Rs. 42.32 per share.
- The DCF Approach was not adopted because: (a) the audited financials for FY 2024-25 (year ended March 31, 2025) disclose a net loss of Rs. 1.27 Crore as against a net

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profit of Rs. 39.30 lakh in FY 2023-24, reflecting material inconsistency in profitability and a 14.2% revenue contraction that renders any forward projection inherently speculative; (b) the Company's project-dependent business model renders long-term cash flow projections unreliable; and (c) the DCF method's high sensitivity to input assumptions, in the absence of independently verifiable projections, makes any result incapable of withstanding professional scrutiny.

The Market Price Method, which has been adopted in the main Valuation Report and assigns 100% weightage to the VWAP-based floor price of Rs. 42.33 per share as at the Relevant Date, is the most appropriate, objective, and regulatorily compliant methodology for determining the fair value of equity shares of the Company in the present circumstances.

Further, it is clarified that for the purpose of arriving at the fair value of the equity shares of the Company under the Valuation Report, weightage has been assigned as follows:

Sr. No.	Particulars	Price per share (INR)	Weights	Weighted Value (INR)
1	Asset Approach Net Asset Value Method	42.31	50.0%	21.16
2	Market Approach - Market Price Method	42.33	50.0%	21.17
<b>Equity Value per share</b>				<b>42.32</b>

The resultant blended fair value, computed on the basis of the aforesaid 50:50 weightage, is Rs. 42.32 per share, which is consistent with and corroborated by the floor price of Rs. 42.33 per share determined under the Market Price Method.



The image shows a handwritten signature in blue ink over a circular stamp. The stamp contains the text: 'MUKESH KUMAR JAIN', 'IBBI No. IBBI/RV/03/2019/12285', and 'REGISTERED VALUER'.

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