

# ANNEXURE - C

35

## SSPA & CO.

Chartered Accountants

1st Floor, "Arjun", Plot No. 6 A,

V. P. Road, Andheri (W),

Mumbai - 400 058. INDIA.

Tel : 91 (22) 2670 4376

91 (22) 2670 3682

Fax : 91 (22) 2670 3916

Website : www.sspa.in

**STRICTLY PRIVATE & CONFIDENTIAL**

November 05, 2017

### The Board of Directors

**AXISCADES Engineering Technologies Limited**

Kirloskar Business Park, Block 'C', 2nd Floor,

Hebbal, Bengaluru – 560 024.

### The Board of Directors

**Explore India Leisure & Hospitality Private Limited**

Office No. 1, 1<sup>st</sup> Floor, Fine Mansion, 203,

D. N. Road, Fort, Mumbai – 400 001.

**Re: Recommendation of fair equity share exchange ratio for the purpose of proposed amalgamation of Explore India Leisure & Hospitality Private Limited with AXISCADES Engineering Technologies Limited**

Dear Madam(s) / Sir(s),

As requested by the management of AXISCADES Engineering Technologies Limited (hereinafter referred to as "ACETL") and Explore India Leisure & Hospitality Private Limited (hereinafter referred to as "Explore India"), we have undertaken valuation exercise of equity shares of ACETL and Explore India to recommend fair share exchange ratio for the proposed amalgamation of Explore India with ACETL.

## 1. PURPOSE OF VALUATION

1.1 As mentioned earlier, the management of the Companies (hereinafter collectively referred to as "the Management") are considering a proposal for the amalgamation of Explore India with ACETL (hereinafter referred to as the "Amalgamation"), pursuant to the Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Scheme') and subject to necessary approvals, Explore India would be amalgamated with ACETL with effect from the appointed date (hereinafter referred to as the "appointed date"). In consideration



**For Explosoft Tech Solutions Private Limited**

Authorised Signatory

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**Certified True Copy**

AXISCADES Engineering Technologies Ltd.

Shweta Agrawal

SHWETA AGRAWAL  
Company Secretary



for the Amalgamation, equity shares of ACETL would be issued to the shareholders of Explore India.

- 1.2 In this regards, SSPA & Co., Chartered Accountants ("SSPA") have been appointed to carry out the relative valuation of equity shares of the Companies and recommend the fair share exchange ratio for the proposed amalgamation for consideration of the Boards of ACETL and Explore India.

## 2. BRIEF BACKGROUND

### 2.1 AXISCADES ENGINEERING TECHNOLOGIES LIMITED

- 2.1.1 ACETL is India's leading product engineering solution's company catering to the futuristic needs of aerospace, defense, heavy engineering, automotive, energy, medical & healthcare sectors. ACETL has proven technology products and services, coupled with industry best practices, enable global OEMs to create innovative, sustainable and safer products.
- 2.1.2 ACETL offers solutions in mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions across domains addressing every stage of product lifecycle development.
- 2.1.3 The shares of ACETL are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE').
- 2.1.4 AXISCADES Aerospace & Technologies Limited (hereinafter referred to as "ACAT"), a wholly owned subsidiary of ACETL, is a niche player providing strategic technologies to aerospace, defence & homeland security sectors. ACAT has built capabilities in system integration, design & development of solutions & platforms in the areas of automatic test equipment & test solutions, software & simulations, avionics, electronic warfare systems and paramilitary training solutions. ACAT has a proven track record, successfully executing offset programs for its marquee clientele comprising of global OEM's and the Ministry of Defence, India.

### 2.2 EXPLORE INDIA LEISURE & HOSPITALITY PRIVATE LIMITED

- 2.2.1 Explore India currently does not have any business operations. Explore India is holding 16,79,359 number of equity shares of Mistral Solutions Private Limited.
- 2.2.2 We have been informed that Explore India is in process of changing its name.



- 2.2.3 Mistral Solutions Private Limited (hereinafter referred to as "MSPL"), along with its subsidiaries, is engaged in product design and system engineering, providing end-to-end services for product development and deployment in the embedded space covering hardware and software, customizable product designs & IPs and system integration.
- 2.2.4 MSPL's products and services provide latest technologies across verticals such as Defense and Aerospace, Consumer Electronics, Semiconductor, Medical Electronics, Wireless, Automotive Electronics, Industrial Applications and Homeland Security.
- 2.3 We have been informed that the appointed date shall be the date on which ACETL has completed acquisition of equity shares from certain shareholder(s) of MSPL and is the lawful owner of such equity shares or such other date as the Tribunal(s) or such other authorities may direct/fix.
- 2.4 ACETL, Explore India and MSPL are hereinafter collectively referred to as the "Companies".

### 3. SOURCES OF INFORMATION

For the purposes of our valuation exercise, we have relied upon the following sources of information as provided to us by the management of the Companies:

- (a) Consolidated Audited Financial Statements of ACETL and MSPL for the financial year (FY) ended March 31, 2017.
- (b) Provisional Financial Statements of Explore India for FY ended March 31, 2017.
- (c) Provisional Balance Sheet of Explore India as on November 4, 2017 as provided by the Management of Explore India.
- (d) Consolidated financial projections of ACETL and MSPL for FY 2017-18 to FY 2020-21 as provided by the management of ACETL and MSPL.
- (e) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.
- (f) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.



**4. EXCLUSIONS AND LIMITATIONS**

- 4.1 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.
- 4.2 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 SSPA 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.
- 4.3 No investigation of the Companies' 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 loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- 4.4 Our work does not constitute an audit or certification of the historical financial statements/prospective results including the working results of the Companies referred to in this report. Accordingly, we are 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 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.
- 4.5 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 Companies have drawn our attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, on the fair value of shares of the Companies for the purpose of the proposed amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies, subsequent to the report date. We have no



responsibility to update this report for events and circumstances occurring after the date of this report.

- 4.6 In the course of the valuation, we were provided with both written and verbal information. We have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Public information, industry and statistical information relied in this report have been obtained from the sources considered to be reliable. However, we have not independently verified such information and make no representation as to the accuracy or completeness of such information from or provided by such sources. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the management of the Companies. We assume no responsibility for any errors in the above information furnished by the Management and consequential impact on the present exercise.
- 4.7 Our recommendation is based on the estimates of future financial performance as projected by the Management, which represents their view of reasonable expectation at the point of time when they were prepared, but such information and estimates are not offered as assurances that the particular level of income or profit will be achieved or events will occur as predicted. Actual results achieved during the period covered by the prospective financial statements may vary from those contained in the statement and the variation may be material. The fact that we have considered the projections in this exercise of valuation should not be construed or taken as our being associated with or a party to such projections.
- 4.8 Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.
- 4.9 This report has been prepared for the Board of Directors of ACETL and Explore India, solely for the purpose of recommending the fair share exchange ratio for the Amalgamation as stated in para 1 to the Report.
- 4.10 Any person/party, intending to provide finance/invest in the shares/business of the Companies or for any other reason whatsoever, 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.



- 4.11 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 proposed amalgamation as aforesaid, can be done only with our prior permission in writing.
- 4.12 SSPA, nor its partners, 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.

## 5. VALUATION APPROACH

- 5.1 For the purpose of valuation for amalgamation, generally the following approaches are adopted:
- the "Underlying Asset" approach
  - the "Income" approach; and
  - the "Market" approach
- 5.2 Considering that Explore India does not have any operations of its own and is holding investment in MSPL, the value of Explore India under Underlying Assets Approach captures value of its investment in MSPL as per Net Assets Value Method.

## 6. VALUATION AS PER INCOME APPROACH

- 6.1 Under the "Income" approach, the equity shares have been valued using Discounted Cash Flow ('DCF') Method.
- 6.2 Under the DCF method the projected free cash flows from business operations after considering fund requirements for projected capital expenditure and incremental working capital 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.
- 6.3 The free cash flows represent the cash available for distribution to both the owners and the creditors of the business. The free cash flows are determined by adding back to profit before tax, (i) depreciation and amortizations (non-cash charge), (ii) interest on loans, if any and (iii) any non-operating item. The cash flow is adjusted for outflows on account of capital expenditure, tax and change in working capital requirements.



- 6.4 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 the weighted average of the company's cost of equity and debt. Considering an appropriate mix between debt and equity, we have arrived at the WACC to be used for discounting the Free Cash Flows.
- 6.5 Appropriate adjustments have been made for loan funds, cash and cash equivalents, contingent liabilities and other adjustments after considering the tax impact wherever applicable to arrive at the Equity value.
- 6.6 The value as arrived above is divided by the outstanding/diluted number of equity shares to arrive at the value per share.
- 6.7 Considering that Explore India does not have any operations of its own, the value of Explore India under Income Approach captures value of its investment in MSPL as per Income Method.

## **7. VALUATION AS PER MARKET APPROACH**

### **7.1 MARKET PRICE METHOD**

- 7.1.1 The market price of an equity share as quoted on a stock exchange is normally considered as the fair 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.
- 7.1.2 Since the equity shares of Explore India and MSPL are not listed on any recognized stock exchanges, value under market approach is disclosed based on Comparable Companies Multiple Method.

## **8. RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO**

- 8.1 The fair basis of amalgamation of Explore India with ACETL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above approaches, for the purposes of recommending a ratio of exchange it is necessary to arrive at a single value for the shares of the Companies. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of each company. Our exercise is to work out relative value of



shares of the Companies to facilitate the determination of a ratio of exchange. For this purpose, it is necessary to give appropriate weightage to the values arrived at under each approach.

- 8.2 As stated earlier, shares of Explore India and MSPL are not listed on stock exchanges. Thus there is no market price available for the shares of Explore India and MSPL. Considering the nature of business of the Companies and being relative valuation, we have thought fit to give weightage only to values determined under Income Approach using Discounted Cash Flow Method.

Valuation Approach	ACET		EILH	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Underlying Assets *	76.40	0	11.52	0
Income	207.01	1	29.99	1
Market *	140.58	0	29.42	0
<b>Relative value per Share</b>	<b>207.01</b>		<b>29.99</b>	
<b>Fair Share Exchange Ratio (Rounded Off)</b>			<b>6.90</b>	

\* Note: As mentioned earlier, we have not adopted the 'Underlying Asset' approach and 'Market' approach for the present valuation exercise. However, we have computed the value per share as per 'Underlying Asset' approach and 'Market' approach for information purpose only, as required by BSE Limited and National Stock Exchange of India Limited vide their circular No. LIST/COMP/02/2017-18 dated May 29, 2017 and NSE/CML/2017/12 dated June 01, 2017 respectively.

- 8.3 The share exchange ratio has been arrived on the basis of a relative valuation of the shares of the Companies based on the approaches explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the companies, having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 8.4 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast





**SSPA & CO.**  
Chartered Accountants

Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

*'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'*

8.5 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this report, in our opinion, a fair ratio of exchange in the event of amalgamation of Explore India with ACETL would be as under:

**10 (Ten) equity shares of ACETL of INR 5/- each fully paid for every 69 (Sixty Nine) equity share of Explore India of INR 10/- each fully paid.**

Thank you,  
Yours faithfully,

SSPA & Co



**SSPA & CO.**  
Chartered Accountants  
Firm registration number: 128851W

Signed by **Parag Ved, Partner**  
Membership No. 102432

Place: Mumbai



For Explosoft Tech Solutions Private Limited

*[Signature]*

Authorised Signatory

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**Certified True Copy**

AXISCADES Engineering Technologies Ltd.

*[Signature]*

**SHWETA AGRAWAL**  
Company Secretary



Report of the Audit Committee of the Board of Directors of AXISCADES Engineering Technologies Limited ("ACETL" or "Company") recommending the draft Scheme of Amalgamation ("Scheme") of Explore India Leisure & Hospitality Private Limited ("Explore") with ACETL, dated November 6, 2017.

**Members:**

Mr. Kailash M. Rustagi	:	Independent Director (Chairman)
Dr. Vivek Mansingh	:	Independent Director
Mr. Pradeep Dadlani	:	Independent Director
Mr. Srinath Batni	:	Independent Director
Mr. Kedarnath Choudhury	:	Non-Executive Director

**In Attendance - All except Mr. Kedarnath Choudhury, being absent, participated in the matter.**

**1. Background**

- 1.1. The Scheme has been placed before the Audit Committee by the Management for recommendation of the aforesaid draft Scheme by the Audit Committee to the Board of Directors of the Company in accordance with the requirement of SEBI Circular No CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("Circular").
- 1.2. In view of the above, members of the Audit Committee of the Company have discussed and approved the draft Scheme vide a resolution passed at its meeting held on November 6, 2017 and have made this report, after perusing the following documents:
- Draft Scheme of Amalgamation;
  - Valuation Report dated November 5, 2017, issued by SSPA & Co, Chartered Accountants;
  - Fairness Opinion report dated November 5, 2017, issued by Fortress Capital Management Services Pvt. Ltd.; and
  - A Certificate issued by M/s S.R. Batliboi & Associates LLP, the statutory auditors of the Company dated November 6, 2017 to the effect that the accounting treatment contained in the Scheme is in compliance with all Accounting Standards.

This report of the Audit Committee is issued in term of the Circular.



**AXISCADES Engineering Technologies Limited**  
 (formerly Axis IT&T Limited)

CIN No.: L72200KA1990PLC084435



1.3. The salient features of the draft Scheme are, inter-alia as under:

- (a) The draft Scheme provides for the amalgamation of Explore with the Company;
- (b) The Appointed Date for the amalgamation of Explore with the Company means December 1, 2017 or any other the date on which ACETL acquires control of Mistral Solutions Private Limited through Board and majority voting power of Mistral Solutions Private Limited or such other date as the Tribunal(s) or such other authorities may direct/ fix;
- (c) The draft Scheme provides for transfer and vesting of the entire undertaking of Explore with its assets and liabilities to the Company as a going concern;
- (d) In consideration for the amalgamation of Explore with the Company in terms of the draft Scheme and based on the share swap ratio recommended by the Independent Chartered Accountant and Fairness Opinion recommended by the Merchant Banker, the Company will issue 35,05,991 fully paid-up equity shares of Rs. 5/- (Rupees Five only) each of the Company to the equity shareholders of Explore, whose name is registered in the Register of Members of Explore on the Record Date as determined in terms of the Scheme for every 69 fully paid-up equity shares of Rs. 10/- each of Explore held by equity shareholders of Explore;
- (e) The new equity shares of the Company, issued pursuant to this Scheme shall be listed and / or admitted to trading on BSE and NSE where the equity shares of the Company are listed and / or admitted to trading;
- (f) Further, the Company will also assume the debt proposed to be raised by Explore in relation to the said acquisition; and
- (g) Upon the Scheme coming into effect, Explore will be dissolved without being wound up.

*[Handwritten signature]*



**AXISCADES**

Inspired Solutions. By Design

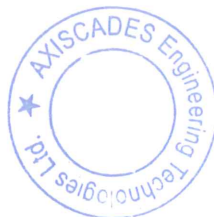
AXISCADES Engineering Technologies Limited

**2. Recommendation of the Audit Committee**

The Audit Committee has considered and noted the aforementioned documents and recommends the draft Scheme to the Board of Directors of the Company for their approval, inter-alia into consideration the said valuation report dated November 5, 2017, issued by SSPA & Co, Chartered Accountants and the Fairness Opinion Report dated November 5, 2017 issued by Fortress Capital Management Services Pvt. Ltd.

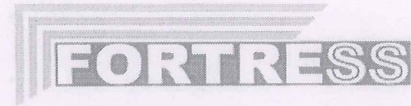
**For AXISCADES Engineering Technologies Limited**

H.  
Mr. Kailash Rustagi  
Chairman of Audit Committee  
Date: *November 6, 2017*  
Place: Delhi



# ANNEXURE - E

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STRICTLY PRIVATE & CONFIDENTIAL

November 05, 2017

To,

The Board of Directors

AXISCADES Engineering Technologies Limited

Kirloskar Business Park, Block 'C', 2nd Floor,

Hebbal, Bengaluru – 560 024.

The Board of Directors

Explore India Leisure & Hospitality Private Limited

Office No. 1, 1st Floor, Fine Mansion,

203, D. N. Road, Fort, Mumbai – 400 001.

**Sub: Fairness Opinion on equity share exchange ratio in connection with the proposed amalgamation of Explore India Leisure & Hospitality Pvt Ltd. with AXISCADES Engineering Technologies Limited under a Scheme of Amalgamation.**

Dear Sir(s),

We refer to our discussion wherein the management of AXISCADES Engineering Technologies Limited (hereinafter referred to as "ACETL" or "Company"), Explore India Leisure & Hospitality Pvt Ltd (hereinafter referred to as "EILH") has requested Fortress Capital Management Services Private Limited, a SEBI Registered Category I Merchant Banker to give a fairness opinion on the Equity Share Exchange Ratio recommended by SSPA & Co., Chartered Accountant (hereinafter referred to as "Valuer") in connection with the proposed amalgamation of EILH with ACETL under a Scheme of Amalgamation.

## 1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

1.1 We have been given to understand that companies are concedering the proposal of amalgamation of EILH with ACETL (hereinafter referred to as the "Amalgamation") in accordance with the provisions of sections 230 to 232 and other applicable provisions of



For Explosoft Tech Solutions Private Limited

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Certified True Copy  
AXISCADES Engineering Technologies Ltd.

Shweta Agrawal

SHWETA AGRAWAL  
Company Secretary

Authorised Signatory

CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002 INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax: +91 (22) 2203 1609 • E mail: fortress@fortress.co.in • Website: www.fortress.co.in





the Companies Act, 2013 (hereinafter referred to as the 'Scheme'). Subject to necessary approvals, EILH would amalgamate with ACETL, with effect Appointed Date as mentioned in the Scheme. In consideration for the Amalgamation, equity shares of ACETL would be issued to the shareholders of EILH.

## 1.2 AXISCADES ENGINEERING TECHNOLOGIES LIMITED

1.2.1 AXISCADES is India's leading product engineering solutions company catering to the futuristic needs of aerospace, defense, heavy engineering, automotive, energy, medical & healthcare sectors. ACETL has proven technology products and services, coupled with industry best practices, enable global OEMs to create innovative, sustainable, safer products.

1.2.2 ACETL offers solutions in mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions across domains addressing every stage of product lifecycle development.

1.2.3 Shares of ACETL are listed on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

## 1.3 Explore India Leisure & Hospitality Pvt Ltd.

1.3.1 EILH currently does not have any business operations. EILH is holding 16,79,359 equity Shares of Mistral Solutions Private Limited.

1.3.2 We have been informed that EILH is in process of changing its name.

1.3.3 Mistral Solutions Private Limited (hereinafter referred to as "MSPL"), along with its subsidiaries, is engaged in product design and system engineering, providing end-to-end services for product development and deployment in the embedded space covering hardware and software, customizable product designs & IPs and system integration.



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CIN : U67120MH2004PTC145815

**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA  
Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in





1.3.4 MSPL's products and services provide latest technologies across verticals such as Defense and Aerospace, Consumer Electronics, Semiconductor, Medical Electronics, Wireless, Automotive Electronics, Industrial Applications and Homeland Security.

1.3.5 We have been informed that the appointed date shall be the date on which ACETL has completed acquisition of equity shares from certain shareholder(s) of MSPL and is the lawful owner of such equity shares or such other date as the Tribunal(s) or such other authority may direct / fix

1.3.6 ACETL, EILH and MSPL are hereinafter collectively referred to as the "Companies".

1.4 In this regard Valuer was appointed to recommend the share exchange ratio in connection with the proposed amalgamation of EILH with ACETL

1.5 Accordingly, we have been appointed to give a fairness opinion on the share exchange ratio recommended by Valuer in connection with the proposed amalgamation of EILH with ACETL under the Scheme.

1.6 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

## 2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation between ACETL and EILH under section 230 to 232 of the Companies Act, 2013.
- (b) Consolidated Audited Financial Statements of ACETL and MSPL for the financial year (FY) ended March 31, 2017.
- (c) Provisional Financial Statements of EILH for FY ended March 31, 2017.
- (d) Provisional Balance Sheet of EILH as on the November 4, 2017, as provided by management of EILH.

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**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002 INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax: +91 (22) 2203 1609 • E-mail: fortress@fortress.co.in • Website: www.fortress.co.in



- (e) Consolidated financial projections of ACETL and MSPL for FY 2017-18 to FY 2020-21 as provided by the management of ACETL and MSPL.
- (f) Report dated November 05, 2017 issued by Valuer.
- (g) Discussions with the Management on various issues relevant for the valuation including the prospects and outlook for the industry, expected growth rate and other relevant information relating to future expected profitability of the business, etc.
- (h) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain.
- (i) Such other information and explanations as we required and which have been provided by the management of ACETL, EILH, MSPL and Valuer.

### 3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3.3 Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.

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**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in







- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with ACETL.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed demerger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion.
- 3.9 Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, 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 noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed demerger as aforesaid, can be done only with our prior permission in writing.
- 3.10 This certificate has been issued for the sole purpose to facilitate the Company to comply with SEBI (Listing Obligations and disclosure requirements) Regulations, 2015 and SEBI Circular No CFD/DIL3/CIR/2017/21 dated March 10, 2017 it shall not be valid for any other purpose.
- 3.11 Fortress Capital Management Services Private Limited, nor its directors, managers, employees or agents of 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 fairness opinion is given. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the opinion.

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**FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.**

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA.

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in





#### 4. BASIS FOR SHARE EXCHANGE RATIO

For the purposes Valuation of Companies and recommending the exchange ratio, the Valuer has adopted "Discounted Cashflow Method" under Income approach for ACETL, EILH and MSPL. Valuer has also computed and disclosed the Values as per the "Underlying Asset" approach and "Market" approach for information purpose as required by BSE and NSE.

#### 5. CONCLUSION

- 5.1 We have reviewed the Scheme of Amalgamation and methodology as mentioned above used by the Valuer for arriving at the valuation of the equity shares of the Companies and also reviewed the working and underlying assumptions adopted to arrive at the values under above approaches, for the purposes of recommending Share Exchange Ratio.
- 5.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the Share Exchange Ratio of **10 (Ten) Equity Shares of ACETL of INR 5 each fully paid up for every 69 (Sixty Nine) Equity shares of EILH of INR 10 each fully paid up** recommended by Valuer is fair and reasonable.

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

*Hiten M. Joshi*

Authorized Signatory



Place: Mumbai

SEBI Registration No.: INM000011146

For Explosoft Tech Solutions Private Limited

*[Signature]*

Authorised Signatory

**Certified True Copy**

AXISCADES Engineering Technologies Ltd.

*Shweta Agrawal*

SHWETA AGRAWAL  
Company Secretary

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