



AXISCADES
Inspired Solutions. By Design

Analyst Meet - Transaction overview

17th August 2015

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AXISCADES Engineering Technologies (ACET) Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

- 1) AXISCADES Engineering Technologies Limited (ACETL) to acquire AXISCADES Aerospace & Technologies Limited (ACATL); Acquisition effected by way of Board approved Scheme of Arrangement
- 2) Upon receipt of all approval, ACATL will become a 100% subsidiary of ACETL, maintaining its legal status, and continuing to avail of its MSME benefits & MoD license
- 3) ACETL to fund the acquisition by issuance of additional shares (10.57 Mn shares)
- 4) Shareholders of IAT (Holding Company of ACATL) to receive **10 share of ACETL** of FV of Rs 5/- each for **every 45 shares of IAT** of FV 10 each
- 5) ACETL share valued at Rs 286.18/- share, implying a premium of 12% (30 days Simple Average on 13th August)
- 6) **Transaction is EPS accretive for ACETL shareholders**
 - ACETL FY15 EPS – Rs 7.28/- per share (FY15)
 - ACETL + ACATL – Rs 8.77/- per share (FY15 based on unaudited proforma balance sheet)
- 7) Proforma ownership in ACETL
 - Promoters to own 70.56% as against 59.12% earlier
 - Public to own 29.44% as against 40.9% earlier
- 8) Conditional on regulatory and shareholder approval, Transaction expected to close by Q1FY17 (June 2016)

1) Expanding Capabilities

- a) Entry into the high growth Aerospace & Defence sector
- b) Presence to extend across products and services – moving up the value chain

2) Scale

- a) Combined technological capabilities and infrastructure increases business opportunities
- b) Enhanced financial strength will enable to undertake larger projects and invest in building IPs
- c) Ability to acquire niche capabilities

3) Expands Client Base

- a) Additions to marquee client base
- b) Deepen existing relationships
- c) Cross-sell opportunities

4) Increased Shareholder Value

- a) Acquisition to be EPS accretive
- b) EBITDA margins set to improve post acquisition

5) Optimized costs and productivity improvement

- a) Creation of a unified 'go-to-market' Strategy
- b) Optimal utilisation of talent and infrastructure



Shareholding – Pre & Post Transaction

| Sl. No | Shareholders | Pre - Transaction | | Post - Transaction | |
|--------|----------------|-------------------|-----------|--------------------|-----------|
| | | No. of Shares | Stake (%) | No. of Shares | Stake (%) |
| 1) | Promoter Group | 16,074,514 | 59.12% | 26,644,451 | 70.56% |
| 2) | Public | 11,115,079 | 40.88% | 11,115,079 | 29.44% |
| | Total | 27,189,593 | | 37,759,530 | |



- 1) Approval of Stock Exchanges and Regulators - BSE, NSE & SEBI
- 2) Jurisdictional High Court & other regulatory Approvals for Scheme of Arrangement including Regional Director, Registrar of Companies and other Applicable Authorities
- 3) ACETL Shareholder Approvals
 - Listing Requirements – Majority of Minority
 - Court Scheme: 75% of the present and voting
- 4) Consent of Secured Creditors



- 1) Transaction Advisor is PricewaterhouseCoopers Private Limited
- 2) Unanimously approved by the non conflicted, Independent Board Members of ACETL.
- 3) Exchange ratio determined by joint independent valuation done by SSPA & Co., Chartered Accountants and Rajendra & Co., Chartered Accountants
- 4) Fairness Opinion provided by Fortress Capital Management Services Private Limited, Category 1 Merchant Banker
- 5) Financial Due Diligence of ACATL undertaken by PricewaterhouseCoopers Private Limited
- 6) Legal Due Diligence of ACATL under taken by Poovyya & Co

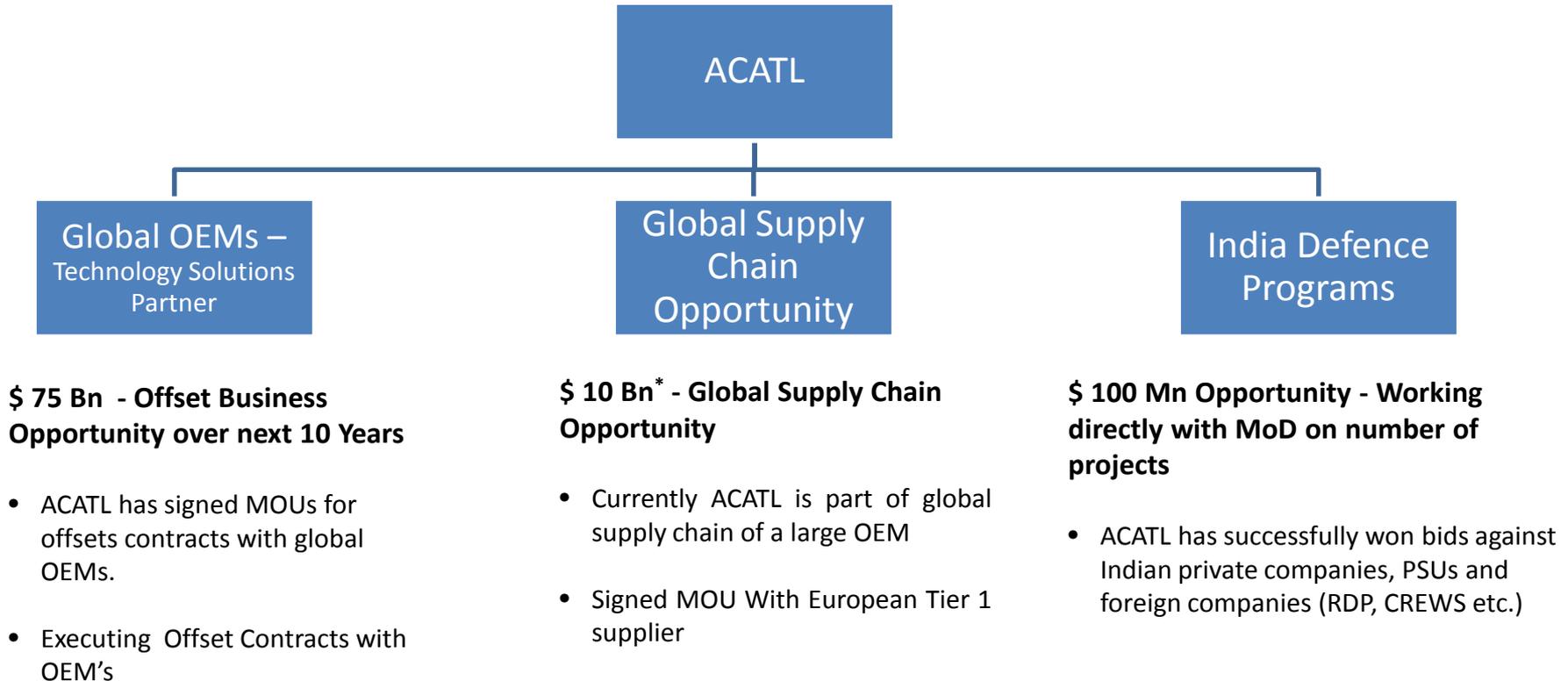
| Parameters All Figures in Rs Million | ACETL Consolidated (Engineering Services) | ACATL# (Aerospace & Defence) | Combined (ACATL #+ ACETL) |
|---|--|---------------------------------|------------------------------|
| Total Income | 3,192 | 2,106 | 5,298 |
| EBITDA | 418 | 301 | 720 |
| PAT | 198 | 133 | 331 |
| EPS* (Rs) | 7.28 | 16.90 | 8.77 |
| Gross Debt | 267 | 371 | 638 |
| Cash Excl. restricted | 165 | 167 | 332 |
| Net Debt | 102 | 204 | 306 |
| EBITDA Margin | 13.2% | 16.2% | 14.3% |

* EPS based on weighted average shares as at 31st Mar'15 is Rs 7.69

Standalone

ACATL – Premier Technology Company catering to Aerospace, Defence and Homeland Security

| Niche Offerings | Domain Expertise | Proven Track Record | Marquee Clientele | Management Pedigree |
|---|---|---|--|---|
| <ul style="list-style-type: none"> ▪ System Integration ▪ Automatic Test Equipment and Test Solutions ▪ Systems and Simulation ▪ Avionics ▪ Electronic Warfare Systems | <ul style="list-style-type: none"> ▪ Deep understanding of complex sector requirements ▪ Structure win-win solutions with agility ▪ TOEC approved for aircraft upgradation program | <ul style="list-style-type: none"> ▪ Implemented one of India's largest Defence Offset program ▪ Established track record of winning bids in global / domestic market place ▪ Class room electronic warfare system (CREWS) ▪ Aircraft Recognition Training Systems (ARTS) | <ul style="list-style-type: none"> ▪ Industrial partner for multiple global OEMs ▪ Part of global supply chain winning repeat orders ▪ Licensed by Ministry of Defence (MoD) to undertake defence manufacturing ▪ ISO / IEC27001, CMMI and DGQA certified. | <ul style="list-style-type: none"> ▪ Domain experts , rated amongst best in industry with over 100+ years of cumulative experience ▪ Rich blend of experience of working with Defence forces as well as India private sector, defence organizations and OEM's ▪ Implemented both offset projects as well as directly for Indian Defence Ministry |



ACATL is bidding along with OEMs for select “Make in India” programs

* Expected to increase to USD 10 Billion per annum over the next 5 to 7 years from about USD 1.5 Billion currently.



Strong Brand Presence

- Well recognized brand in Aerospace & Defence
- Strong relationships with European OEM's
- Robust knowledge of offset management and policies

Marquee Relationships

- Industrial partnerships signed with several global OEMs
- Systems and processes as per global OEM standards
- Only Indian company to have worked on Military Aircraft upgradation.

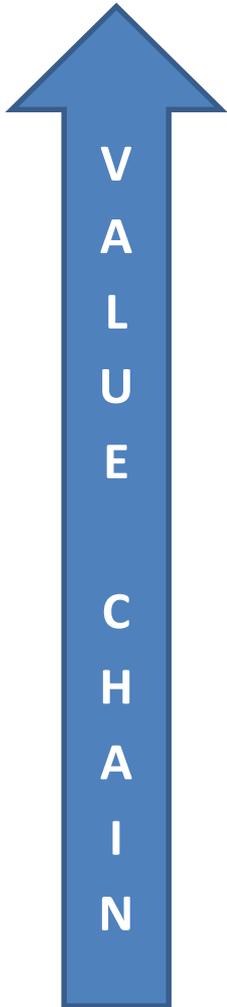
High Entry Barriers

- Select few to obtain security clearance from MoD
- Invested in developing and nurturing strong relations with global OEM's
- Experienced team to liaise with Defence HQ with long term management commitment
- Complex and multi-dimensional skill sets to close contracts – long sales cycles

Certifications & Infrastructure

- Defense production license in place
- Certified for ISO 9001:2008, ISO/IEC 27001, CMMi Level 3.
- 75 acre land near Bengaluru International Airport
- Ecosystem of 20+ companies to undertake manufacturing of precision equipment

Well-positioned to capitalise from “Make in India” Initiative



AXISCADES has a well established Ecosystem of 20+ companies to undertake manufacturing needs of OEMs

Value Addition

- | | |
|--|--|
| <ul style="list-style-type: none"> • Program Management • Process Enablement • Quality Control • Logistics | <ul style="list-style-type: none"> • Risk Mitigation • Comprehensive and Competitive Total Cost of Operations • Supplier Training |
|--|--|

Establishment of Processes and Methods

- | | |
|---|---|
| <ul style="list-style-type: none"> • Process Framework • Delivery Methodology • CDR, PRR, FAI Checklists • Manufacturing Process • Surface Treatment Process | <ul style="list-style-type: none"> • Painting Process • Project Management • Monitoring and Tracking • Procurement Process • Quality Control Process |
|---|---|

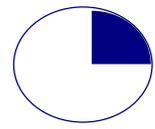
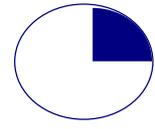
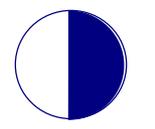
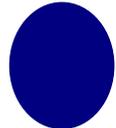
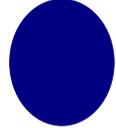
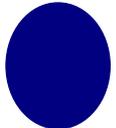
Established Mechanical Product Development Ecosystem

- Machining – 5 vendors
- Fabrication and Assembly – 3 Vendors
- Surface treatment – 6 vendors and 22 Processes
- Painting – 3 Vendors
- Packaging – 2 Vendors
- Certification – 3 Agencies

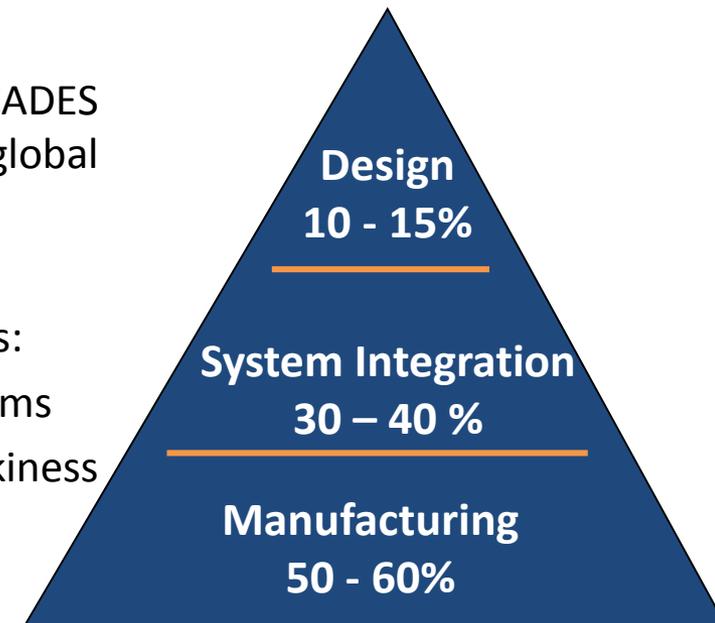
Established Electronic Product Development Ecosystem

- PCB Design and Routing Design – 2 vendors
- Board Manufacturing – 3 vendors
- Component Procurement Agency – 2 Agencies
- SMT and Assembly organization – 3 Vendors
- Certification – 3 Agencies



| | ACETL | ACATL | COMBINED |
|--|--|--|---|
|  Domain/Competency |  Mechanical |  System Integration |  Mechanical + System Int |
|  Clients Portfolio |  60+ Global Clients 8 Key clients |  4 Key Clients |  Account Mining Potential |
|  Offerings Maturity |  Mix of Staffing and Projects |  Projects & IP Driven Solutions |  Right Mix for Agility and Flexible work force |

1. Combined Entity (AXISCADES) is a “Technology Solutions Provider” to Aerospace, Defence, Industrial & Homeland Security.
2. The Target Addressable Market (TAM) for the AXISCADES increases by 3x (to about 40%) of the program spend in global OEMs as compared to about 10% earlier.
3. AXISCADES Technological Capabilities & Credentials enables:
 - a) To partner and engage with OEMs for the global programs
 - b) Part of global supply chain – Ensures Customer stickiness and long term sustainable growth
 - c) Leverage local manufacturing ecosystem to grow the TAM for specific programs
4. Enhanced Financial strength of AXISCADES, Enables to capitalize on emerging opportunities
5. Uniquely positioned to partner OEMs in their “Make In India” initiatives across the current clientele of the combined entity



Source: Company & Management Estimates



Thank You

About AXISCADES

AXISCADES Engineering Technologies Limited (AXISCADES) is one of India's leading engineering solutions providers, catering to the futuristic needs of Aerospace, Heavy Engineering, Automotive and Industrial Production sectors.

Based in Bangalore, AXISCADES has offices worldwide including North America, Europe and Asia. With over nearly three decades of experience in engineering excellence and unparalleled domain expertise, a passion to challenge the status quo, AXISCADES is best suited to become the first choice partners to global OEMs across the world.

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