



**STRICTLY PRIVATE & CONFIDENTIAL**

August 12, 2015

**The Board of Directors,  
AXISCADES Engineering Technologies Limited**  
A 264 Defence Colony, 2<sup>nd</sup> Floor,  
New Delhi – 110 024

**The Board of Directors,  
India Aviation Training Institute Private Limited**  
Jupiter Innovision Centre, No. 54,  
Richmond Road, Bangalore – 560 025

**Sub: Fairness Opinion in connection with the proposed amalgamation of India Aviation Training Institute Private Limited into AXISCADES Engineering Technologies Limited**

Dear Sir(s),

We refer to our discussion wherein the Management of AXISCADES Engineering Technologies Limited (hereinafter referred to as "ACET") and India Aviation Training Institute Private Limited (hereinafter referred to as "IAT"), has requested Fortress Capital Management Services Private Limited ('Us') to give a fairness opinion on the joint valuation carried out by SSPA & Co., Chartered Accountants (hereinafter referred to as "SSPA") and Rajendra & Co., Chartered Accountants (hereinafter referred to as "RCO") in connection with the proposed amalgamation of IAT and ACET.

**A. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT**

**1. AXISCADES ENGINEERING TECHNOLOGIES LIMITED**

1.1 AXISCADES Engineering Technologies Limited (formerly known as Axis IT&T Limited) is Engineering Design solutions provider, catering to the futuristic needs of Aerospace, Heavy Engineering, Automotive and Industrial Production sectors.

1.2 ACET provides Engineering Design Solutions across lifecycle of the product starting from product design, system engineering, manufacturing to product support.



Page 1 of 7

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1.3 ACET has been formed through the merger of two entities – Axis-IT&T (Engineering services for Heavy Engineering and Industrial Products) and CADES Digitech (Engineering services for Aerospace and Automotive domains) – to leverage on their processes, technology and customer relationships. ACET has offices worldwide including North America, Europe and Asia.

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

## 2. INDIA AVIATION TRAINING INSTITUTE PRIVATE LIMITED

2.1 IAT was established for providing aviation related training solutions.. Currently IAT does not have any business operations.

2.2 In FY 2015-16, IAT has acquired 100% stake in AXISCADES Aerospace & Technologies Private Limited (hereinafter referred to as "ACAT").

2.3 ACAT (formerly known as Axis Aerospace & Technologies Limited and erstwhile known as Jupiter Strategic Technologies Private Limited) was setup in the year 2001. ACAT is a Premier Technology Company in the high-end Strategic Technologies space with a proven track record. It Has built outstanding capabilities in System integration and Design & Development of solutions and platforms in the areas of Automatic Test Equipment & Test solutions, Software & Simulation Avionics, Electronic warfare systems and Military-Paramilitary training solutions amongst others.

2.4 ACAT's focus is mainly on Systems Integration for Electronic Warfare, Communications, Surveillance and Access Control, Radar and Avionics, Command and Control.

2.5 ACAT also hold investment in AXISCADES Aerospace Infrastructure Private Limited,



herein after referred to as ACAIPL (formerly known as “Jupiter Aviation Services Private Limited”) (hereinafter referred to as “JAS”). Currently ACAIPL does not have any business operations. Further ACAI owns 100% of Eneritech controls, which owns property in Electronics city, Bangalore.

- 3 We have been informed that Management is considering a proposal for amalgamation of IAT and ACET with effect from appointed date.
- 4 We have been informed by the Management that ACET intends to discharge the consideration for amalgamation through issue of equity shares of ACET of INR 5 each fully paid up to the equity share holders of IAT.
- 5 Accordingly, ACET has appointed SSPA and RCO, Joint Valuers to undertaken valuation exercise of equity shares of ACET and IAT to recommend share exchange ratio for the proposed amalgamation of IAT into ACET.
- 6 Further, ACET has appointed us to give a fairness opinion on Joint Valuation Report issued by Joint Valuers and scheme of amalgamation in connection with the proposed amalgamation.
- 7 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.

#### **B. 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) Audited financial statements of ACET and ACAT for the year ended March 31, 2015



- (b) Audited financial statements IAT and ACAIPL for the year ended March 31, 2015.
- (c) Management certified estimated Balance Sheet and Profit and Loss Statement of ACET, IAT, ACAT and JAS for the year ended March 31, 2016
- (d) Financial Projections of ACET and ACAT for FY 2016-17 to FY 2019-20
- (e) Draft Scheme of Arrangement
- (f) Joint Valuation Report of SSPA and RCO dated August 12, 2015
- (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 have required and which have been provided by the Management

**C. EXCLUSIONS AND LIMITATIONS**

- 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.
- 2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 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.



- 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.
- 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 ACET.
- 6 Our opinion 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 thereon.
- 7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 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.
- 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 amalgamation as aforesaid, can be done only with our prior permission in writing.



- 10 This certificate has been issued for the sole purpose to facilitate the Company to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.
- 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.

**D. VALUATION APPROACH**

For the purposes of valuation, the Valuers have adopted the Net Assets Method under “Underlying Assets” Approach and Discounted Cash Flow method under “Income” Approach for determining the fair value per share of ACET and ACAT and Net Assets Method under “Underlying Assets” Approach for determining the fair value per share of IAT and arrived at the exchange ratio of shares for proposed amalgamation of IAT and ACET.

**E. CONCLUSION**

- 1 We have reviewed the Scheme of Amalgamation and methodology as mentioned above used by the Valuers 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 each of the above approaches, for the purposes of recommending exchange ratio for Shares.



- 2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed amalgamation and share exchange ratio of **10 (Ten) equity shares of ACET of INR 5/- each fully paid for every 45 (Forty Five) equity shares of IAT of INR 10/- each fully paid recommended by Joint Valuers is fair and reasonable.**

Thanking you,

Yours faithfully,

**For Fortress Capital Management Services Pvt. Ltd.**

  
Authorized Signatory



Place: Mumbai

SEBI Registration No.: INM000011146