

Strictly Private & Confidential

October 18, 2024

Megasoft Limited
No. 85, Kutechery Road
Mylapore
Chennai – 600 004
Tamil Nadu, India

Members of the Board:

Subject: “Fairness Opinion” on the Equity Share Exchange Ratio for the proposed amalgamation of Sigma Advanced Systems Private Limited (“Sigma”) into Megasoft Limited (“Megasoft”).

Purpose

With reference to our engagement letter dated October 11, 2024, wherein Megasoft Limited (“Megasoft”) has appointed Sumedha Fiscal Services Limited (“SFSL”) to provide “Fairness Opinion” report as required under SEBI Master Circular Ref. No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, to the Board of Directors on the Equity Share Exchange Ratio for the proposed amalgamation of Sigma Advanced Systems Private Limited (“Sigma”) into Megasoft Limited (“Megasoft”) as a going concern (“Proposed Transaction”), as recommended in the valuation report dated October 18, 2024 (“Valuation Report”) issued by BDO Valuation Advisory LLP (“BDO VAL” or “Valuer”).

The proposed arrangement is being carried out pursuant to the Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (the “Scheme”), between Sigma, Megasoft, and their respective shareholders and creditors.

Sumedha Fiscal Services Limited (“SFSL”)

SFSL is a Category I Merchant Banker bearing SEBI Registration Number INM000008753. The registered office is situated at 6A Geetanjali, 6th Floor, 8B Middleton Street, Kolkata – 700 071, West Bengal, India.



Proposed Transaction Background

Sigma and Megasoft have proposed to enter into the scheme of amalgamation, which envisages the merger of Sigma into Megasoft. Pursuant to the merger, Megasoft will issue and allot to the shareholders of Sigma, 316 (Three Hundred and Sixteen) fully paid-up equity shares of face value INR 10.00 each of Megasoft for every 100 (One Hundred) fully paid-up equity shares of face value INR 10.00 each of Sigma held by such shareholders ("Share Exchange Ratio").

Megasoft, in terms of the Appointment Letter, have requested us to issue our independent opinion on the fairness of the Equity Share Exchange Ratio recommended by the Valuer ("Fairness Opinion") in relation to the proposed transaction. Our scope is restricted to providing an Opinion on the Equity Share Exchange Ratio towards the merger of Sigma into Megasoft.

Sources of Information

In arriving at our Opinion, we have reviewed the following information:

- Valuation report by BDO Valuation Advisory LLP, dated October 18, 2024 recommending the Equity Share Exchange Ratio for the Proposed Transaction.
- Draft Scheme of Arrangement towards the proposed transaction between Sigma  and Megasoft and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.
- Audited Financial Statements of Sigma and Megasoft for Financial Year ended on March 31, 2024, March 31, 2023, and March 31, 2022.
- Provisional Financial Statements of Megasoft for the three months period ended June 30, 2024.
- Provisional Financial Statements of Sigma for the five months period ended August 31, 2024
- Projected Financial Statement of Sigma for the five financial years from 2024-25 to 2028-29.
- Further, we have discussions with BDO Valuation Advisory LLP on such matters which we believed were necessary or appropriate for the purpose of issuing the Opinion.
- Such other information, documents, data, reports, discussions, and explanations received verbally and in writing from the Management of Sigma and Megasoft.
- Moreover, we have taken into consideration certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions.



Brief Profile of the Companies Under Reference

Sigma: Incorporated on February 02, 1996 with the RoC, under the provisions of the Companies Act, 1956. Sigma is a leading manufacturer and service provider of defence systems and security solutions. With over three decades of experience in the industry, the Company specializes in the design, development and production of cutting-edge defence systems and solutions that meets the highest standards of Quality Reliability and Performance.

CIN: U72200TG1996PTC023096

Megasoft: Incorporated on June 29, 1999 with RoC under the provisions of the Companies Act, 1956. At present, Megasoft is engaged in providing centralised services to subsidiaries and associate companies in the Pharma, Aerospace, and Defense Electronics sectors. These services include corporate, technology, finance, and leadership support services to enhance operational efficiency and market presence. The equity shares of Megasoft are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") (Symbol: MEGASOFT) (ISIN: INE933B01012).

CIN: L24100TN1999PLC042730

Exclusions and Limitations

The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the management of both Megasoft and Sigma for the purposes of the Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information on an "as is" basis, and have not verified the accuracy and/or the completeness of the same from our end.

Our opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of the issue of Fairness Opinion, and the information made available to us as of, the date hereof, including the capital structure of Megasoft and Sigma. Our opinion does not address matters such as corporate governance or shareholder rights. We have assumed the Proposed Transaction is legally enforceable.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. We have further assumed that the Transaction would be carried out in compliance with applicable laws rules and regulations. Our opinion is not, nor should it be construed as our opinion or certifying the compliance of the proposed transfer with the provisions of any law including companies,



taxation and capital market-related laws or as regards any legal implications or issues arising thereon.

Our work does not constitute an audit, due diligence or verification of historical financials including the working results of the companies or their business 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.

We have not assumed an obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Megasoft or Sigma, nor have we been furnished with any such appraisals. No investigation of the companies' claim to the title of assets or property owned by the companies has been made for the purpose of this Fairness Opinion.

We have not received any internal management information statements or any non-public reports, and instead, have relied upon information that was publicly available or provided or otherwise made available to us by Megasoft and Sigma on an "as is" basis for the purpose of this Fairness Opinion.

We are not experts in the evaluation of litigation or other actual or threatened claims. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or the financial prospects of Megasoft or Sigma.

We understand that the management of Megasoft and Sigma, during our discussion with them, would have drawn our attention to all information and matters which may have an impact on our analysis and opinion.

We have assumed that in the course of obtaining necessary regulatory or other consent, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this Fairness Opinion, we do not have an obligation to update, revise or reaffirm this opinion.

In the ordinary course of business, the SFSL Group is engaged in auditing, assurance, insolvency practice, merchant banking, debt restructuring, and loan syndication. In the ordinary course of its trading, investing and financing activities, any member of the SFSL Group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account, in debt or equity securities or senior loans of any company that may be involved in the proposed amalgamation.



We express no opinion whatsoever and make no recommendation at all as to Mgasoft's and Sigma's underlying decision to effect the proposed amalgamation. We also do not provide any recommendation to the holders of equity shares of Megasoft and Sigma with respect to the proposed amalgamation.

We hereby declare that we do not have any direct or indirect material pecuniary relationship with Megasoft and Sigma, except to the extent of professional fees agreed upon amongst us for this assignment of Fairness Opinion.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

Conclusion

Valuer's Recommendation: As stated in the Valuation Report by BDO Valuation Advisory LLP, they have recommended the following Share Exchange Ratio for the amalgamation of Sigma into Megasoft:

316 (Three Hundred and Sixteen) fully paid-up Equity Shares of the face value of INR 10 each of Megasoft Limited for every 100 (One Hundred) fully paid-up Equity Shares of face value INR 10 each held in Sigma Advanced Systems Private Limited.

Our Opinion on the Valuer's Report: Based on the information, and data made available to us, including the Valuation Report by BDO Valuation Advisory LLP, our examination and analysis of factors that we deemed relevant and subject to the scope, limitations as mentioned herein above, we are of the opinion that the proposed Equity Share Exchange Ratio as suggested by BDO Valuation Advisory LLP in relation to the proposed amalgamation of Sigma into Megasoft is fair from a financial point of view to the shareholders.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of Megasoft. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any third party without SFSL's prior consent.

However, Megasoft may provide a copy of the Fairness Opinion if requested/called upon by any regulatory authorities of India subject to promptly intimating SFSL in writing



about the receipt of such request. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances, however, will SFSL or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of SFSL accept any responsibility or liability including the pecuniary or financial liability to any third party.

For Sumedha Fiscal Services Limited



Ajay K Laddha
Authorised Signatory

