BDO

Fair Equity Share Exchange Ratio in relation to the 'Scheme of Amalgamation'

July 2021

IBDO

+91 22 6277 1600

The Ruby, Level 9, North East Wing
Senapati Bapat Marg, Dadar (W)
Mumbai 400028, INDIA

Ref. No.: MG/Jul9-37/2021

July 9, 2021

To,

The Board of Directors
Expleo Solutions Limited
6A, Sixth Floor, Prince Infocity II,
No.283/3 & 283/4
Rajiv Gandhi Salai (OMR), Kandanchavadi,
Chennai - 600 096.

Dear Sir(s)/ Madam(s),

Sub: Recommendation of Fair Equity Share Exchange Ratio in relation to the Proposed Scheme of Amalgamation (as defined below)

We, BDO Valuation Advisory LLP (**' BDO Val'** or **'We'** or **'Us'**), have been appointed by Expleo Solutions Limited **("the Client")** vide letter dated February 26, 2021 bearing reference number MG/Feb261/2021 to recommend the fair equity share exchange ratio for :

i. Amalgamation of Expleo India Infosystems Private Limited (**'EIIPL'** or **'Transferor Company 1'**) with Expleo Solutions Limited (**'ESL'** or **'Transferee Company'**) (**'Amalgamation 1'**)

ii. Amalgamation of Expleo Technologies India Private Limited (**'ETIPL'** or **'Transferor Company 2'**) and Expleo Engineering India Private Limited (**'EEIPL'** or **'Transferor Company 3'**) with the Transferee Company (**'Amalgamation 2'**); and

iii. Amalgamation of Silver Software Development Centre Private Limited (**'SSDCPL'** or **'Transferor Company 4'**) with the Transferee Company (**'Amalgamation 3'**);

on a going concern basis, as per the Proposed Scheme of Amalgamation between EIIPL, ETIPL, EEIPL, SSDCPL and ESL and their respective shareholders under sections 230 to 232 of the Companies Act, 2013 (**'the Act'**) and other applicable provisions of the Act **("the Proposed Scheme").**

EIIPL, ETIPL, EEIPL and SSDCPL shall be collectively referred as **'Unlisted Companies'**. ESL and the Unlisted Companies shall be collectively referred as **'Companies'**.

We are pleased to present herewith our report (**'Report'**) on the same. We have determined the fair equity share exchange ratio for the Proposed Scheme as at the Report date **('Valuation Date')**.

A summary of the analysis is presented in the accompanying Report, as well as description of the methodology and procedure we used, and the factors we considered in formulating our opinion.

We believe that our analysis must be considered as a whole. Selected portions of our analysis or the factors we considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

For BDO Valuation Advisory LLP
IBBI Regn No.: IBBI/RV-E/02/2019/103

Gadkari

Name: Mandar Vikas Gadkari
Designation: Partner
IBBI Regn No.: IBBI/RV/06/2018/10500

Encl: As Above

Table of Contents

BDO VALUATION ADVISORY LLP

1. Brief Background of the Companies

Expleo Solutions Limited ('ESL')

1.1. Expleo Solutions Limited (CIN: L64202TN1998PLC066604), is the subsidiary of Expleo Technology Germany GmbH, Germany.

1.2. ESL is part of Expleo Group, a trusted partner for end-to-end and integrated engineering, quality and management consulting services for digital transformation services to the banking, financial services and insurance industry worldwide.

1.3. The registered office of ESL is situated at 6A Sixth Floor, Prince Infocity II, No.283/3 & 283/4, Rajiv Gandhi Salai (OMR), Kandanchavadi, Chennai - 600096.

1.4. The ordinary equity shares of ESL are listed on National Stock Exchange of India Limited (**'NSE'**) & BSE Limited (**'BSE'**).

1.5. The authorised share capital and the issued, subscribed and fully paid-up share capital of ESL , as on March 31, 2021 was as follows:

Particulars	INR
Authorised Share Capital	
1,20,00,000 equity shares of INR 10/- each	12,00,00,000
Total	**12,00,00,000**
Issued, Subscribed & Fully Paid-up Share Capital	
1,02,52,485 equity shares of INR 10/- each	10,25,24,850
Total	**10,25,24,850**

We have been informed by the management and representatives of ESL that there has been no change in the above share capital of ESL from March 31, 2021 till the date of issuance of this Report.

1.6. The summarized shareholding pattern of ESL as on March 31, 2021 is as follows:

Shareholder Category	No. of Equity Shares	% Holding
I. Promoter and Promoter Group	57,58,804	56.17%
II. Public	44,93,681	43.83%
Total	**1,02,52,485**	**100.00%**

Expleo India Infosystems Private Limited ('EIIPL')

1.7. Expleo India Infosystems Private Limited (CIN: U72200PN2003PTC018619) is registered under Special Economic Zone scheme of the government.

1.8. EIIPL is incorporated as an unlisted private limited company and has its registered office at Plot No.25/1, Rajiv Gandhi Infotech Park, MIDC Phase III, Hinjewadi, Pune - 411057.

1.9. EIIPL is primarily engaged in the business of software testing.

1.10. The authorised share capital and the issued, subscribed and fully paid-up share capital of EIIPL, as on March 31, 2021, was as follows:

Particulars	INR
Authorised Share Capital	
8,50,000 equity shares of INR 10/- each	85,00,000
Total	**85,00,000**
Issued, Subscribed & Fully Paid-up Share Capital	
1,14,755 equity shares of INR 10/- each	11,47,550
Total	**11,47,550**

1.11. 100% of the shares of EIIPL are held by Expleo Technology Germany GmbH along with its nominees.

1.12. We have been informed by the management and representatives of EIIPL that there has been no change in the above share capital of EIIPL from March 31, 2021 till the date of issuance of this Report.

1.13. EIIPL entered into a Share Purchase Agreement ('**SPA**') on June 28, 2021 to acquire 8,73,585 shares equivalent to 100% equity stake of Expleo Engineering India Private Limited for INR 16.1 Mn.

1.14. EIIPL entered into another SPA on June 28, 2021 to acquire 1,40,39,778 shares equivalent to 100% equity stake of Expleo Technologies India Private Limited for INR 1,320.0 Mn.

Expleo Technologies India Private Limited ('ETIPL')

1.15. Expleo Technologies India Private Limited (CIN: U72900KA2008FTC046904) was incorporated as an unlisted private limited company and has its registered office at Unit No 201(2A), XYLEM, Plot No 4 & 4A, 2nd Floor, Dyavasandra Industrial Area, ITPB Main Road, Mahadevapura, Bangalore - 560048.

1.16. ETIPL is primarily engaged in the business of providing software development and engineering consultancy services with areas of focus in the field of Aerospace, Automobiles, Defense and Rail.

1.17. The authorised share capital and the issued, subscribed and fully paid-up share capital of ETIPL, as on March 31, 2021, was as follows:

Particulars	INR
Authorised Share Capital	
1,50,00,000 Equity Shares of INR 10/- each	15,00,00,000
Total	**15,00,00,000**
Issued, Subscribed and Paid-up Share Capital	
1,40,39,778 Equity Shares of INR 10/- each	14,03,97,780
Total	**14,03,97,780**

BDO VALUATION ADVISORY LLP

1.18. We have been informed by the management and representatives of ETIPL that there has been no change in the above share capital of ETIPL from March 31, 2021 till the date of issuance of this Report.

1.19. As on the date of this report, 100% of the shares of ETIPL are held by EIIPL along with its nominees.

Expleo Engineering India Private Limited ('EEIPL')

1.20. Expleo Engineering India Private Limited (CIN: U72900KA2003PTC031849) was incorporated as an unlisted private limited company and has its registered office at Unit No 201(2A), XYLEM, Plot No 4 & 4A, 2nd Floor, Dyavasandra Industrial Area, ITPB Main Road, Mahadevapura, Bangalore - 560048.

1.21. EEIPL was registered with Software Technology Park Scheme upto 3rd June, 2018 and was incorporated to provide engineering consultancy services to its clients. Currently it does not have any active business.

1.22. The authorised share capital and the issued, subscribed and fully paid-up share capital of EEIPL, as on March 31, 2021, was as follows:

Particulars	INR
Authorised Share Capital	
23,50,000 Equity Shares of INR 10/- each	2,35,00,000
Total	**2,35,00,000**
Issued, Subscribed and Paid-up Share Capital	
8,73,585 Equity Shares of INR 10/- each	87,35,850
Total	**87,35,850**

1.23. We have been informed by the management and representatives of EEIPL that there has been no change in the above share capital of EEIPL from March 31, 2021 till the date of issuance of this Report.

1.24. As on the date of this report, 100% of the shares of EEIPL are held by EIIPL along with its nominees.

Silver Software Development Centre Private Limited ('SSDCPL')

1.25. Silver Software Development Centre Private Limited (CIN: U72200KA2008PTC045335) was incorporated as an unlisted private limited company and has its registered office at Unit No 201(2A), XYLEM, Plot No 4 & 4A, 2nd Floor, Dyavasandra Industrial Area, ITPB Main Road, Mahadevapura, Bangalore - 560048.

1.26. SSDCPL was primarily incorporated to engage in the business of software development. Currently it does not have any active business.

1.27. The authorised share capital and the issued, subscribed and fully paid-up share capital of SSDCPL, as on March 31, 2021, was as follows:

Particulars	INR
Authorised Share Capital	
2,50,000 Equity Shares of INR 100/- each	2,50,00,000
Total	**2,50,00,000**
Issued, Subscribed and Paid-up Share Capital	
2,50,000 Equity Shares of INR 100/- each	2,50,00,000
Total	**2,50,00,000**

1.28. We have been informed by the management and representatives of Companies that there has been no change in the above share capital of SSDCPL from March 31, 2021 till the date of issuance of this Report.

1.29. 100% of the shares of SSDCPL are held by ETIPL along with its nominees.

<<<This space has been intentionally left blank>>>

2. Purpose of Valuation

2.1. We understand that following is proposed in the Proposed Scheme:

- Part B of the Proposed Scheme: Amalgamation of EIIPL with ESL. As consideration for the Amalgamation 1, the equity shareholders of EIIPL will be issued ordinary equity shares of ESL.
- Part C of the Proposed Scheme: Amalgamation of ETIPL and EEIPL with ESL. Upon Part B of the Proposed Scheme becoming effective, ETIPL and EEIPL shall become wholly owned subsidiaries of ESL. Accordingly, there shall be no issue of shares by ESL upon coming into effect of this Part of the Scheme, and the shares of ETIPL and EEIPL shall automatically stand cancelled and extinguished without any further act, deed, instrument, matter, or thing;
- Part D of the Proposed Scheme: Amalgamation of SSDCPL with ESL. Upon Part C of the Proposed Scheme becoming effective, SSDCPL shall become wholly owned subsidiaries of ESL. Accordingly, there shall be no issue of shares by ESL upon coming into effect of this Part of the Scheme, and the shares of SSDCPL shall automatically stand cancelled and extinguished without any further act, deed, instrument, matter, or thing;

2.2. As stated above, in Part C and Part D of the Proposed Scheme, wholly owned subsidiaries are merged into holding company. Accordingly, no equity shares are required to be issued on amalgamation as stated in Part C and Part D of the Proposed Scheme.

2.3. Companies under the Proposed Scheme and their respective shareholders will comply with the provisions of section 230 to 232 and other relevant provisions of the Act along with the applicable provisions of Securities and Exchange Board of India (**'SEBI'**).

2.4. In this regard, we have been appointed to undertake the valuation to recommend the fair equity share exchange ratio for Amalgamation 1 of EIIPL into ESL as per the Proposed Scheme.

2.5. The Appointed Date for the Scheme is April 01, 2022 or such other date as may be approved by the National Company Law Tribunal for the purpose of the Proposed Scheme;

<<<This space has been intentionally left blank>>>

BDO VALUATION ADVISORY LLP

3. Terms of Engagement

Context and Purpose

3.1. BDO Val has been appointed to determine the fair equity share exchange ratio for the Proposed Scheme of Amalgamation as mentioned in para 2.4 of this Report. This valuation exercise and Valuation Report are solely for the purpose mentioned in the Report.

Restricted Audience

3.2. This Report and the information contained herein are absolutely confidential and are intended for the use of the Client only for submitting to the statutory authorities for compliance under section sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and applicable provisions and circular issued by Securities and Exchange Board of India ('**SEBI**') applicable to the Proposed Scheme. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever.

3.3. This Report will be placed before the Board of Directors of ESL and intended only for their sole use and information only. To the extent mandatorily required under applicable laws of India, this Report maybe produced before judicial, regulatory or government authorities, in connection with the Proposed Scheme of Amalgamation. We are not responsible to any other person or party, for any decision of such person or party based on this Report. Any person or party intending to provide finance/ invest in the shares/ business of the Companies or their holding companies, subsidiaries, associates, joint ventures 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. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to BDO Val.

3.4. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

3.5. Without limiting the foregoing, we understand that the Client may be required to share this Report with regulatory or judicial authorities including stock exchanges, SEBI, Regional Director, Registrar of Companies, National Company Law Tribunal, professional advisors of the Client including merchant banker providing fairness opinion on the fair equity share exchange ratio, in connection with the Proposed Scheme (**'Permitted Recipients'**). We hereby give consent to such disclosure of this Report, on the basis that we owe responsibility only to the Client that has engaged us, under the terms of the engagement, and no other person; and that, to the fullest extent permitted by law, we accept no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and/or filing with Permitted Recipients, in connection with the Proposed Scheme, shall not be deemed to be an acceptance by us of any responsibility or liability to any person/ party other than the Client.

BDO

4. Caveats, Limitations and Disclaimers

4.1. This Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

4.2. This Report, its contents, and the analysis herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement, (ii) the Report date and (iii) based on the data detailed in the section - Sources of Information. The management of the Companies have represented that the business activities of the Companies have been carried out in the normal and ordinary course till the Report date and that no material changes are expected in their respective operations and financial position to occur upto the Report date.

4.3. We were provided with sufficient information and time to make our opinion for this valuation exercise. However, our opinion may change if any material information is not disclosed / hidden from us during our valuation exercise.

4.4. The scope of the assignment did not include performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information that was used during the course of the work. Accordingly, we express no audit opinion or any other form of assurance on this information on behalf of the Companies. The assignment did not involve us to conduct the financial or technical feasibility study. We have not done any independent technical valuation or appraisal or due diligence or legal title search of the assets or liabilities of the Companies and have considered them at the value as disclosed by the Companies in their regulatory filings or in submissions, oral or written, made to us.

4.5. Further, this valuation Report is based on the extant regulatory environment and the financial, economic, monetary and business/market conditions, and the information made available to us or used by us up to the date hereof, which are dynamic in nature and may change in future, thereby impacting the valuation of the Companies. Subsequent developments in the aforementioned conditions may affect this Report and the assumptions made in preparing this Report and we shall not be obliged to update, review or reaffirm this Report if the information provided to us changes. Further events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

4.6. We have no present or planned future interest in the Companies or any of their group entities.

4.7. The recommendation contained herein is not intended to represent value at any time other than the Valuation Date.

4.8. This Report is subject to the laws of India.

4.9. The fee for this engagement is not contingent upon the outcome of the Report.

4.10. In rendering this Report, we have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof.

4.11. This Report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. We have assumed that no information has been withheld that could have influenced the purpose of our Report.

4.12. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Companies. Nothing has come to our knowledge to indicate that the material provided to us was mis-stated or incorrect or would not afford reasonable grounds upon which to base our Report.

4.13. For the present valuation exercise, we have also relied upon information available in the public domain; however, the accuracy and timeliness of the same has not been independently verified by us.

4.14. In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of our Report or by virtue of fact that the details provided to us are incorrect or inaccurate.

4.15. We have arrived at a relative value based on our analysis. Any transaction price may however be significantly different and would depend on the negotiating ability and motivations of the respective buyers and sellers in the transaction.

4.16. Our scope is limited to recommendation of fair equity share exchange ratio. The Report should not be construed as, our opinion or certifying the compliance of the Proposed Scheme of Amalgamation with the provisions of any law including the Companies Act 2013, Foreign Exchange Management Act, 1999, taxation related laws, capital market related laws, any accounting, taxation or legal implications or issues arising from Proposed Scheme of Amalgamation.

4.17. The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operation unless otherwise stated and that the Companies will be managed in competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of legal nature, including issues of legal title and compliance with local laws, litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

4.18. This Report does not look into the business/commercial reasons behind the Proposed Scheme of Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Scheme of Amalgamation as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available. The assessment of commercial and investment merits in the Companies is sole responsibility of the investors of the Companies and we don't express opinion on the suitability or otherwise of entering into any financial or other transactions with the Companies.

BDO VALUATION ADVISORY LLP

4.19. Valuation and determination of a fair equity share exchange ratio is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value. While we have provided an assessment of the value based on an analysis of information available to us and within the scope of our engagement, others may place a different opinion.

4.20. Valuation is based on estimates of future financial performance or opinions, which represent reasonable expectations taking into consideration the economic, social and market patterns existing at that point in time but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, a particular event will occur or that a particular price will be offered or accepted. Actual results achieved during the period covered by the prospective financial analysis will vary from these estimates and the variations may be material.

4.21. Whilst all reasonable care has been taken to ensure that the factual statements in the Report are accurate, neither us, nor any of our partners, officers or employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this Report.

4.22. We owe responsibility to only the Board of Directors of the Client and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other party to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In the particular circumstances of this case, our liability, if any (in contract or under statute or otherwise) for any economic loss or damage arising out of or in connection with this engagement, howsoever the loss or damage caused, shall be limited to the amount of fees actually received by us from the Client as laid out in the engagement letter, for such valuation work.

4.23. We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

4.24. This Report does not in any manner address the prices at which equity shares of ESL will trade following the announcement and/or implementation of the Proposed Scheme and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Scheme.

4.25. The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

4.26. Client has informed us that IDBI Capital Markets & Securities Ltd. has been appointed to provide fairness opinion on the recommended Fair Equity Share Exchange Ratio for the purpose of aforementioned Proposed Scheme of Amalgamation. Further at the request of the Companies, we have had discussions with the Fairness Opinion provider on the valuation approach adopted and assumptions made by us.

4.27. Further, after declaration of COVID-19 as a pandemic by World Health Organization had caused a widespread disruption in businesses as well as on financial markets in India and globally alike. Our assumptions for the valuation is surrounded by this unprecedented uncertainty across all the industries and sectors including the time period over which these circumstances could prevail. The valuation assumptions, the underlying projections and the outcome of the valuation analysis could materially change as a result of the continued or increased uncertainty around the prevalence of COVID-19 circumstances and hence a reliance on our valuation must be placed considering these unprecedented circumstances.

<<<This space has been intentionally left blank>>>

BDO VALUATION ADVISORY LLP

5. Sources of Information

5.1. For the purpose of undertaking this valuation exercise, we have relied on the following sources of information provided by the management and representatives of the Companies:

- Detailed business profile and information of current business operations of the Companies;
- Audited financial statements of the Companies for the year ended March 31, 2021;
- Unaudited financial statement of EIIPL for 1 month period ended April 30, 2021;
- Latest Shareholding pattern of the Companies as at March 31, 2021;
- Projected financial statements of EIIPL for the period starting from May 1, 2021 to March 31, 2024;
- Income Tax Return (ITR) of EIIPL for FY20;
- Share Purchase Agreement dated June 28, 2021 for purchase of shares of EEIPL by EIIPL;
- Share Purchase Agreement dated June 28, 2021 for purchase of shares of ETIPL by EIIPL;
- Relevant data and information provided to us by the management and representatives of the Client either in written or oral form or in form of soft copy and information available in public domain;
- Information provided by leading database sources (proprietary databases subscribed by us or our network firm), market research reports and other published data (including the Stock Exchanges); and
- Draft of Proposed Scheme of Amalgamation.

5.2. We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Management of the Companies. Client has been provided with the opportunity to review the draft Report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final Report.

5.3. The management of Companies has informed us that there would be no significant variation between the draft Scheme and the final scheme approved and submitted with the relevant authorities.

6. Procedures Adopted

6.1. Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including but not limited to the following:

- Requested and received financial information;
- Obtained data available in public domain;
- Undertook industry analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation;
- Detailed analysis of Comparable Companies for the business;
- Discussions (over call/emails/conferences) with the management of the Companies to understand the business and fundamental factors that could affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance;
- Selection of valuation methodology/(ies) as per internationally accepted valuation methodologies;
- Determined the fair equity share exchange ratio based on the selected methodology.

For the purpose of arriving at the valuation of the Companies we have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this report.

<<<This space has been intentionally left blank>>>

7. Valuation Approaches

7.1. It is pertinent to note that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, and prospects, financial and otherwise, of the companies/businesses, and other factors which generally influence the valuation of the companies, its businesses and assets.

7.2. The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, analysis of businesses, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

7.3. It may be noted that BDO Val is enrolled with IOV Registered Valuers Foundation, which has recommended to follow International Valuation Standards ("IVS") for undertaking valuation and accordingly we have considered the International Valuation Standards issued by International Valuation Standards Council ('IVSC') in carrying out the valuation exercise.

7.4. The Report Date is the valuation date ('**Valuation Date**'). For valuation exercise, market parameters have been considered up to and including July 8, 2021.

7.5. There are three generally accepted approaches to valuation:

(a) "Asset" / "Cost" Approach

(b) "Income" Approach

(c) "Market" Approach

Within these three basic approaches, several methods may be used to estimate the value. An overview of these approaches is as follows:

Asset / Cost Approach

Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

This valuation approach is mainly used in case where the assets base dominates earnings capability.

Income Approach

The income approach is widely used for valuation under "Going Concern" basis. It focuses on the income generated by the company in the past as well as its future earning capability. The Discounted Cash Flow Method under the income approach seeks to arrive at a valuation based on the strength of future cash flows.

Discounted Cash Flow Method

Under the Discounted Cash Flow ('**DCF**') method, the value of the undertaking is based on expected 'cash flows for future, discounted at a rate, which reflects the expected returns and the risks associated with the cash flows as against its accounting profits. The value of the undertaking is determined as the present value of its future free cash flows.

Free cash flows are discounted for the explicit forecast period and the perpetuity value thereafter. Free cash flows represent the cash available for distribution to both, the owners and creditors of the business.

Discount rate is the Weighted Average Cost of Capital ('**WACC**'), based on an optimal vis-à-vis actual capital structure. It is appropriate rate of discount to calculate the present value of future cash flows as it considers equity-debt risk and also debt-equity ratio of the firm.

The perpetuity (terminal) value is calculated based on the business's potential for further growth beyond the explicit forecast period. The "constant growth model" is applied, which implies an expected constant level of growth (for perpetuity) in the cash flows over the last year of the forecast period.

The discounting factor (rate of discounting the future cash flows) reflects not only the time value of money, but also the risk associated with the business's future operations.

The Business/Enterprise Value so derived, is further reduced by value of debt, if any, (net of cash and cash equivalents) to arrive at value to the owners of business. The surplus assets / non-operating assets are also adjusted.

In case of free cash flows to equity, the cash available for distribution to owners of the business is discounted at the Cost of Equity and the value so arrived is the Equity Value before surplus/ non-operating assets. The surplus assets / non-operating assets are further added to arrive at the Equity Value.

Market Approach

Under the Market approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market approach generally reflects the investors' perception about the true worth of the company.

i. Market Price Method

Under this method, the market price of an equity shares of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the trading. The market value reflects the investors' perception about the true worth of the company.

ii. Comparable Companies Multiple Method

Under the Comparable Companies Multiple ('**CCM**') method, the value is determined on the basis of multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

To the value of the business so arrived, adjustments need to be made for the value of contingent assets/liabilities, surplus Asset and dues payable to preference shareholders, if any, in order to arrive at the value for equity shareholders.

iii. Comparable Transactions Multiple Method

Under the Comparable Transactions Multiple ('**CTM**') method, the value of a company can be estimated by analyzing the prices paid by purchasers of similar companies under similar circumstances. This is a valuation method where one will be comparing recent market transactions in order to gauge current valuation of target company. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

<<<This space has been intentionally left blank>>>

BDO VALUATION ADVISORY LLP

8. Conclusion on Valuation Approach

8.1. In order to consider reasonable methods for the valuation exercise, we have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time **('ICDR Regulations')** and the specific information/explanations available of ESL. We have considered the following respective methods for the valuation:

ESL

8.2. Market Price Method under the Market Approach have been considered for valuation of ESL as ESL is listed on Indian stock exchange. We considered ICDR Regulations which provide guidelines to estimate the market price.

In the present case, the share price of ESL on the NSE has been considered, as the trading volumes are higher at NSE as compared to BSE as per the requirements of the ICDR Regulations and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011 guidelines, as applicable, on a recognized stock exchange during the twelve calendar months preceding the Relevant Date (being the date of the meeting in which the Board of Directors of ESL to adopt the Proposed Scheme).

Attention may also be drawn to Regulation 158 of ICDR Regulations which specifies that issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further it may be noted that Regulation 164 specifies the minimum price for issue of shares on a preferential basis.

The Pricing Formula provided in Regulations 164 (1) has been considered for arriving at the minimum value per equity share of ESL under the Market Price Method. The market price is considered as higher of following:

(a) average of the weekly high and low of the volume weighted average price during the 26 weeks preceding July 9, 2021; or

(b) average of weekly high and low of the volume weighted average price during the 2 weeks preceding July 9, 2021.

Comparable Companies Multiple Method ("CCM") is also used for determining and arriving at the fair value of ESL, since there are comparable companies operating in a similar segment in India. Further, due to paucity of comparable transaction, CTM method has not been considered.

In a going concern scenario, the earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of merger, than the values arrived at on the net asset basis being of limited relevance. Therefore, we have not considered Asset / Cost approach for valuation since the asset / cost approach does not reflect the intrinsic value of the business in a "going concern scenario".

Further, Discounted Cash Flow Method under the Income Approach has not been considered as ESL is a listed entity and the management has not provided us the information related to future profit and loss account, balance sheet and cash flows being price sensitive.

EIIPL

CCM under market approach is used for determining and arriving at the fair value of EIIPL, since there are comparable companies operating in a similar segment in India. Since EIIPL is not listed on any stock exchange, market price method is not considered. Further, due to paucity of comparable transaction, CTM method has not been considered.

In a going concern scenario, the earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of merger, than the values arrived at on the net asset basis being of limited relevance. Therefore, we have not considered Asset / Cost approach for valuation since the asset / cost approach does not reflect the intrinsic value of the business in a "going concern scenario".

We have considered the Discounted Cash Flow Method under Income Approach to value EIIPL as the true worth of the EIIPL's business would be reflected in its future earnings potential.

Values of ETIPL and EEIPL have been considered at their acquisition cost and added to the value of EIIPL under each of the aforesaid adopted method.

Summary of Valuation Approaches Considered:

Name of the Companies	Methods Adopted
ESL	Market Price Method CCM Method
EIIPL	DCF Method CCM Method

<<<This space has been intentionally left blank>>>

9. Basis of Fair Equity Share Exchange Ratio

9.1. The basis of the fair equity share exchange ratio for the Proposed Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair equity share exchange ratio.

9.2. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the fair equity share exchange ratio for the Amalgamation 1, rounding off have been done in the values.

9.3. The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained herein earlier and various qualitative factors relevant to each Company and the business dynamics and growth potentials of the businesses, having regard to information base, key underlying assumptions and limitations. For this purpose, we have assigned appropriate weights to the values arrived at under each approach/method.

9.4. Further in respect of Amalgamation 2 and Amalgamation 3, wholly owned subsidiaries are merged into holding company. Accordingly, no equity shares are required to be issued on such amalgamation.

10. Major factors that were considered during the valuation

10.1. The equity shares of ESL are listed;

10.2. Key operating/ financial parameters of the Companies;

10.3. Financial Projections of EIIPL provided to us;

10.4. Acquisition of EEIPL and ETIPL by EIIPL vide SPA ; and

10.5. Discussion with the management of the Companies on future business aspects.

<<<This space has been intentionally left blank>>>

BDO

11. Conclusion

11.1. 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 Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Honorable 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".

11.2. As discussed earlier, we have used Market Price method and Comparable Companies Multiple method for valuation of ESL and Discounted Cash Flow method and Comparable Companies Multiple method for valuation of EIIPL and arrived at the recommended fair equity share exchange ratio for amalgamation of EIIPL into ESL as follows:

Valuation Approach	Valuation Method	EIIPL		ESL	
		Value Per Share (INR)	Weights	Value Per Share (INR)	Weights
Cost Approach[1]	Summation Method	NA	NA	NA	NA
Income Approach[2]	DCF Method	36,722.57	50%	NA	NA
Market Approach[3]	MP Method	NA	NA	833.58	50%
Market Approach[4]	CCM Method	40,181.35	50%	840.81	50%
Value Per Share		38,451.96		837.19	
Share Exchange Ratio (Rounded Off)		10		459	

NA means Not Adopted / Not Applicable.

BDO VALUATION ADVISORY LLP

1. *Summation Method under Cost Approach has not been considered since the net asset value does not reflect the intrinsic value of the business in a going concern scenario.*
2. *Discounted Cash Flow Method under Income Approach has been considered for valuing EIIPL based on projections made available by the Companies. DCF Method has not been considered for ESL as it is a listed entity and the management has not provided us the information related to future profit and loss account, balance sheet and cash flows being price sensitive.*
3. *EIIPL is not listed on any Indian Stock Exchange; hence Market Price Method under Market Approach is not used. ESL is listed on BSE and NSE. Hence, we have considered market price method for valuing ESL.*
4. *We have used CCM Method for valuing EIIPL and ESL based on comparable companies having business similar to the Companies.*

11.3. Following is the recommended Fair Equity Share Exchange Ratio for Amalgamation 1:

459 equity shares of Expleo Solutions Limited (of INR 10/- each fully paid up) for every 10 equity shares held in Expleo India Infosystems Private Limited (of INR 10/- each fully paid up) for Amalgamation 1.

BDO VALUATION ADVISORY LLP