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May 23, 2019

To  
The Board of Directors,  
Spacenet Enterprises India Limited,  
1<sup>st</sup> Floor, A to Z Elite,  
Plot No.197, Guttala Begumpet Village,  
Madhapur, Hyderabad-500081.

Sub.: Proposed Scheme of Arrangement between Kling Enterprises India Limited ('Kling' or 'Transferor Company') and Spacenet Enterprises India Limited ('Spacenet' or 'Transferee Company') and their respective Shareholders and Creditors

Dear Sir/Madam,

We refer to our engagement and our ongoing discussions, wherein the management of Spacenet Enterprises India Limited ('Spacenet' or 'Transferee Company') have requested Ashika Capital Limited ('Ashika'), a SEBI registered Merchant Banker, to provide a Fairness Opinion on the Recommendation of Share Exchange Ratio dated May 20, 2019 ('Valuation Report') being issued by CA G Murali, Registered Valuer (IBBI) ('Valuer') in respect of the proposed Demerger of Commodity Trading Division of Kling Enterprises India Limited ('Kling' or 'Transferor Company') into Spacenet Enterprises India Limited ('Spacenet' or 'Transferee Company'), through a Scheme of Arrangement ('Scheme') under the provisions of sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013.

We understand that the management of Spacenet and Kling are contemplating the Demerger of Commodity Trading Division of Transferor Company into Transferee Company, whereby the equity shares of Transferee Company, would be issued/allotted the equity shareholders of Transferor Company under the Scheme.

**1. Background of the Companies that are parties to the Scheme:**

**1.1. Spacenet Enterprises India Limited:**

- a. Spacenet Enterprises India Limited was originally incorporated as Northgate Com Tech Private Limited on May 28, 2010 under the Companies Act, 1956. The name of the company was changed to Northgate Com Tech Limited on August 01, 2011 vide fresh certificate consequent to change of name on conversion to public limited company. The name of the company further changed to its present name, with effect from November 23, 2015 vide fresh certificate of incorporation pursuant to change of name. The registered office of the Company is situated at 1<sup>st</sup> Floor, A to Z Elite, Plot No.197, Guttala Begumpet Village, Madhapur, Hyderabad-500081.
- b. The Corporate Identification Number (CIN) of the Company is L72200TG2010PLC068624.
- c. The Main Objects Clause of the Target Company as per its Memorandum of Association is to design, develop and carry on the business of development of Software tools and platforms providing fast, flexible and reliable commodities trading tools and to provide order management and risk management software tools for Global commodity markets using the Quantitative, Derivative and Neuro models.
- d. The Transferee Company is engaged into business of Software Development and Commodity Trading.

**Registered Office:**

Trinity, 226/1, A. J. C. Bose Road  
7th Floor, Kolkata 700 020  
Tel.: +91 33 4010 2500  
Fax: +91 33 4010 2543  
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**Corporate Office:**

1008, 10th Floor, Raheja Centre  
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- e. The authorised, issued and subscribed and paid-up capital of Spacenet as per the audited financial statements as on March 31, 2019 is as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
50,00,00,000 Equity Shares of Rs. 1/- each	50,00,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b>	
4,90,18,590 Equity Shares of Rs. 1/- each	4,90,18,590

Subsequent to March 31, 2019 and as on Date there is no change in the authorised, issued and subscribed and paid-up capital of Spacenet.

- f. The equity shares of Spacenet are listed on National Stock Exchange of India Ltd., Mumbai ('NSE').

#### 1.2. Kling Enterprises India Limited:

- a. Kling is a private limited company incorporated on April 05, 2007 under the Companies Act, 1956. The registered office of the Company is situated at 1<sup>st</sup> Floor, A to Z Elite, Plot No.197, Guttala Begumpet Village, Madhapur, Hyderabad-500081.
- b. The Corporate Identification Number (CIN) of the Company is U67120TG2007PLC053474.
- c. Kling is engaged in the business of Commodity Trading and buying and selling Securities.
- g. The authorised, issued and subscribed and paid-up capital of Kling as per the audited financial statements as on March 31, 2019 is as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b>	
17,50,00,000 Equity Shares of Rs. 1/- each	17,50,00,000
<b>Issued, Subscribed and Paid-up Share Capital</b>	
17,50,00,000 Equity Shares of Rs. 1/- each	17,50,00,000

Subsequent to March 31, 2019 and as on Date there is no change in the authorised, issued and subscribed and paid-up capital of Kling.

- d. The shares of Kling are not listed on any stock exchanges.

#### 2. Scope and Purpose:

The Companies have appointed CA. G Murali, Registered Valuer (IBBI) ('Valuer') to carry out the valuation of Transferor Company and Transferee Company and recommend the Share Entitlement Ratio for the proposed Demerger of Commodity Trading Division of Kling into Spacenet.

The Valuer vide his Recommendation Report dated May 22, 2019 ('Valuation Report') has recommended that 58 (Fifty Eight) equity shares of Transferee Company of INR 1/- each fully paid up shall be issued for every 93 (Ninety Three) equity shares of Transferor Company of INR 1/- each fully paid up.



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The Transferee Company has appointed Ashika Capital Limited to examine the Valuation Report and such other information provided by them and issue an opinion on the Share Entitlement Ratio in respect of the proposed Demerger ("Fairness Opinion").

We have reviewed the methodologies as adopted by the Valuer for arriving at the fair valuation of the equity shares of the Companies and also reviewed the working and underlining assumptions adopted to arrive at the values under the approach, for determining their respective per share value and to recommend the Share Entitlement Ratio.

Scope of this Fairness Opinion includes commenting only on the fairness of the Share Entitlement Ratio recommended by the Valuer and not on the fairness or economic rationale of the Scheme.

This Fairness Opinion is addressed to the Board of Directors of the Companies. This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and declarations detailed hereinafter. As such the Fairness Opinion is to be read in totality not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFC/DIL3/CIR/2018/2 dated January 03, 2018, as applicable.

This Fairness Opinion has been issued only for the purpose of opting on the fairness of the Share Entitlement Ratio for the Demerger under the proposed Scheme and should not be used for any other purpose.

**3. Sources of Information:**

For the purpose of examination and for arriving at the opinion, we have relied upon the following information provided by the management of the companies:

- i. Memorandum and Articles of Association of the Spacenet and Kling.
- ii. Audited Financial Statements of Spacenet and Kling for the financial year ended March 31, 2018 and audited Financial Statements of Kling for the financial year ended March 31, 2019 and Financial Results of Spacenet for the quarter and nine months period ended December 31, 2018.
- iii. Valuation Report issued by the Valuer.
- iv. Draft Scheme of Arrangement, certified by the management of the Companies.
- v. Other relevant details of the companies such as its history, past and present activities, future plans & prospects and information in the public domain.
- vi. Such other information and explanations as we required and which have been provided by the management of the respective companies.

**4. Exclusions and Limitations:**

We have relied upon and assumed, without independent verification, the truthfulness, accuracy, and completeness of information that was provided or made available to us by the companies in all material respects for the purpose of this Fairness Opinion. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any

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responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our Fairness Opinion.

This Fairness Opinion is prepared solely for the purpose of discussion by the management of the Companies in relation to the proposed Demerger between Kling and Spacenet and shall not be disclosed or referred to public or to any third party other than the purpose as mentioned above.

This Fairness Opinion is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to which it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

This Fairness Opinion does not give any valuation or suggest any share exchange ratio. However, it is limited to provide its fairness opinion on the Valuation Report given by the Valuer. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein.

In no circumstances, Ashika or its directors, officers, employees and controlling persons of Ashika will accept any responsibility or liability including any pecuniary or financial liability to any third party.

**5. Conclusion:**

Based on the facts, information and explanation relevant to the present case, our examination of the Valuation Report provided to us by the companies and our independent analysis and evaluation of such information and subject to the exclusions and limitations as mentioned herein and to the best of our knowledge and belief, we are of the opinion that the share entitlement ratio of the equity shares of the Transferee Company to be issued to the equity shareholders of the Transferor Company, pursuant to the Scheme, recommended by the Valuer is fair.

**6. Distribution of Fairness Opinion:**

This Fairness Opinion is for the purpose of submission to Stock Exchanges and disclosure on the companies and Stock Exchange Websites as required under the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular No. CFC/DIL3/CIR/2018/2 dated January 03, 2018 and shall not be disclosed or referred to publicly or to any third party other than the purpose as mentioned above.

Thanking you,

For Ashika Capital Limited

  
Mihir Mehta  
Vice President-MBD

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