

Date: January 19, 2017

The Board of Directors,
Larsen & Toubro Limited
L&T House,
Ballard Estate,
Mumbai – 400 001.

The Board of Directors,
Spectrum Infotech Private Limited
L&T House,
38, Cubbon Road,
Bangalore – 560 001.

CERTIFIED TRUE COPY
For LARSEN & TQUBRO LIMITED

(N. HARIHARAN)
COMPANY SECRETARY

Dear Sirs,

Re: Fairness opinion on Valuation Report issued by M/s. Eesh & Co., Chartered Accountants,
for the proposed amalgamation of Spectrum Infotech Private Limited with Larsen &
Toubro Limited.

BACKGROUND

Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with The Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3 and 8 of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 we have been requested to issue a fairness opinion on Valuation Report issued by M/s. Eesh & Co., Chartered Accountants, for the proposed amalgamation of Spectrum Infotech Private Limited ("SIPL" or "Transferor Company"), with Larsen & Toubro Limited ("L&T" or "Transferee Company")

L&T was incorporated on 7th February, 1946. L&T was established to acquire and take over as a going concern the business of engineers, manufactures, merchants and agents now carried on at Bombay and elsewhere in India under the name and style of Larsen & Toubro and carries on business as civil, mechanical, electrical, chemical and agricultural engineers, as manufacturers, and as importers and exporters, commission agents (and merchants and as agents for ship and ship-owners and as agents) for foreign manufactures and merchants. In particular the Transferee Company through its Defence and Aerospace SBG is involved in design, development and realization of Naval Platforms, Artillery systems, Land & Naval Weapon systems, Fire Control systems, Naval equipment and systems, Engineering systems for Land and

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)

Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Email: info@pantomathgroup.com

Website: www.pantomathgroup.com | CIN: U74120MH2013PTC248061 | Tel:022-6194 6700/724 | Fax:022-26598690

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- Memorandum of Association and Articles of Association of L&T and SIPL;

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

FAIRNESS OPINION

With reference to the above and based on the information and explanation provided by the management of the Companies and after analyzing the Draft Scheme of Amalgamation, we understand that SIPL is wholly owned subsidiary of L&T and thus no shares shall be issued by L&T as consideration for the proposed amalgamation and there is no change in shareholding pattern of L&T post proposed amalgamation. The shareholders of L&T will continue to remain beneficial owners of SIPL and L&T in the same proportion as they held it prior to the amalgamation.

Accordingly, no valuation process is applicable to the Scheme. Thus in our opinion, we state that the valuation arrived by M/s. Eesh & Co., Chartered Accountants, is fair and reasonable.

EXCLUSIONS AND LIMITATIONS

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 L&T and SIPL for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of L&T and SIPL.

We have solely relied upon the information provided to us by L&T and SIPL. We have not reviewed any books or records of L&T and SIPL.

We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of L&T and SIPL and neither express any opinion with respect thereto nor accept any responsibility therefore.

We have not made any independent valuation or appraisal of the assets or liabilities of L&T and SIPL. In particular we do not express any opinion as to the value of assets of L&T and SIPL, whether at current market prices or in future.

We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by L&T and SIPL for the purpose of this opinion.

We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of L&T and SIPL with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation will be approved by the



regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Amalgamation.

We understand that the managements of L&T and SIPL during our discussion with them would have drawn our attention to all such 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 consents or approvals for the Draft Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that L&T and SIPL may have contemplated.

Our opinion is necessarily based on financial, economic, market and other 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 opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving L&T and SIPL or any of its assets, nor did we negotiate with any other party in this regard.

It is understood that this letter is solely for the benefit of confidential use by the Board of Directors of L&T and SIPL for the purpose of facilitating companies to comply with Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3 and 8 of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 and it shall not be valid for any other purpose. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

Valuation, as it is said, is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices leads to varying values arrived at by expert which at times may differ by larger margin. We express no opinion whatever and make no recommendation at all as to L&T's, SIPL's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or secured or unsecured creditors of L&T and SIPL should vote at their respective meetings held in connection with the transaction. We do not express and should not be deemed to have expressed any views on any other terms of transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of L&T will trade following the announcement of the transaction or as to the financial performance of L&T and SIPL following the consumption of the transaction.



In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Pantomath or its associates, directors or employees by any third party, L&T and SIPL and their affiliates shall indemnify them.

For Pantomath Capital Advisors Private Limited

Kirti Kanoria

Kirti Kanoria
Associate Vice President

