April 5, 2018
SCSL/18-19/005

To,
The Board of Directors
Servoteach Industries Limited
502 Triveni Krupa, Carter Road No. 3,
Opp. Ambaji Mata Temple,
Borivali (East), Mumbai 400 066
Maharashtra

Dear Members of the Board,

Sub: Fairness opinion on the value and Fair Exchange Ratio for the proposed amalgamation of Servotech India Limited into and with Servoteach Industries Limited as recommended by the independent valuer.

Ref.: Our Offer Letter dated April 02, 2018.

The Board of Directors of Servoteach Industries Limited (hereinafter referred to as "SIL" or the "Company") has appointed Suresh Shah & Co, Chartered Accountants (the "Independent Valuer") in relation to valuation of Servotech India Limited (hereinafter referred to as "STIL") and determination of Fair Exchange Ratio for the purpose of STIL's amalgamation (the "Transaction") into and with SIL ("Purpose") with effect from the Appointed Date of April 1, 2017.

The Company has requested us to provide "fairness opinion" on the proposed Fair Exchange Ratio as recommended by the Independent Valuer. This Fairness Opinion report is our deliverable against the same.

Our opinion is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the opinion is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

The sources of information, which have been furnished to us by the Company, are as follows:

- Report dated April 5, 2018 issued by the Independent Valuer containing the valuation of STIL and Fair Exchange Ratio for proposed Transaction.

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- A brief profile on STIL's business and its operations.
- Provisional financials for the FY2018 and Audited Financials of STIL for FY2016 and FY2017.
- Draft Scheme of Arrangement and Amalgamation.
- Current shareholding pattern of STIL.
- Provisional financials for the nine months period ended on 31st December, 2017 and Audited Financials of SIL for FY2016 and FY2017.

In addition to the above, we have also obtained other necessary explanations and information, which we believed were relevant to the present exercise, from the Management.

It may be mentioned that the Management of the Company have been provided the opportunity to review the draft report (without fairness opinion) for current engagement and confirm the same with STIL management wherever required as a part of our standard practice to make sure that factual inaccuracies are avoided in the report.

SCOPE LIMITATIONS, ASSUMPTIONS, EXCLUSIONS, LIMITATIONS AND DISCLAIMERS

This Fairness Opinion Report, its contents and the results herein are (i) specific to the purpose mentioned in this Report; (ii) specific to the date of the Report and (iii) are based on the balance sheet of STIL as at March 31, 2017. The Management has represented that the business activities of STIL have been carried out in the normal and ordinary course between 31st March 2017 and date hereof and that no material adverse change has occurred in their respective operations and financial position between March 31, 2017 and date hereof.

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information (both written & verbal) made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Report. We have neither carried out a due diligence or audit of the Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. In rendering this Report, we

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have not provided legal, regulatory, tax, accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof. We do not express any opinion or offer any form of assurance that the explanations, financial information or other information as prepared and provided by the Companies is accurate and complete. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that, in case of any doubt, they have checked the relevance or materiality of any specific information with respect to the present exercise with us. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or mis-statements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Management and their impact on the Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

During the course of work, we have relied upon the Audited and Provisional financials of STIL provided to us by the Management. We have not verified the accuracy of the information in the provisional financials upto 31st December, 2017 and have been taken into consideration for post March 31, 2017 events.

Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgement decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. There is, therefore, no indisputable single Fair Exchange Ratio.

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While we have provided our fairness opinion on the Fair Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Exchange Ratio. You acknowledge and agree that you have the final responsibility for the determination of the Fair Exchange Ratio at which the proposed Amalgamation shall take place and factors other than this Report will need to be taken into account in determining the Fair Exchange Ratio; these will include your own assessment of the proposed Amalgamation and may include the input of other professional advisors.

This report and its contents is prepared for the Company and to be used only for the specific engagement and regulatory reporting purposes and must not be copied, disclosed or circulated or referred to or quoted in any correspondence, registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or discussion with any person. The Report is confidential and it is given on the express undertaking that will not be communicated, in whole or in part, to any third party without our prior written consent. Neither this Report nor its contents may be used for any other purpose other than in connection with this proposed Transaction without our prior written consent.

Whilst all reasonable care has been taken to ensure that the facts stated in the report are accurate and the opinions given are fair and reasonable, neither ourselves, nor any of our directors, partners, officers or employees shall in any way be responsible for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of completeness, authenticity or accuracy of such statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We owe responsibility only to the Board of Directors of the Company and nobody else. We are not liable to any third party in relation to the issue of this report. In no event we shall be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the Companies, their management, directors, employees or agents.

A valuation of this nature is necessarily based on prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. 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. However,

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we reserve the right to amend or replace the report at any time in the event of any material change in the facts presented to us.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the balance sheet of the Companies. Our conclusion of value assumes that the assets & liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the date hereof.

This Report does not look into the business / commercial reasons behind the proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the proposed Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

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. In addition, this Report does not in any manner address the price at which equity shares will trade following approval of the Transaction and we express no opinion or recommendation as to how the shareholders or creditors of Companies should vote at their respective meeting(s) to be held in connection with the proposed Transaction.

BACKGROUND OF THE COMPANY

Servotech India Limited ("STIL")

STIL is a public limited company incorporated on July 09, 1986 and registered office of STIL is situated in Mumbai, Maharashtra. STIL is engaged in the business of manufacturer and supplier of turnkey projects of solvent extraction plants, castor oil plants, edible oil plants, oil refinery plants, Vanaspati plants and Dairy & Food processing plants.

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The plants find extensive application for refining of oil, solvent extraction, bio-diesel processing, hydrogen gas generation plants, caffeine extraction plant, oil mill plant, oil refining plant and more. Our range of plants and equipment is based on a spectrum of energy and environmental research that will return benefit for generations.

STIL specialize in undertaking turnkey projects, which includes complete portfolio of services right from concept to commissioning. STIL expanding technological base and association with industry giants have enabled us to successfully install more than 375 plants across India and abroad countries industries. STIL has been certified with ISO 9001: 2008 for following a standard quality management system. The company focuses on wealth of engineering talent to create a commercially viable solution based upon the specific application requirements of the clients.

The issued, subscribed & paid up share capital of STIL as on March 31, 2017 is INR 4,78,50,000 comprising of 47,85,000 equity shares of INR 10/- each.

Servoteach Industries Limited ("SIL")

SIL is a public limited company incorporated on October 07, 1994 and registered office of SIL is situated in Mumbai, Maharashtra. SIL is engaged in the business of manufacture and to deal in all kind of plant and machinery and equipment for solvent extraction, refining, vanaspati, oil milling etc. However, there are hardly any business activities. The equity shares of SIL are listed on BSE Limited ("BSE").

INDEPENDENT VALUER'S RECOMMENDATION

It has been proposed by the Independent Valuer that the fair value of STIL is INR 14.32 per Equity Share on a going concern and fully diluted basis.

The Independent Valuer has been informed by the Management of SIL, that the consideration for the Amalgamation of STIL would be discharged as under:

1. One (1) Equity Share of the SIL of Rs. 10/- each fully paid up for every One (1) Equity Share of Rs. 10 each fully paid up held in the Share Capital of the STIL; and
2. Eleven (11) Optionally Convertible Redeemable Preference Shares (OCRPS) of the SIL of Rs. 10/- each fully paid up for every Two (2) Equity Shares of Rs. 10/- each fully paid up held in the share capital of the STIL .

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OUR COMMENT ON THE INDEPENDENT VALUER'S REPORT

The fairness opinion has been prepared based on the Independent Valuer's report and our exercise of the various qualitative factors relevant to SIL and STIL, having regard to information base, Management representations, key underlying assumptions and limitations.

On consideration of all the relevant factors and circumstances, we believe that the Independent Valuer's proposed valuation and Fair Exchange Ratio are fair.

Thanking you.

For Systematix Corporate Services Ltd.

Authorised Signatory

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