



**Strictly Private & Confidential**

SEBI Registration No.: **INM000010163**

**To,**  
**The Board of Directors,**  
**Ador Fontech Limited**  
Belview, 7 Haudin Road,  
Bengaluru-560042, Karnataka.

**Sub: Fairness Opinion on the Fair Share Exchange Ratio for the proposed Scheme of Amalgamation of Ador Fontech Limited with Ador Welding Limited**

**Dear Members of the Board:**

With reference to our engagement letter dated May 26,2022 wherein Ador Fontech Limited has requested Fedex Securities Private Limited (Fedex) to provide fairness opinion on the Fair Share Exchange Ratio for the purpose of the proposed amalgamation of Ador Fontech Limited with Ador Welding Limited and their respective Shareholders.

**Engagement Background, Purpose and Use of this Report**

We understand that the managements of Ador Fontech Limited (“ADFL” or “Transferor Company” or “the Company”) and Ador Welding Limited (“AWL” or “Transferee Company”) (ADFL and AWL are hereinafter together referred to as the “Companies”) are proposing amalgamation of the Transferor Company with the Transferee Company pursuant to a Scheme of Amalgamation (Merger by Absorption) of ADFL with AWL and their respective Shareholders under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as may be applicable (“Scheme”).

Mr. Niranjana Kumar, Registered Valuer, Securities or Financial Assets having Registration No. IBBI/RV/06/2018/10137 (“Registered Valuer” or the “Valuer”) is appointed by the Companies to prepare a report (“Valuation Report” / “Fair Share Exchange Report”) and recommend the Fair Share Exchange Ratio. As per the Valuation Report dated 31 May 2022, the Valuer has recommended the Fair Share Exchange Ratio as follows:



<p><i>To the equity shareholders of ADFL with respect to amalgamation with AWL.</i></p>	<p><i>5 (Five) equity shares in AWL having a face value of INR 10/- (Rupees Ten) each fully paid-up shall be issued for every 46 (Forty-six) equity shares held in ADFL having a face value of INR 2/- (Rupees Two) each fully paid-up as on the Record date.</i></p>
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In connection with the aforesaid, you requested our Fairness Opinion (the "Opinion") as of the date hereof, as to the fairness of the Fair Share Exchange Ratio to the Equity Shareholders of the Company. The scope of this Opinion includes commenting on the fairness of the Fair Share Exchange Ratio recommended by the Valuer and not on the fairness or the economic rationale of the Scheme per se or the historical financial statements relied upon for the same by the Valuer.

This Opinion is addressed to the Board of Directors of the Company. Further, this Opinion is subject to the scope, limitations, assumptions, exclusions and disclaimers detailed herein. This Opinion has been issued as per the requirements of Securities & Exchange Board of India ("SEBI") master circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 consolidating the SEBI circulars in relation to the Scheme of Arrangement by Listed Entities and amendment via SEBI Circular number SEBI/HO/CFD/DIL2/CIR/P/2022/11 dated February 01, 2022 (together referred to as "SEBI Circulars") read with applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time. As such the Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This Opinion has been issued only for the purpose of facilitating the Scheme in terms of the abovementioned SEBI Circulars and should not be used for any other purpose.




## **Company Background**

### **Ador Fontech Limited**

ADFL is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956, under CIN L31909KA1974PLC020010 and having its registered office at Belview, 7 Haudin Road, Bengaluru-560042, Karnataka, India. The equity shares of ADFL is listed on BSE Limited (BSE).

Ador Fontech Limited is engaged in the business of “Life Enhancement of Industrial Components“ which includes products, services and solutions for reclamation, repairs and maintenance.

### **Ador Welding Limited**

AWL is a Public Limited Company incorporated under the provisions of the Indian Companies Act VII of 1913, under CIN L70100MH1951PLC008647 and having its registered office at Ador House, 6. K, Dubash Marg, Fort, Mumbai- 400001-16, Maharashtra, India. The equity shares of AWL are listed on BSE and National Stock Exchange of India Limited (NSE).

AWL is engaged in the business of manufacturing and selling of various products such- as welding and cutting equipment, CNC machines, welding automation products as well as welding accessories. AWL is also engaged in the business of Flares & Process Equipment.

## **Brief Background of the Proposed Scheme**

The Scheme provides for amalgamation of ADFL with AWL. Upon the effective date of the Scheme, pursuant to the amalgamation of ADFL with AWL as contemplated in the Scheme, AWL will issue 5 fully paid up equity shares of INR 10/- each to the equity shareholders (as on the Record Date) of ADFL for every 46 fully paid up equity shares of INR 2/- each held in ADFL.

## **Source of Information**

In arriving at the Opinion set forth below, we have relied upon the accuracy and completeness of all information and documents provided to us by the Company and/or their other advisors, including:

1. Valuation Report dated May 31, 2022 issued by the Valuer (a draft was shared with us before issuance of the final Valuation Report);
2. Draft Scheme of Amalgamation (Merger by Absorption) of ADFL with AWL and their respective shareholders (“Scheme”);
3. Memorandum & Articles of Association of ADFL and AWL;
4. The shareholding pattern of ADFL and AWL as on date;
5. Audited consolidated financial statements of ADFL and AWL for financial year ended 31 March 2021 and 31 March 2022;
6. Market Data/Trading Data of ADFL and AWL from NSE and BSE;



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7. Necessary explanations, information and representations provided by the management of the Company and/or its advisors.

### **Distribution of this Fairness Opinion**

The Fairness Opinion is addressed to the Board of Directors of the Company (in its capacity as such) solely for the purpose of providing them with an independent opinion on the fairness of the Fair Share Exchange Ratio as determined by the Valuer and for the purpose of submission to the Stock Exchanges, National Company Law Tribunal along with the petition for the Draft Scheme and such other regulatory authorities under Listing Regulations, SEBI Circular and /or Companies Act, 2013. The Fairness Opinion shall not be disclosed or referred to publicly or to any third party, other than as required by Indian law (in which case you would provide us a prior written intimation) without our prior written consent. 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. 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. Neither this Opinion nor its contents may be referred to 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. The receipt of this Opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, not to constitute such person our client.

In no circumstances however, will Fedex or its directors, officers, employees and controlling persons of Fedex accept any responsibility or liability including any pecuniary or financial liability to any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

### **Conclusion**

Based on our examination of the Valuation Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned herein Annexure-1 and to the best of our knowledge and belief, we are of the opinion that the Fair Share Exchange Ratio is fair for the shareholders of ADFL.

Yours truly,

For **Fedex Securities Private Limited**

*(Formerly known as Fedex Securites Limited)*

 

**Authorised Signatory**

**Date: May 31, 2022**

**Limitation of Scope and Review**

Our Opinion and analysis are limited to the extent of review of documents as provided to us by the Company including the Valuation Report and the Draft Scheme. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final opinion.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information and data that was publicly available or provided to or otherwise made available to us or discussed with us by the Company, and upon the understanding that the management of ADFL and its advisors are not aware of any relevant information relating to ADFL that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by or discussed with us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion.

We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have conducted any physical inspection or title verification of the properties or facilities of the ADFL and neither express any opinion with respect thereto nor accept any responsibility therefore. Our work does not constitute an audit, due diligence or certification of the historical financial statements including the working results of the Company or its businesses referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility whatsoever for any errors in the information furnished by the Company and/or their other advisors and their impact on the present exercise.

We have not made any independent valuation or appraisal of the assets or liabilities of the Company, nor have we been furnished with any such appraisals. We have not conducted or prepared a model for any asset valuation or provided an analysis of due diligence or appraisal of the assets and liabilities of the Company and have wholly relied on information provided by the Company in that regard.

We have not received any internal management information statement or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion.

We are not experts in evaluation of litigation or other actual or threatened claims or any tax implication connected with the Draft Scheme and accordingly we have not evaluated any litigation or other actual or threatened claims. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which the Company is or may be a party or are or may be

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a subject, or of any government investigation of any possible unasserted claims or other contingent liabilities to which the Company are or may be a party or are or may be a subject. No investigation as to the Company claim to title of assets has been made for the purpose of this exercise and the Company claim to such rights has been assumed to be valid. We have not evaluated the solvency or fair value of the Company under either the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

Our Opinion should not be construed as certifying the compliance with the provisions of any law including company or taxation laws or any legal, regulatory including all SEBI regulations, accounting or taxation implications or issues. We understand that the Company would obtain such advice as deemed necessary from qualified professionals.

We express no opinion whatever and make no recommendation at all as to Company's underlying decision to affect the Draft Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Draft Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of the Company will trade following the announcement of the Draft Scheme or as to the financial performance of the Company following the consummation of the Draft Scheme. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated.

We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company, other than those disclosed in the information provided or considered in the Draft Scheme.

We understand that the management of the Company and, 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.

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 understand that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorised to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.

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Our Opinion also does not address any matters other than expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to, and we did not, participate in the negotiation of the terms of the Scheme, its feasibility or otherwise and we did not provide any advice or services in connection with the Scheme other than the delivery of this Opinion. We express no view or opinion as to any such matters. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees to any parties of the Scheme, or any class of such persons, relative to the Fair Share Exchange Ratio. We express herein no view or opinion as to any terms or other aspects of the Scheme (other than the Fair Share Exchange Ratio to the extent expressly stated herein).

Fedex and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Companies and/or their affiliates unrelated to the Proposed Scheme. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our businesses, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives or other obligations) of the Company and/or the Transferee Company and/or their respective affiliates, holding companies and group companies.

Fedex will receive a fee in connection with the delivery of this Fairness Opinion. The fee is not contingent upon the nature of the opinion provided to the Company. The fee for our service is not subject to the outcome of the Proposed Scheme. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Fairness Opinion is subject to the laws of India.

In no circumstances shall the liability of Fedex, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to Fedex as fees for this Fairness Opinion.

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**May 31, 2022**

**The Board of Directors**  
**Ador Welding Limited**  
Ador House, 6,  
K. Dubash Marg, Fort,  
Mumbai 400001

Dear Members of the Board,

**Sub: Fairness opinion on the Fair Equity Share Exchange Ratio Report issued on proposed Scheme of Amalgamation (Merger By Absorption) of Ador Fontech Limited (“Transferor Company” or “ADFL”) with Ador Welding Limited (“Transferee Company” or “AWL”) and their respective shareholders under section 230 to 232 (hereinafter referred to as the “Scheme”) in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 (“Master Circular”).**

**Ref.: Our Engagement Letter dated May 26, 2022.**

We understand that the Board of Directors of Ador Welding Limited has appointed Niranjan Kumar, Registered Valuer - Securities or Financial Assets as the “**Registered Valuer**” to value and determine Fair Equity Share Exchange Ratio in connection with the proposed Scheme of Amalgamation (Merger By Absorption) (hereinafter referred to as the “**Scheme**”) of Ador Fontech Limited (“**Transferor Company**” or “**ADFL**”) and Ador Welding Limited (“**Transferee Company**” or “**AWL**”) and their respective shareholders pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the Scheme provides for the Transferor Company. The Transferee Company are engaged in similar lines of business and complement each other and with an intent to expand the business and achieve larger product portfolio, economies of scale, efficiency, optimization of logistics and distribution network and other related economies by consolidating the business operations, the Board of Directors of the Transferor Company and the Transferee Company proposing to consolidate the business of the Transferor Company with the Transferee Company.

Systematix Corporate Services Limited (“**Systematix**”), a SEBI registered Category I Merchant Banker having permanent Registration Number INM000004224 and also empanelled as independent valuer at BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”), has been appointed by the Board of Directors of AWL to provide “Fairness Opinion” pursuant to Regulations 11, 37 and 94 of the Listing Regulations and the Master Circular.

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.

## **Systematix Corporate Services Limited**

**Registered Office:** 206 - 207, Bansi Trade Centre, 581/5, M. G. Road, Indore - 452 001. Tel: +91-0731-4068253  
**Corporate Office :** The Capital, A-Wing, No. 603 - 606, 6th Floor, Bandra Kurla Complex, Bandra (East), Mumbai -400051.  
Tel: +91-22-6619 8000 / 4035 8000 Fax: +91-22-6619 8029/40358029  
CIN: L91990MP1985PLC002969 Website: [www.systematixgroup.in](http://www.systematixgroup.in) Email: [secretarial@systematixgroup.in](mailto:secretarial@systematixgroup.in)

**SEBI Merchant Banking Registration No. : INM000004224**





## **I. SOURCES OF INFORMATION**

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

- Discussion (including oral), draft and final Valuation Report dated May 31, 2022 issued by Niranjana Kumar, Registered Valuer Securities or Financial Assets (Registration No. IBBI/RV/06/2018/10137);
- Audited consolidated financial statements of the Companies for the financial year ('FY') ended 31 March 2021 ('FY21') and 31 March 2022 ('FY22')
- Shareholding pattern of the Companies as at the Valuation Date
- Information provided by leading database sources, market research reports and other publicly available published data.
- Discussions with the representatives of the Company regarding the past, current and future business and other aspects of the Company in relation to the Valuation.
- Draft Scheme of Amalgamation (Merger By Absorption)
- Share Price details of the Transferor Company from BSE and the Transferee Company from NSE and BSE website.

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 of AWL and ADFL.

## **II. SCOPE, LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS**

Our Opinion and analysis are limited to the extent of review of the documents as provided to us and described above.

We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to the Transferor and the Transferee companies since the same were not provided to us by the board of directors of the Transferor and the Transferee companies considering price sensitive nature. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies. We do not express any opinion as to the value of any asset of Companies involved in the Scheme, whether at current prices or in the future.

We do not express any opinion as to the price at which shares of the AWL and ADFL may trade at any time, including after the date of this opinion. In rendering our opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Companies and their respective shareholders.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the Scheme as contemplated in the Scheme provided to us and is not valid for any other purpose.

We may currently or in the future provide, investment banking services to AWL and ADFL and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Systematix may actively trade in the securities of the AWL and ADFL on behalf of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of AWL and ADFL in connection with the consideration of the Scheme and for none other. Neither Systematix, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

This report may be submitted to the Stock Exchange, SEBI, the National Company Law Tribunal (NCLT) and such other statutory and regulatory authorities from whom approval is required under applicable law. The report may also be disclosed on the website of AWL and ADFL and made available to the respective shareholders and creditors in connection with the approval process for the Scheme.

The fee for this engagement is not contingent upon the results of this report.

### III. BACKGROUND OF THE COMPANIES

#### **Ador Welding Limited (“Transferee Company” or “AWL”)**

AWL is a Public Limited Company incorporated under the provisions of the Indian Companies Act VII of 1913, under CIN L70100MH1951PLC008647 and having its registered office at Ador House, 6. K, Dubash Marg, Fort, Mumbai- 400 001, Maharashtra, India. The Transferee Company was incorporated on October 22, 1951 as a Private Limited Company under the name and style of J.B. Advani-Oerlikon Electrodes Private Limited. Subsequently it changed its name to ‘Advani-Oerlikon Private Limited’ and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of companies, Mumbai on November 27, 1968. Thereafter, the name was changed Advani -Oerlikon Limited and then to ‘Ador Welding Limited’ and a fresh certificate of incorporation was issued on September 09 2003, by the Registrar of Companies, Maharashtra, Mumbai. The equity shares of Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. JB Advani & Company Private Limited (“JB Advani”) and Promoters together hold 56.90% in the Transferee Company.

The Transferee Company is engaged in the business of manufacturing & selling of various products such as welding and cutting equipment, CNC machines, welding automation products as well as welding accessories. The Transferee Company is also engaged in the business of Flares & Process Equipment.

Name of Shareholder	No. of Shares	Percentage (%)
<b>Promoter &amp; Promoter Group</b>		
Individuals	937,181	6.9%
JB Advani	6,800,531	50.0%
<b>Public</b>		
Others	5,860,755	43.1%
<b>Total no. of equity shares outstanding</b>	<b>13,598,467</b>	<b>100.0%</b>

**Ador Fontech Limited (“Transferor Company” or “ADFL”)**

Ador Fontech Limited is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956, under CIN L31909KA1974PLC020010 and having its registered office at Belview, 7 Haudin Road, Bengaluru-560042, Karnataka, India. The Transferor Company was incorporated on August 22, 1974 as a Private Limited Company under the name and style of Cosmics Electronics & Ancillaries Private Limited. Subsequently changed its name to Cosmics General Engineering Private Limited and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of Companies, Mumbai on December 07, 1979. Subsequently changed its name to Cosmics Fontech Limited and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of Companies, Mumbai on October 21, 1988. Subsequently it changed its name to ‘Ador Fontech Limited’ and a fresh incorporation certificate was issued, consequent upon the change of name, by the Registrar of Companies, Bangalore on September 11, 1996. The equity shares of Transferor Company are listed on BSE Limited. JB Advani & Company Private Limited (“JB Advani”) and Promoters together hold 39.23% in the Transferor Company.

The Transferor Company is engaged in the business of manufacturing and providing industries a comprehensive range of Low Heat Input Welding Alloys, Flux Cored Welding Wires, Thermal Coating Alloy Powders, and the associated equipment, used with the relevant reclamation and surfacing processes.

Name of Shareholder	No. of Shares	Percentage (%)
<b>Promoter &amp; Promoter Group</b>		
Individuals	4,515,763	12.9%
JB Advani	9,213,301	26.3%
<b>Public</b>		
Others	21,270,936	60.8%
<b>Total no. of equity shares outstanding</b>	<b>35,000,000</b>	<b>100.0%</b>

**IV. RECOMMENATION OF THE REGISTERED VALUER**

As stated above, we have reviewed copy of the Valuation Report dated May 31, 2022 issued by the Registered Valuer proposing the following Fair Equity Share Exchange Ratio for equity shares to be issued by the AWL to the Equity Shareholders of the ADFL:

*“5 (five) equity shares of AWL of INR 10/- fully paid up for every 46 (Forty-Six) equity shares of ADFL of INR 2/- each fully paid up”*

**V. OUR COMMENT ON PROPOSED FAIR EQUITY SHARE EXCHANGE RATIOS**

Our fairness opinion has been prepared based on the reports provided by the Registered Valuer and our exercise of the various qualitative factors relevant to Companies, 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 Fair Equity Share Exchange Ratio determined by the Registered Valuer is fair for the shareholders of AWL and ADFL including from a financial standpoint.

Thanking you.

**For Systematix Corporate Services Limited**  
**(SEBI Registration No. INM000004224)**



**Amit Kumar**  
**Director, Investment Banking**

**May 31, 2022**

**The Board of Directors**

**Ador Welding Limited**

Ador House, 6,  
K. Dubash Marg, Fort,  
Mumbai 400001

Dear Members of the Board,

**Sub: Fairness opinion on the Fair Equity Share Exchange Ratio Report issued on proposed Scheme of Amalgamation (Merger By Absorption) of Ador Fontech Limited (“Transferor Company” or “ADFL”) with Ador Welding Limited (“Transferee Company” or “AWL”) and their respective shareholders under section 230 to 232 (hereinafter referred to as the “Scheme”) in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/000000665 dated November 23, 2021 (“Master Circular”).**

**Ref.: Our Engagement Letter dated May 26, 2022.**

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Systematix Corporate Services Limited (“**Systematix**”), a SEBI registered Category I Merchant Banker having permanent Registration Number INM000004224 and also empanelled as independent valuer at BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”), has been appointed by the Board of Directors of AWL to provide “Fairness Opinion” pursuant to Regulations 11, 37 and 94 of the Listing Regulations and the Master Circular.

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.

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**Systematix Corporate Services Limited**

**Registered Office:** 206 - 207, Bansi Trade Centre, 581/5, M. G. Road, Indore - 452 001. Tel: +91-0731-4068253  
**Corporate Office :** The Capital, A-Wing, No. 603 - 606, 6th Floor, Bandra Kurla Complex, Bandra (East), Mumbai -400051.  
Tel: +91-22-6619 8000 / 4035 8000 Fax: +91-22-6619 8029/40358029  
CIN: L91990MP1985PLC002969 Website: [www.systematixgroup.in](http://www.systematixgroup.in) Email: [secretarial@systematixgroup.in](mailto:secretarial@systematixgroup.in)

**SEBI Merchant Banking Registration No. : INM000004224**



## **I. SOURCES OF INFORMATION**

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

- Discussion (including oral), draft and final Valuation Report dated May 31, 2022 issued by Niranjan Kumar, Registered Valuer Securities or Financial Assets (Registration No. IBBI/RV/06/2018/10137);
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- Shareholding pattern of the Companies as at the Valuation Date
- Information provided by leading database sources, market research reports and other publicly available published data.
- Discussions with the representatives of the Company regarding the past, current and future business and other aspects of the Company in relation to the Valuation.
- Draft Scheme of Amalgamation (Merger By Absorption)
- Share Price details of the Transferor Company from BSE and the Transferee Company from NSE and BSE website.

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 of AWL and ADFL.

## **II. SCOPE, LIMITATIONS, ASSUMPTIONS, EXCLUSIONS AND DISCLAIMERS**

Our Opinion and analysis are limited to the extent of review of the documents as provided to us and described above.

We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to the Transferor and the Transferee companies since the same were not provided to us by the board of directors of the Transferor and the Transferee companies considering price sensitive nature. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies. We do not express any opinion as to the value of any asset of Companies involved in the Scheme, whether at current prices or in the future.

We do not express any opinion as to the price at which shares of the AWL and ADFL may trade at any time, including after the date of this opinion. In rendering our opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Companies and their respective shareholders.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the Scheme as contemplated in the Scheme provided to us and is not valid for any other purpose.

We may currently or in the future provide, investment banking services to AWL and ADFL and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Systematix may actively trade in the securities of the AWL and ADFL on behalf of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of AWL and ADFL in connection with the consideration of the Scheme and for none other. Neither Systematix, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

This report may be submitted to the Stock Exchange, SEBI, the National Company Law Tribunal (NCLT) and such other statutory and regulatory authorities from whom approval is required under applicable law. The report may also be disclosed on the website of AWL and ADFL and made available to the respective shareholders and creditors in connection with the approval process for the Scheme.

The fee for this engagement is not contingent upon the results of this report.

### III. BACKGROUND OF THE COMPANIES

#### **Ador Welding Limited (“Transferee Company” or “AWL”)**

AWL is a Public Limited Company incorporated under the provisions of the Indian Companies Act VII of 1913, under CIN L70100MH1951PLC008647 and having its registered office at Ador House, 6. K, Dubash Marg, Fort, Mumbai- 400 001, Maharashtra, India. The Transferee Company was incorporated on October 22, 1951 as a Private Limited Company under the name and style of J.B. Advani-Oerlikon Electrodes Private Limited. Subsequently it changed its name to ‘Advani-Oerlikon Private Limited’ and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of companies, Mumbai on November 27, 1968. Thereafter, the name was changed Advani -Oerlikon Limited and then to ‘Ador Welding Limited’ and a fresh certificate of incorporation was issued on September 09 2003, by the Registrar of Companies, Maharashtra, Mumbai. The equity shares of Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited. JB Advani & Company Private Limited (“JB Advani”) and Promoters together hold 56.90% in the Transferee Company.



The Transferee Company is engaged in the business of manufacturing & selling of various products such as welding and cutting equipment, CNC machines, welding automation products as well as welding accessories. The Transferee Company is also engaged in the business of Flares & Process Equipment.

Name of Shareholder	No. of Shares	Percentage (%)
<b>Promoter &amp; Promoter Group</b>		
Individuals	937,181	6.9%
JB Advani	6,800,531	50.0%
<b>Public</b>		
Others	5,860,755	43.1%
<b>Total no. of equity shares outstanding</b>	<b>13,598,467</b>	<b>100.0%</b>

**Ador Fontech Limited (“Transferor Company” or “ADFL”)**

Ador Fontech Limited is a Public Limited Company, incorporated under the provisions of the Companies Act, 1956, under CIN L31909KA1974PLC020010 and having its registered office at Belview, 7 Haudin Road, Bengaluru-560042, Karnataka, India. The Transferor Company was incorporated on August 22, 1974 as a Private Limited Company under the name and style of Cosmics Electronics & Ancillaries Private Limited. Subsequently changed its name to Cosmics General Engineering Private Limited and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of Companies, Mumbai on December 07, 1979. Subsequently changed its name to Cosmics Fontech Limited and a fresh incorporation certificate was issued consequent upon the change of name issued by the Registrar of Companies, Mumbai on October 21, 1988. Subsequently it changed its name to ‘Ador Fontech Limited’ and a fresh incorporation certificate was issued, consequent upon the change of name, by the Registrar of Companies, Bangalore on September 11, 1996. The equity shares of Transferor Company are listed on BSE Limited. JB Advani & Company Private Limited (“JB Advani”) and Promoters together hold 39.23% in the Transferor Company.

The Transferor Company is engaged in the business of manufacturing and providing industries a comprehensive range of Low Heat Input Welding Alloys, Flux Cored Welding Wires, Thermal Coating Alloy Powders, and the associated equipment, used with the relevant reclamation and surfacing processes.

Name of Shareholder	No. of Shares	Percentage (%)
<b>Promoter &amp; Promoter Group</b>		
Individuals	4,515,763	12.9%
JB Advani	9,213,301	26.3%
<b>Public</b>		
Others	21,270,936	60.8%
<b>Total no. of equity shares outstanding</b>	<b>35,000,000</b>	<b>100.0%</b>



**IV. RECOMMENATION OF THE REGISTERED VALUER**

As stated above, we have reviewed copy of the Valuation Report dated May 31, 2022 issued by the Registered Valuer proposing the following Fair Equity Share Exchange Ratio for equity shares to be issued by the AWL to the Equity Shareholders of the ADFL:

*“5 (five) equity shares of AWL of INR 10/- fully paid up for every 46 (Forty-Six) equity shares of ADFL of INR 2/- each fully paid up”*

**V. OUR COMMENT ON PROPOSED FAIR EQUITY SHARE EXCHANGE RATIOS**

Our fairness opinion has been prepared based on the reports provided by the Registered Valuer and our exercise of the various qualitative factors relevant to Companies, 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 Fair Equity Share Exchange Ratio determined by the Registered Valuer is fair for the shareholders of AWL and ADFL including from a financial standpoint.

Thanking you.

**For Systematix Corporate Services Limited**  
**(SEBI Registration No. INM000004224)**



**Amit Kumar**  
**Director, Investment Banking**