

24<sup>th</sup> May, 2021

To  
 Listing Department  
 Department of Corporate Services  
 BSE Limited  
 P.J. Towers Dalal Street  
 Mumbai – 400001  
**BSE scrip code: 500252**

**Sub: Reasons for non-applicability of Valuation Report and Fairness opinion by a SEBI Registered Merchant Banker to the proposed Scheme of Arrangement between Lakshmi Machine Works Limited ("the Transferor Company") and LMW Aerospace Industries Limited ("the Transferee Company") and their respective shareholders ("Scheme")**

Dear Sir / Madam,

In connection with the above application, we hereby confirm the following reasons for non-applicability of Valuation Report and Fairness opinion for the proposed Scheme:

- a) Para (1)(A)(4) of Annexure I of SEBI circular dated March 10, 2017 mandates every listed company to submit a Valuation Report from a Registered Valuer. However, such Valuation Report is not required in case where there is no change in the shareholding pattern of the listed entity/resultant company.
- b) Change in shareholding pattern has been defined to mean as follows:
  1. Change in the proportion of shareholding of any of the existing shareholders of the listed entity in the resultant company; or
  2. New shareholders being allotted equity shares of the resultant company; or
  3. Existing shareholder exiting the company pursuant to the Scheme of Arrangement.
- c) Since the proposed Scheme envisages transfer of Advanced Technology Centre ('ATC') business undertaking of the Company to its Wholly Owned Subsidiary i.e. the Transferee Company and the consideration would be discharged by the Transferee Company by way of issue of Compulsorily Convertible Debentures ("CCD") to the Company, there will be no change in the Shareholding pattern of the Company. Hence, there is no requirement for obtaining a Valuation Report from a Registered Valuer.

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- d) Further, Para (1)(A)(2)(d) of Annexure I of SEBI circular dated March 10, 2017 requires a Fairness Opinion by a SEBI Registered Merchant Banker on valuation of assets/shares done by the valuer for the listed entity and unlisted entity. However, as there is no requirement for obtaining Valuation Report (as discussed above), no Fairness Opinion is required to be obtained by the Company in relation to the proposed Scheme.

**For Lakshmi Machine Works Limited**



**C R Shivkumaran**  
**Company Secretary**