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QUINTESSENCE ENTERPRISES PVT. LTD.

SEBI Registered Category-I Merchant Banker



FAIRNESS OPINION REPORT

21st July, 2018

The Board of Directors,
M/s. Moschip Semiconductor Technology Ltd.,
Plot No.83&84,2nd Floor,
Punnaiah Plaza, Road No.2,
Banjara Hills,
Hyderabad-34.

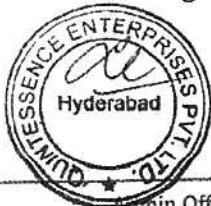
The Board of Directors,
M/s. First Pass Semiconductor Pvt. Ltd,
Plot No 11, Galton Centre,
Shipli Valley, Vittal Rao Nagar Rd,
Vittal Rao Nagar, Madhapur,
Hyderabad, Telangana 500081.

The Board of Directors,
M/s. GigaCom Semiconductor Private Limited,
8th Floor, MVR Vinayagar Trade Center,
VIP Road CBM Compound, Asilmetta,
Visakhapatnam, Andhra Pradesh - 530003

Re: Fairness opinion on the Swap ratio for the proposed Scheme of Arrangement for amalgamation of **First Pass Semiconductors Private Limited -FPS** (Transferor Company-1) and **Gigacom Semiconductor Private Limited - GSPL** (Transferor Company-2) and **Moschip Semiconductor Technology Limited - Moschip** (Transferee Company and their respective Shareholders and Creditors pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as applicable to the company and shall include any statutory modifications, re-enactment or amendment thereof from time to time.

Dear Sirs.

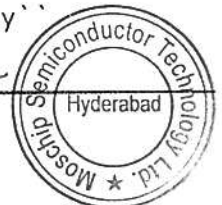
We, **Quintessence Enterprises Pvt. Ltd., ('QEPL')**, refer to our offer letter dated 17th, July, 2018 which has been duly accepted by you vide your Mandate letter dated 18th July, 2018, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' as per SEBI Circular No. **CFD/DIL3/CIR/2017/21** dated 10th March, 2017 and Regulation 37 of SEBI (LODR) Regulations 2015, on the Swap ratio for the



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[Signature]

Company Secretary



Admin Office : 8-2-603/B/33/A/9, B-201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034.
Phone : 040 65528262, Mobile : +91 9949270707, +91 9885099661, CIN No. U72200TG1999PTC032411

Regd. Office : #8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500 034.

E-mail : quintessence@qeplindia.com, Website : www.qeplindia.com

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proposed Scheme of arrangement for amalgamation of **First Pass Semiconductors Private Limited -FPS** (Transferor Company-1) and **Gigacom Semiconductor Private Limited - GSPL** (Transferor Company-2) and **Moschip Semiconductor Technology Limited - Moschip** (Transferee Company) and their respective Shareholders and Creditors pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as applicable to the company and shall include any statutory modifications, re-enactment or amendment thereof from time to time.

Merchant Banker – Quintessence Enterprises Private Limited (QEPL)

QEPL formed in 1999, is a Merchant Banking company, based in Hyderabad, Telangana, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 as Merchant Banker.

Sources of Information

1. Audited financial statements of FPS and Gigacom India for the financial years 2015-16 and 2016-17.
2. Provisional financial statements of FPS and Gigacom India for the financial year 2017-18 as provided by the management of these Companies.
3. Projected financial statements prepared and furnished by the managements of FPS and Gigacom India for the financial years 2018-19 to 2022-23 indicating the future financial performance of these Companies.
4. Such other information and explanations, which we believed were relevant to the present exercise and which have been provided by the management of FPS and Gigacom India.
5. Valuation Report dated 21st July, 2018, by Independent Valuers, CA. K. Vijay Srinivas, Proprietor, M.No. 211563 of K V Srinivas & Associates having their office at 1-8-702/8/4/1/, 3rd Floor, opp. Hindi Mahavidyalaya, Vidyanagar, Hyderabad-500044 and CA. Bhavani Shanker Mylavarapu, M. No.216663, Practcing Chartered Accountant, 3-51/1, Plot No.63, Anjali Gardens Colony, Puppalaguda, Hyderabad-500089
6. A copy of the draft scheme of arrangement for amalgamation.



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[Signature]
Company Secretary



Background of the companies

- 1) MosChip Semiconductor Technology Limited or "MosChip" or "Transferee Company" is a Listed Public Limited Company incorporated on July 27, 1999 under the Companies Act, 1956 and having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. The CIN of the Company is L31909TG1999PLC032184. The equity shares of the Transferee Company are listed on BSE Limited (Scrip ID: MOSCHIP, Security Code: 532407). The Transferee Company is engaged in the business of Semiconductor, Systems and IoT.

2. First Pass Semiconductors Private Limited ("First Pass" or "Transferor Company-1") was incorporated as a private limited Company on 03rd November, 2010 under the Companies Act, 1956 and having its registered office at Plot No 11, 2nd Floor, Galton Center, Shilpi Vally, Madhapur, Hyderabad, Telangana - 500081. The CIN of the Company is U72200TG2010PTC071071. The Transferor Company-1 is engaged in the business of Semiconductor and Systems. FPS is promoted by **Mr. Srinivasa Rao K and Mr. Giri Kondaveeti.**

3. GigaCom Semiconductor Private Limited ("GigaCom" or "Transferor Company-2") was incorporated as a private limited Company on 12th September 2012 under the Companies Act, 1956 and having its registered office at 8th Floor, MVR Vinayagar Trade Center, VIP Road CBM Compound, Asilmetta Visakhapatnam, Andhra Pradesh - 530003. The CIN of the Company is U74999AP2012PTC104865. The Transferor Company-2 is engaged in the business of Semiconductor and Systems. The Company is promoted by **Mr. Venkata Sudhakar Simhadri.**

Rationale of the Scheme

- 1) The Transferor Companies and the Transferee Company are engaged in the similar nature of business, in order to consolidate the similar nature of business at one place and effectively manage the Transferor Companies and Transferee Company as a single entity, which will provide several benefits including efficient utilization of capital, administrative and operational rationalization and promote organizational efficiencies.



- 2) The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of all the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. The amalgamation will have beneficial results for the amalgamating companies, their stakeholders and all concerned.
- 3) The amalgamation leads to improved organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
- 4) The synergies created by the scheme of arrangement would increase operational efficiency and integrate business functions.
- 5) The proposed arrangement will strengthen the 'MosChip' brand leading to a stronger market presence providing customers with a seamless experience, and removing any other brand perception / distinction in the customers mind, and provide greater integration and flexibility to the Transferee Company and strengthen its position in the industry, in terms of the asset base, revenues, product and service range.
- 6) This Scheme provides for the amalgamation of the Transferor Companies with the Transferee Company and the consequent treatment of assets and liabilities of respective Companies in the manner provided for in the Scheme.

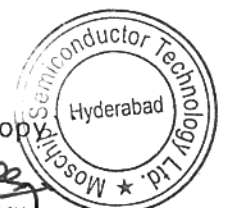
In view of the aforesaid, the Board of Directors of the Transferor Companies and the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Companies with the Transferee Company in order to benefit the stakeholders of both the companies. Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company have formulated this Scheme of Arrangement for amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Companies with and into the Transferee Company pursuant to the provisions of Section 230 to Section 232 and other relevant provisions of the Act.

The managements have appointed Independent Valuers, CA. K. Vijay Srinivas, M.No. 211563 Proprietor of K V Srinivas & Associates having their office at 1-8-702/8/4/1/, 3rd Floor, opp. Hindi Mahavidyalaya, Vidyanagar, Hyderabad-500044 and CA. Bhavani Shanker Mylavaram, M. No.216663, Practicing Chartered Accountant, 3-51/1, Plot No.63, Anjali



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 Company Secretary



Gardens Colony, Puppalaguda, Hyderabad-500089 to prepare a valuation report on the swap ratio for distribution of Moschip shares to the shareholders of FPS and GSPL

In this connection we have been requested by Moschip to render our professional services by way of a fairness opinion on Exchange Ratio from a financial point of view to the Board of Directors of Moschip through audit committee of the board as to whether the Equity Share Exchange Ratio, as recommended by the Independent Valuers, in their report dated 21st July, 2018 and based on the valuation analysis carried out by them, which forms the basis for the proposed amalgamation as per the aforesaid Scheme is fair and reasonable.

Fairness Opinion:

As per the Independent Valuers' recommendation, the Swap ratio for FPS based on the fair value of the equity share is at 4.86 i.e. 4.86 shares of Moschip for one share held in FPS. The swap ratio for Gigacom India based on the fair value of the equity share is at 228.12 i.e. 228.12 shares of Moschip for one share held in Gigacom India.

We Quintessence Enterprises Private Limited have reviewed the proposed Scheme of Arrangement for amalgamation and Valuation Report on which it is based from financial and commercial point of view to the holders of the equity shares of the Companies subject to our caveats and disclaimers and believe it to be fair and reasonable.

We hereby give our consent to present and disclose the fairness opinion in the general meeting of the shareholders of MOSCHIP, FPS and GSPL SEBI Circular No: CFD/DIL3/CIR/2017/21 dated 10th March , 2017 and Regulation 37 of SEBI Listing Obligation and Disclosure Requirements) Regulations, 2015 to BSE Limited, to the honorable NCLT, Hyderabad and such other authorities in connection with the proposed purpose.

Limitation and Caveats of the Fairness Opinion

The assignment did not include the following:

1. It is the responsibility of the Board of Directors of the company for ensuring compliances in connection with the proposed Scheme of Arrangement for Amalgamation. Our role is to examine the Valuation carried out by the Independent Valuer and the Scheme of Amalgamation and comment on the Fairness of the same.



2. Our fairness opinion is based on the information made available to us by the management of Moschip. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report. We have reviewed the information made available to us for over all consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company. Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
3. The information contained in this report is selective and is subject to updations expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.
4. In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the Scheme of Arrangement for amalgamation will be implemented on the terms and conditions as set out in the draft Scheme of Arrangement for amalgamation, without any material changes to or waiver of its terms and conditions.
5. We further declare that we do not have any direct or indirect interest in the Companies / assets valued.
6. This report is intended only for the sole use and information of the above mentioned companies and their shareholders only in connection with the Scheme of Arrangement Amalgamation including for the purpose of obtaining judicial and regulatory approvals for the Scheme of Arrangement for amalgamation.
7. We are not responsible in any way to any other person/party for any decision of such person or party based on this report. Any person /party intending to provide finance / invest in the shares / business of any of the companies or their subsidiaries / joint venture / associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedure to ensure that they are making an informed decision.



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Company Secretary



8. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the Scheme of Arrangement for amalgamation as aforesaid can be done only with our prior permission in writing.

Our analysis and results are also specific to the date of this report and based on information as at 21th July, 2018. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses. and any other matter, which may have an impact on our opinion, on the Equity Share Exchange Ratio for the Proposed Arrangement for amalgamation, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposed Arrangement. We have no responsibility to update this report for events and circumstances occurring after the date of this report.


It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this assignment.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited


Lavanya Chandra
Executive Director
Hyderabad



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Company Secretary

