

National Stock Exchange Of India Limited

Ref: NSE/LIST/24129_II

March 01, 2021

The Company Secretary
Mastek Limited
804/805, President House,
Opp. C N Vidyalaya,
Near Ambawadi Circle,
Ahmedabad - 380006

Kind Attn.: Mr. Dinesh Kalani

Dear Sir,

Sub: Observation Letter for Draft Scheme of Arrangement between Evolutionary Systems Private Limited, Trans American Information Systems Private Limited, Mastek Limited and their respective shareholders and creditors

We are in receipt of the Draft Scheme of Arrangement between Evolutionary Systems Private Limited (“ESPL”), Trans American Information Systems Private Limited (“TAISPL”), Mastek Limited (“Mastek”) (“Collectively referred as Resulting Companies”) and their respective shareholders and creditors vide application dated July 01, 2020.

Based on our letter reference no Ref: NSE/LIST/24129 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (‘Circular’), kindly find following comments on the draft scheme:

- a. *In view of the Mastek’s letter dated February 15, 2021 wherein it has inter alia stated that “we hereby undertake to apply the provisions of Paragraph I(A)(9)(a) and I(A)(9)(b) of Annexure I of SEBI Circular to the proposed Scheme and shall accordingly update the Scheme document to reflect the aforesaid while filing the same with the NCLT”. Accordingly the Company is advised to file updated draft scheme of arrangement before the Hon’ble National Company Law Tribunal (NCLT).*

Also, any approval for listing of shares issued by Mastek through the instant scheme of arrangement shall be subject to compliance with Paragraph I(A)(9)(a) and I(A)(9)(b) of Annexure I of SEBI Circular.

- b. *Mastek is advised to disclose separately and prominently to the shareholders and NCLT via the draft scheme of arrangement documents following information/facts:*
 - i. *To arrive at the entitlement ratio for CCPS, for the purpose of valuation of the demerged business of ESPL and TAISPL only one method (i.e. Income approach) has been used and other methods such as Market Approach and Asset Approach were not used.*

- ii. *In the draft scheme of arrangement, it has been proposed that Mastek shall issue equity shares in the ratio of 4235.294: 10,000 to ESPL at a price of Rs. 650 per share. Details of premium arrived via different valuation approaches is given below:*

<i>Approach</i>	<i>Method</i>	<i>Value per share</i>	<i>Premium (%)</i>
<i>Cost Approach</i>	<i>Net Asset Method</i>	<i>346.8</i>	<i>87.5</i>
<i>Income Approach</i>	<i>Discounted Cash Flow Method</i>	<i>590.4</i>	<i>10.1</i>
<i>Market Approach</i>	<i>Market Price Method</i>	<i>438.4</i>	<i>48.3</i>

However it is observed that share price of Mastek on Feb 25, 2021 is Rs. 1191.40 which is significantly higher than the price at which shares are being issued to ESPL.

- iii. *Further, Mastek in the notice to shareholders seeking approval for the scheme shall also disclose the share price of Mastek, as on the date of dispatch of notice to shareholders.*
- c. *The Company shall ensure that suitable disclosures about the latest financials of the Companies involved in the Scheme being not more than 6 months old is done before filing the same with the Hon'ble NCLT.*
- d. *The Company shall ensure that the proposed scheme is acted upon only if approved by the NCLT and if the majority votes cast by the public shareholders are in favour of the proposal.*
- e. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter, is displayed on the websites of the listed company.*
- f. *The Company shall duly comply with various provisions of the Circular.*
- g. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before NCLT and the company is obliged to bring the observations to the notice of NCLT.*
- h. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from March 01, 2021 within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm