

- Valuation
- Investment Banking
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RBSA Capital Advisors LLP

14 October 2016

Report Reference No. : RCA/2016-17/1004

*The Board of Directors*

**DCM Limited**

6th Floor, Vikrant Tower, 4,  
Rajendra Place,  
New Delhi – 110008.

**Sub: Fairness Opinion on Share Entitlement Ratio.**

Dear Sirs,

We refer to our engagement letter dated 06/10/2016, whereby DCM Limited has engaged RBSA Capital Advisors LLP (“RBSA” or “We”) to opine on the fairness of the Share Entitlement Ratio for the proposed demerger of Demerged Undertaking (as defined in the Scheme of Arrangement) of DCM Limited (the “Demerged Company”) into DCM Nouvelle Limited (the “Resulting Company”) with effect from the Appointed Date of January 1, 2017, as per the Scheme of Arrangement, a draft of which has been provided to us for our review (the “Draft Scheme”). The Demerged Company and the Resulting Company are collectively hereinafter referred as “Companies”.

Share Entitlement Ratio is the number of equity shares of the Resulting Company that a shareholder of the Demerged Company would be entitled to in proportion to the existing shareholding in Demerged Company.

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

**BACKGROUND**

The Demerged Company is a public limited company incorporated on March 26, 1889 under the provisions of The Indian Companies Act, 1882 and its registered office is located at Vikrant Tower, 4, Rajendra Place, New Delhi – 110008. The Demerged Company is engaged in four business segments viz. Textiles, Grey Iron Casting, Real Estate and IT Services. Its businesses *inter-alia* include manufacturing and / or dealing in cotton yarns, threads and various other cotton textile and clothing related materials; manufacturing and supply of grey iron castings in automotive markets; real estate development, provision of services in IT infrastructure management encompassing system administration, storage management, backup recovery, disaster management, databases, etc.

We are given to understand by the management of Demerged Company that; the Resulting Company is presently being incorporated as a public company with its registered office located in Delhi under the provisions of Companies Act, 2013. Further, we are also given to understand that upon incorporation, the entire share capital of the Resulting Company shall be held by the Demerged Company along with 6 individual nominee shareholders.

The equity shares of the Demerged Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India.

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For DCM LIMITED  
  
Company Secretary

As per the Draft Scheme and discussions with Management, we understand that upon demerger, transfer and vesting of Demerged Undertaking into the Resulting Company; shares in the Resulting Company will be issued to shareholders of the Demerged Company in the same proportion in which they hold shares in the Demerged Company.

#### **SOURCES OF INFORMATION**

We have received and perused the following information from the Demerged Company:

- Audited financial statements of the Demerged Company for the FY 2015-16;
- Draft Scheme;
- Interviews and representations of Management of the Demerged Company relating to the Share Entitlement Ratio;
- Shareholding pattern of the Demerged Company;
- Such other documents, analysis, reviews and inquires as considered necessary for the purposes of this engagement

Share Entitlement Ratio is determined based on the report submitted by **Khurana & Singhal, Chartered Accountants**. We have taken the foregoing facts (together with the other facts and assumptions set forth in this section) into account when determining the meaning of fairness for the purpose of this Opinion.

#### **SCOPE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS**

Our Opinion and analysis is limited to the extent of the review of documents as provided to us by the Demerged Company including Share Entitlement Report prepared by **Khurana & Singhal, Chartered Accountants** and the Draft Scheme.


We have relied upon the information, data and explanations given to us by the management of the Demerged Company for the purposes of opining on the Share Entitlement Ratio in connection with proposed demerger.

We have not carried out a due diligence or audit of the Demerged Undertaking or the Demerged Company for the purpose of opining on the share entitlement ratio nor have we independently investigated or otherwise verified the data provided. We do not express any form of assurance that the financial information or other information as provided by the Demerged Company is accurate.

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. Our conclusion on reasonableness of Share Entitlement Ratio assumes that the assets and liabilities of Demerged Undertaking remain intact as of the date of forming such opinion on Share Entitlement Ratio. We do not express any opinion whether Demerged Undertakings and Demerged Company comply fully with relevant laws and regulations applicable in all its areas of operations.

No investigation of the claim to the title of assets has been made by us for the purpose of this engagement. Demerged Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrance against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Our report is not and should not be

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For DCMLIMITED  
  
Company Secretary



construed as our opining or certifying the compliance of the proposed Scheme of Arrangement with the provision of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from such proposed Demerger.

We do not express any Opinion as to the price at which share of the Resulting Company may list or trade at any time; including subsequent to the date of this Opinion. In rendering our Opinion we have assumed that the Draft Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms and conditions and that in the course of obtaining the necessary Regulatory or third party approvals for the Draft Scheme, no delay, limitation, restriction or conditions will be imposed that would have an adverse effect on the Demerged Company and/ or its subsidiaries, Resulting Company and their respective Shareholders. We express no Opinion and have assumed that the Demerger will not trigger obligations to make open offer under the relevant Securities and Exchange Board of India (SEBI) Regulations.

Our Opinion also does not address any matters otherwise than as expressly stated herein; including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable consideration. We have also not opined on the fairness of any terms and conditions of the Draft Scheme other than the fairness, from financial point of view, of the Share Entitlement Ratio.

We do not express any Opinion as to any tax or other consequences that might arise from the Draft Scheme on the Demerged Company and/or its subsidiaries, Resulting Company and their respective shareholders; nor does our Opinion address any legal, tax, regulatory or accounting matters; as to which we understand that the Demerged Company has obtained such advice as it deemed necessary from qualified professional. In addition, we express no view or Opinion as to the fairness of the amount or nature of or any other aspect relating to the compensation to any officer, director or employees of any parties to the Draft Scheme or class of such persons, relative to the Share Entitlement Ratio or otherwise.

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

This Share Entitlement Ratio is essentially based on the information provided by Khurana & Singhal, Chartered Accountants, for which the Demerged Company accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by the Demerged Company should not be construed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.

While we have provided our opinion on the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, any third party may have a different opinion as to the same.

The decision to proceed on the demerger as well as acceptance of the final Share Entitlement Ratio depends on the Demerged Company, which will be responsible for decisions associated with determination of the Share Entitlement Ratio and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.

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For DCM LIMITED  
  
Company Secretary

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We owe responsibility and are liable to only the Demerged Company, under the terms of our engagement letter and nobody else.

We will not be liable for any loss, claims, damages or liabilities arising in any way from fraudulent acts, misrepresentations, default on the part of the Demerged Company, their directors, employees or agents.

Our engagement and the Opinion expressed herein are for the benefit of the Demerged Company in connection with its consideration of the Draft Scheme and for none other. Neither RBSA Capital Advisors LLP, 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 relation to any such information contained therein.

Our full fees for our services will be payable on delivery of this report and is not contingent on the successful completion of the Draft Scheme. In addition, the Demerged Company has agreed to reimburse our out of pocket expenses and indemnify us against certain liabilities arising out of our engagement.

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

#### **SHARE ENTITLEMENT RATIO**

We understand that in consideration of the demerger of Demerged Undertaking, it is proposed to issue to the equity shareholders of the Demerged Company, 1 (One) equity share of INR 10/- each as fully paid up in the Resulting Company for every 1 (One) equity share of INR 10/- held in the Demerged Company.

The Shareholding pattern of the Demerged Company has been provided in Annexure I. Upon incorporation, the existing shares of the Resulting Company, which will be held by the Demerged Company and other individual nominee shareholders, shall stand cancelled pursuant to the Scheme and hence, would not have any impact on the economic interest of the shareholders of the Demerged Company.

The management of the Demerged Company has further represented that upon allotment of equity shares by the Resulting Company as above in the proposed ratio, the beneficial/economic interest of the shareholders of the Demerged Company in the Resulting Company will be in the same ratio inter-se as it is in the share capital of the Demerged Company.

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For DCM LIMITED

  
Company Secretary

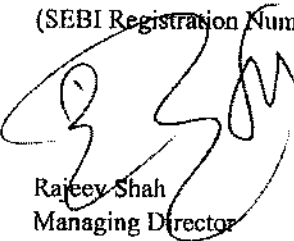


We believe that the above ratio is fair considering that all the shareholders of the Demerged Company are and will, upon demerger, be the ultimate beneficial owners of the Resulting Company and in the same ratio (inter se) as they hold shares in the Demerged Company, as on the record date.

Based on the aforementioned, we believe that the above ratio is fair.

Respectfully submitted,


For and on behalf of RBSA Capital Advisors LLP  
(SEBI Registration Number: INM000011724)

  
Rajeev Shah  
Managing Director

912, Venus Atlantis Corporate Park,  
Anandnagar Road, Prahaladnagar,  
Ahmedabad – 380015,  
Gujarat, India.  
Phone: +91 79 4050 6000  
Email: [rajeev@rbsa.in](mailto:rajeev@rbsa.in)

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For DCM LIMITED

  
Company Secretary



Annexure I

Shareholding Pattern of the Demerged Company as on 30/06/2016

Category	No of Equity Shares	Shareholding
Promoter and Promoter Group	9,066,584	48.54%
Public Shareholders	9,611,165	51.46%
<b>Total</b>	<b>18,677,749</b>	<b>100.00%</b>

Source: [www.bseindia.com](http://www.bseindia.com)

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For DCM LIMITED

  
Company Secretary