



**PRIVATE AND CONFIDENTIAL**

29 March 2017

Board of Directors  
DCM Limited  
6<sup>th</sup> Floor, Vikrant Tower,  
4, Rajendra Place,  
New Delhi-110 008

Board of Directors  
Crescita Enterprises Private Limited  
1069, 1<sup>st</sup> Floor, Plaza-I,  
Central Square Complex, 20,  
Manohar Lal Khurana Marg,  
Bara Hindu Rao  
New Delhi - 110006

Dear Sirs,

**Subject: Report on allotment of equity shares of DCM Limited, as consideration for amalgamation of Crescita Enterprises Private Limited into DCM Limited**

**Context and Purpose**

We have been requested by you to issue our report in relation to allotment of equity shares of DCM Limited (the "Transferee Company") to the shareholders of Crescita Enterprises Private Limited (the "Transferor Company") pursuant to amalgamation of the Transferor Company into the Transferee Company ("Proposed Amalgamation") with effect from the Appointed Date of March 31, 2017, as per the Scheme of Amalgamation, a draft of which has been provided to us for our review ("Draft Scheme"). The Transferee Company and the Transferor Company, collectively, are hereinafter referred to as "Companies".

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For DCM LIMITED

Company Secretary



## Background

1. The Transferee 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 Transferee Company is engaged in four business segments i.e. 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 textiles 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. equity shares of Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.
2. The Transferor Company is a private limited company incorporated on March 9, 2017 under the provisions of the Companies Act, 2013 and its registered office is located at 1069, 1<sup>st</sup> floor, Plaza-I, Central Square Complex, 20, Manohar Lal Khurana Marg, Bara Hindu Rao, New Delhi - 110006, with the objects of being engaged in the businesses of Textiles, Grey Iron Casting, Real Estate and IT Services. Presently, the Transferor Company is holding investments in equity shares of the Transferee Company.
3. In connection with the Proposed Amalgamation and based on information made available to us by the management of the Companies, the management of the Companies have requested Chhajed & Chhajed Co, Chartered Accountants ("us" or "we") to provide a report on allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Proposed Amalgamation (the "Services").
4. We understand that the Transferor Company holds 90,30,495 equity shares of the Transferee Company, which comprises of 48.35% shareholding in the Transferee Company.

## Information Provided

The following information has been provided to us by the management of the Companies:

1. Audited financial statements of the Transferee Company for FY 2015-16 and un-audited financial statements of the Company for period ending 31 December 2016;
2. Un-audited provisional financial statements of the Transferor Company for the period ending 26 March 2017. Further, we understand that there is no significant change in financial position of the Transferor Company between 26 March 2017 and the date of this report;
3. Shareholding pattern of the Companies as on the date of the report;
4. The draft Scheme;

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For DCM LIMITED

Company Secretary



5. Other information and explanations as were required and provided to us by the management of the Companies.

**Ratio of Allotment**

1. The draft Scheme proposes that as consideration for the Proposed Amalgamation of the Transferor Company into the Transferee Company, the Transferee Company shall issue and allot equity shares of Rs. 10/- each, as fully paid-up at par to each shareholder of the Transferor Company, whose name is recorded in the register of shareholders of the Transferor Company as on the Record Date (as defined in the draft Scheme) in the following ratio:

*"90,30,495 (Ninety Lakh Thirty Thousand Four Hundred and Ninety Five only) fully paid up Equity Shares of the face value of Rs.10 (Rupees Ten) each of DCM against 90,30,495 (Ninety Lakh Thirty Thousand Four Hundred and Ninety Five only) fully paid-up equity shares of Rs. 10 (Ten) each held by Crescita in DCM as on March 31, 2017 shall be issued and allotted to the equity shareholders of Crescita in proportion to their shareholding in Crescita"*

*"In the event Crescita holds more than 90,30,495 (Ninety Lakh Thirty Thousand Four Hundred and Ninety Five only) fully paid-up equity shares of DCM without incurring any additional liability, such additional number of equity shares of DCM (if any) as may be held by Crescita in DCM in addition to 90,30,495 (Ninety Lakh Thirty Thousand Four Hundred and Ninety Five only) fully paid up equity shares held by Crescita in DCM as on March 31, 2017 shall also be issued and allotted to the equity shareholders of Crescita, in proportion of their holdings in Crescita"*

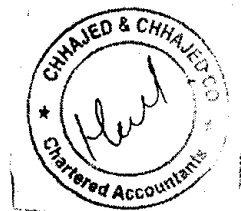
*"In the event Crescita holds less than 90,30,495 (Ninety Lakh Thirty Thousand Four Hundred and Ninety Five only) fully paid-up equity shares of DCM on the Record Date, such lower number of shares of DCM as would be held by Crescita as on the Record Date shall be issued and allotted to the equity shareholders of Crescita, in proportion of their holdings in Crescita"*

2. We understand that the Transferor Company does not have any other asset or liability apart from 90,30,495 equity shares of the Transferee Company, which would have any material impact on the valuation, which comprises of 48.35% shareholding of the Transferee Company.
3. By virtue of issue of equity shares pursuant to the Proposed Amalgamation, the indirect economic interest held by the shareholders of the Transferor Company (in the Transferee Company) would become direct economic interest in the Transferee Company without having any economic impact on the other shareholders.

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For **DCM LIMITED**

Company Secretary



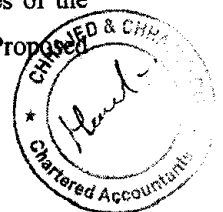
4. Further, since the Transferor Company does not have any assets or liabilities apart from 90,30,495 equity shares of the Transferee Company, there would be no difference in financial and operational position of the Transferee Company. Hence, allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Proposed Amalgamation, as mentioned above, appears fair and appropriate.
5. Considering the fact that apart from investment in Transferee Company, the Transferor Company does not have any other asset or liability, which would have any material impact on the valuation, issuance of shares to the shareholders of Transferor Company in accordance with the pricing provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as mentioned in SEBI Circular CFD/DIL3/CIR/2017/21 dated 10.03.2017, would not have an impact on the consideration (as mentioned in Para 1 above) for the Proposed Amalgamation.

#### Scope Limitations

1. We have relied upon the information, data and explanations detailed above or as provided to us, for the purpose of providing our report on allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Proposed Amalgamation.
2. For the purpose of this report, we have used the financial and other information provided by the management, which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects. Our scope of work does not enable us to accept the responsibility for the accuracy and completeness of the information provided to us by the management. We have, therefore, not conducted any due diligence review, independent audit or any other test or validation of such financial statements referred to above or of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.
3. We have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity shares of the Transferee Company, and/ or the assets and liabilities of the Transferee Company.
4. The management has represented that the financial statements of the Companies (as mentioned earlier in the report), provided to us, include all disclosures necessary for presentation of the financial position and results of operations in accordance with generally accepted accounting principles in India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject.
5. Our scope of work is limited to expression of our view on allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Proposed

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For DCM LIMITED

Company Secretary



Amalgamation. Our report is not, nor should it be construed as, our opining or certifying the compliance of the Proposed Amalgamation with the provisions of law including companies, foreign exchange management and taxation related laws or as regards any legal compliance or issues arising from such Proposed Amalgamation, or any other matter in connection with the Proposed Amalgamation.

6. An exercise like the current one, is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single result. While we have provided our view, on allotment of equity shares of the Transferee Company to the shareholders of the Transferor Company pursuant to the Proposed Amalgamation, based on the information available to us and within the scope of constraints of our engagement, others may have a different opinion. You acknowledge and agree that you have the final responsibility for determination of consideration to be paid pursuant to the Proposed Amalgamation and factors other than our report may need to be taken into account in determining such ratios. These will include your own assessment of the Proposed Amalgamation and may include the input of other professional advisors.

#### **Distribution of Report**

1. This report has been prepared for the Board of Directors of the Companies and to the extent mandatorily required to be produced before judicial, regulatory or government authorities, in connection with the Proposed Amalgamation.
2. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstance shall the liability of our firm, its partners, directors or employees, relating to the Services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these Services.

We would like to record our appreciation for the courtesy and co-operation received by us during our course of work.

Yours faithfully,

For and on behalf of

Chhajed & Chhajed Co., Chartered Accountants

FRN: 009234C


CA Hemant Chhajed

Membership Number:074664



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For DCM LIMITED

  
Company Secretary