

STRICTLY PRIVATE & CONFIDENTIAL

February 13, 2017

**The Board of Directors
DCM Limited
6th Floor, Vikrant Tower
4, Rajendra Place
New Delhi - 110 008.**

**The Board of Directors
DCM Realty and Infrastructure Limited
6th Floor, Vikrant Tower
4, Rajendra Place
New Delhi - 110 008.**

**The Board of Directors
Purearth Infrastructure Limited
6th Floor, Vikrant Tower
4, Rajendra Place
New Delhi - 110 008.**

**The Board of Directors
Tiara Investment Holdings Limited
c/o DTOS Limited,
10th floor, Standard Chartered Tower,
19 Cybercity, Ebene, Republic of Mauritius**

Sub: Fairness Opinion in connection with the proposed arrangement of:

- (a) Proposed Merger of Tiara Investment Holdings Limited with Purearth Infrastructure Limited**
- (b) Proposed Demerger of "Real Estate Undertaking" of DCM Limited into DCM Realty and Infrastructure Limited**
- (c) Proposed Merger of Purearth Infrastructure Limited with DCM Realty and Infrastructure Limited**

Dear Sir(s),

We refer to our discussion wherein the Management of DCM Group (hereinafter collectively referred to as the "Companies"), has requested Fortress Capital Management Services Private Limited ('us') to give a fairness opinion on the on the valuation carried out by M/s SSPA & Co., Chartered Accountants ('Valuer') in connection with the proposed restructuring exercise of DCM Limited (hereinafter referred to as "DCM") along with its group companies / joint-ventures as mentioned hereinafter and Tiara Investment Holdings Limited (Mauritius).



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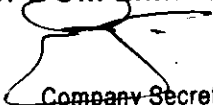
CIN : U67120MH2004PTC145815

FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.

Daryanagar House, 2nd Floor, 69, Maharshi Karve Road, Marine Lines, Mumbai - 400 002. INDIA

Tel.: +91 (22) 2200 7973 / 74 / 75 / 76 • Fax : +91 (22) 2203 1609 • E-mail : fortress@fortress.co.in • Website : www.fortress.co.in

For DCM LIMITED


Company Secretary

A. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT**1.1 DCM LIMITED**

- a) DCM was established on March 26, 1889 in the name and style of Delhi Cloth & General Mills. The name of the company was changed on October 6, 1983 to DCM. DCM is inter alia engaged in business of Textile, Information Technology Infrastructure Services, Real Estate and Engineering (Forging and Casting for Automotive Industry).
- b) The shares of DCM are listed on National Stock Exchange of India Limited and BSE Limited.

1.2 REAL ESTATE UNDERTAKING OF DCM

- a) DCM Group is the owner of plot of land measuring about 66.53 acres situated at Bara Hindu Rao and Kishan Ganj, Delhi, comprising of both freehold and leasehold land. The said plot of land is being developed as commercial premises & group housing residential project. The development rights to construct and sell the said real estate project have been entrusted to Purearth Infrastructure Limited (hereinafter referred to as "Purearth"); a company co-promoted by DCM in partnership with a Singapore based consortium.
- b) Real Estate Undertaking of DCM (hereinafter referred to as "Real Estate Undertaking") is the real estate business pertaining to rights in leasehold land of the above mentioned plot of land, whether or not converted into freehold land, along with ~16.41% equity stake in Purearth.

1.3 PUREARTH INFRASTRUCTURE LIMITED

- a) DCM has floated an SPV in the name of Purearth (formerly known as DCM Estate and Infrastructure Limited) for real estate development, construction & maintenance of industrial estates, commercial centres, shopping malls, residential & multi-storeyed buildings & houses etc. As mentioned earlier, Purearth is undertaking the development of the above mentioned real estate project.

1.4 TIARA INVESTMENT HOLDINGS LIMITED, MAURITIUS

- a) Tiara Investment Holdings Limited, Mauritius (hereinafter referred to as "Tiara") is a private company, with limited liability, incorporated on April 21, 1995 and registered in



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the Republic of Mauritius under the Mauritius Companies Act, 2001. Tiara is an investment holding company having Global Business License – Category I (GBL-C1) in Mauritius. Currently, Tiara holds ~50.20% equity stake in Purearth.

1.5 DCM REALTY AND INFRASTRUCTURE LIMITED

a) DCM Realty and Infrastructure Limited (hereinafter referred to as “DCM Realty”) has been incorporated on October 06, 2016. DCM Realty has been incorporated to undertake business of real estate development, construction and maintenance of industrial estates, commercial centres, malls, residential and multi-storeyed buildings and houses etc. DCM Realty is a wholly owned subsidiary of DCM.

1.6 DCM, Purearth, Tiara and DCM Realty hereinafter will be collectively referred to as the “Companies”.

B. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Audited financial statements of DCM and Purearth for the financial year (FY) ended March 31, 2016.
- (b) Management certified estimated position of assets and liabilities of the Real Estate Undertaking as on December 31, 2016.
- (c) Management certified consolidated financial statements of Purearth for period ended December 31, 2016.
- (d) Post-Merger consolidated Balance Sheet of Purearth as on December 31, 2016.
- (e) Projected Cash Flow Statement of the Real Estate Undertaking as provided by the Management.
- (f) Projected Profit & Loss Account and Cash Flow Statement of Purearth as provided by the Management.
- (g) Valuation Report dated February 13, 2017 of Valuer



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- (h) Such other information and explanations as we required and which have been provided by the management of the Companies.
- (i) Information available in public domain.

C. LIMITATIONS & EXCLUSIONS

- 1) Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the historical financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 2) We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.
- 3) Our work does not constitute verification of historical financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 4) Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 5) Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with DCM.
- 6) Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed restructuring with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 7) We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.



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- 8) We do not express any opinion as to the price at which shares of the Resulting Company may trade at any time, including subsequent to the date of this opinion.
- 9) Any person/party intending to provide finance/invest in the shares/businesses of any of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposed restructuring as aforesaid, can be done only with our prior permission in writing.
- 10) This certificate has been issued for the sole purpose to facilitate the Company to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.
- 11) Fortress Capital Management Services Private Limited, nor its directors, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the fairness opinion is given. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the opinion.

D. PROPOSED RESTRUCTURING

The proposed restructuring exercise is mentioned below:

- 1) Step I - Merger of Tiara with Purearth with an appointed date of December 31, 2016.
- 2) Step II - Demerger of the Real Estate Undertaking of DCM into DCM Realty with an appointed date of January 1, 2017.
- 3) We have been informed that upon demerger of the Real Estate Undertaking into DCM Realty at step II, existing shares of DCM Realty shall be cancelled.
- 4) Step III - Merger of Purearth (post-merger of Tiara) with DCM Realty (post-demerger of Real Estate Undertaking) with an appointed date of January 1, 2017.



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For **DCM LIMITED**


Company Secretary

- 5) We have been informed that as part of the merger at Step III the existing shares held by DCM Realty in Purearth will be cancelled.

E. VALUATION APPROACH

For the purposes of valuation, the Valuer has adopted the Net Assets Method under "Underlying Asset" approach by adjusting, wherever necessary, for Intrinsic Value of the project using "Income" approach i.e. discounted cash flow method for determining the fair value per share of Purearth and DCM Realty (after demerger of Real Estate Division of DCM Ltd into DCM Realty) and arrived at the exchange ratio of shares for proposed merger of Purearth into DCM Realty.

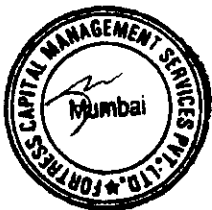
Since the shares of Purearth and DCM Realty are not listed on any stock exchange. Hence, the "Market" approach has not been adopted.

F. CONCLUSION

- 1) We have reviewed the Scheme of Arrangement and methodology as mentioned above used by the Valuer for arriving at the valuation of the equity shares of both the Companies and also reviewed the working and underlying assumptions adopted to arrive at the values under each of the above approaches, for the purposes of recommending exchange/entitlement ratios for Shares.

On the basis of the foregoing and based on the information and explanation provided to us, in our opinion following Share exchange/entitlement ratios recommended by Valuer is fair and reasonable:

- A) Share exchange ratio of 5,46,00,000 (i.e. exact number of equity shares of Purearth held by Tiara) fully paid-up equity shares (face value of INR 10 each) of Purearth to be issued and allotted to the equity shareholders of Tiara in proportion of their holdings in Tiara, for 2,58,85,730 fully paid up equity shares (face value of USD 1 each) of Tiara in the event of merger of Tiara into Purearth (Step I)
- B) Share Entitlement ratio of 1 (One) equity share of INR 10 each fully paid up of DCM



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Realty for every 1 (One) equity share of INR 10 each fully paid up of DCM in consideration for the demerger of Real Estate Undertaking would be fair and reasonable, considering that all the shareholders of DCM are and will, upon demerger, be the ultimate beneficial owners of DCM Realty in the same ratio (inter se) as they hold shares in DCM (Step II)

- C) Share exchange ratio of 100 (One Hundred) equity shares of DCM Realty of INR 10 each fully paid up for every 127 (One Hundred Twenty Seven) equity shares of Purearth of INR 10 each fully paid up, in the event of merger of Purearth with DCM Realty. (Step III)

Thanking you,

Yours faithfully,

For Fortress Capital Management Services Pvt. Ltd.

Hiten M. Joshi

Authorized Signatory



Place: Mumbai

SEBI Registration No.: INM000011146

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