



# Real Growth Securities Pvt. Ltd.

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 CIN : U74899DL1992PTC048315

STRICTLY PRIVATE AND CONFIDENTIAL

To

16 November 2017

The Board of Directors

S Chand and Company Limited

A-27, Mohan Cooperative Industrial Estate

New Delhi-110044

Ref: Proposed composite scheme of arrangement

Dear Sir(s)

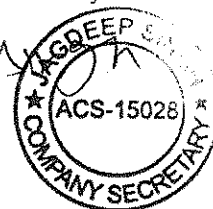
**Sub: Fairness opinion on the valuation carried out by B. Chhawahharia & Co., Chartered Accountants**

This is with reference to the request made to us by the management of S Chand And Company Limited to provide fairness opinion on the valuation exercise carried out by B. Chhawahharia & Co., Chartered Accountants, for the proposed composite scheme of arrangement (Proposed Scheme) amongst Blackie & Son (Calcutta) Private Limited ("BSPL"), Nirja Publishers & Printers Private Limited ("NPPL"), DS Digital Private Limited ("DDPL"), Safari Digital Education Initiatives Private Limited ("SDPL") and S Chand And Company Limited ("S Chand") and their respective shareholders. For the sake of convenience BSPL, NPPL, DDPL, SDPL and S Chand are hereinafter collectively referred as "Companies".

**Companies that are party to the proposed scheme**

- I. BSPL is a private limited duly incorporated under the provisions of the Companies Act, 1956 on October 9, 1979 bearing corporate identity number U74899DL1979PTC014517 and having its registered office situated at 7361, Ravindra Mansion, Ram Nagar, New Delhi-110055. BSPL is primarily earning its revenue from royalty on books. BSPL is a wholly owned subsidiary of S Chand;

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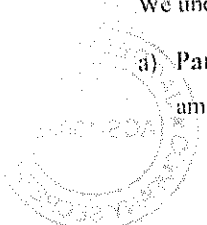
- II. NPPL is a private limited company duly incorporated under provisions of the Companies Act, 1956 on August 31, 1971 bearing corporate identity number U74899DL1971PTC005776 and having its registered office situated at 7361, Ram Nagar, Qutab Road, New Delhi-110055. NPPL is, *inert-alia*, engaged in the business of manufacturing paper and paper products, publishing, printing and reproduction of recorded media, binding of books for S Chand group. NPPL is a wholly owned subsidiary of S Chand.
- III. S Chand is a public limited company duly incorporated under provisions of the Companies Act, 1956 on September 9, 1970 bearing corporate identity number L22219DL1970PLC005400 and having its registered office at Ravindra Mansion, Ram Nagar, New Delhi-110055. The equity shares of S Chand are listed on BSE Limited and National Stock Exchange of India Ltd. S Chand is, *inert-alia*, engaged in the business of publishing of educational books with products ranging from school books, higher academic books, competition and references books, technical and professional books and children books.
- IV. DDPL is a private limited company duly incorporated under provisions of the Companies Act, 1956 on January 28, 2008 bearing corporate identity number U72200DL2008PTC173250 and having its registered office situated at 7361, Ravindra Mansion, Ram Nagar, New Delhi-110055. DDPL is, *inert-alia*, engaged in business of providing digital educational services. DDPL is a subsidiary of S Chand.
- V. SDPL is a private limited company duly incorporated under provisions of the Companies Act, 1956 on June 23, 2010 bearing corporate identity number U80904DL2010PTC204512 and having its registered office situated at 7361, Ravindra Mansion, Ram Nagar, New Delhi-110055. SDPL is, *inert-alia*, engaged in business of rendering digital education. NPPL and S Chand are holding 40% and 60% of the share capital of SDPL, respectively. Therefore, SDPL is an indirect wholly owned subsidiary of S Chand.

#### Background of the Proposed Scheme:

We understand that the Proposed Scheme provides for:

- a) Part II: amalgamation of BSPL and NPPL with and into S Chand. Pursuant to the amalgamation, shares of BSPL and NPPL held by S Chand shall automatically stand

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cancelled and be of no effect. Further, since S Chand is the only shareholder of BSPL and NPPL, therefore there shall not be any issue and allotment of shares by S Chand to itself or any of its nominee;

- b) **Part III:** de-merger of Education Business (more particularly defined in the Proposed Scheme) of DDPL and SDPL with and into S Chand on a going-concern basis. Pursuant to effectiveness of Part II of the Scheme, SDPL shall become a direct wholly-owned subsidiary of S Chand. Further, pursuant to the demerger, S Chand shall not issue any shares either to itself and SDPL, or any of the nominees. Further, S Chand shall issue its equity shares to the other shareholders of DDPL; and
- c) **Part IV:** amalgamation of Remaining Business-I (more particularly defined in the Proposed Scheme) of DDPL with and into SDPL. Pursuant to the amalgamation, the equity and preference shares of DDPL held by SDPL shall automatically stand cancelled and be of no effect. Further, SDPL shall issue its shares to other shareholders of DDPL in consideration of the proposed amalgamation.

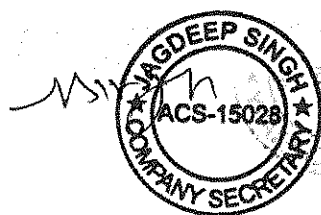
We understand that the Appointed Date of the Proposed Scheme is 01 April 2017 and that the Proposed Scheme is subject to regulatory approvals.

#### Scope and Purpose

S Chand has appointed B. Chhawchharia & Co, Chartered Accountants (Firm Regn. No. 305123E) ("Valuer"), to recommend a fair and equitable share exchange ratio for the proposed demerger of Education Business of DDPL with and into S Chand. Therefore, the Valuer issued a report dated 14 November 2017 recommending that equity shareholders of DDPL shall be entitled to receive 1 equity share of S Chand of Rs. 5/- each fully paid up for every 117 equity shares of DDPL of Rs. 10 each fully paid.

Also, S Chand has appointed Valuer, to recommend a fair and equitable share exchange ratio for the proposed amalgamation of DDPL with and into SDPL. Therefore, the Valuer issued a report dated 14 November 2017 recommending that equity shareholders of DDPL shall be entitled to receive 2 equity share of SDPL of Rs. 10/- each fully paid up for every 17 equity shares of

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DDPL of Rs. 10 each fully paid and that preference shareholders of DDPL shall be entitled to receive 2 preference shares of SDPL of Rs. 10/- each fully paid up for every 17 preference shares of DDPL of Rs. 10 each fully paid.

With reference to the above, the management of S Chand has approached us to ascertain the fairness of:

- Share exchange ratio determined by the Valuer for the de-merger of education business of DDPL with and into S Chand under the Proposed Scheme; and
- Share exchange ratio recommended by the Valuer for amalgamation of Remaining Business-I (more particularly defined in the Scheme) of DDPL with and into SDPL under the Proposed Scheme.

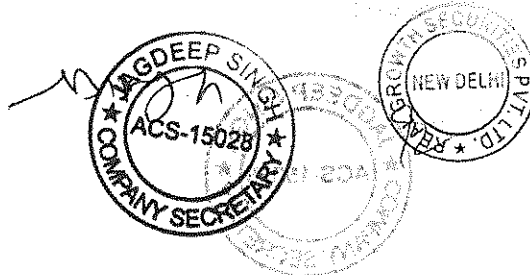
This fairness opinion has been issued in compliance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 read with Circular No. CFD/DIL/3/CIR/2017/21 dated 10 March, 2017 and Circular No. CFD/DIL/3/CIR/2017/105 dated 21 September, 2017 each issued by the SEBI, as amended or replaced from time to time.

#### Source of information

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- a. Valuation report dated 14 November 2017 prepared by the Valuer providing for the share exchange ratio for the proposed demerger of education business of DDPL with and into S Chand;
- b. Valuation report dated 14 November 2017 prepared by the Valuer providing for the share exchange ratio for the proposed amalgamation of remaining business of DDPL with and into SDPL;
- c. Financial information and relevant management information of the Companies under the Proposed Scheme; and
- d. Draft Proposed Scheme.

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In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

### Conclusion

We have reviewed the valuation methodology adopted by the Valuer in arriving at the fair values of the shares of DDPL, S Chand and SDPL. We have also reviewed the workings of the share exchange ratios for:

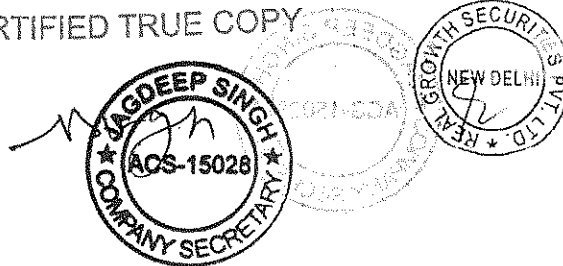
- 1) the demerger of education business of DDPL with and into S Chandin relation to the Proposed Scheme; and
- 2) the amalgamation of DDPL with and into SDPL in relation to the Proposed Scheme.

Based on the information available to us and to the best of our knowledge and belief, the share exchange ratios as suggested by the Valuer under the Proposed Scheme are *fair* in our opinion.

### Exclusions and Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly attributable or provided or otherwise made available to us by the Companies. For the purpose of this opinion our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of the Companies. We have solely relied upon the information provided to us by the Companies. We have not reviewed any books or records of the Companies (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities etc of the Companies and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by the Companies for the purpose of this opinion. We are not experts in the

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evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors.

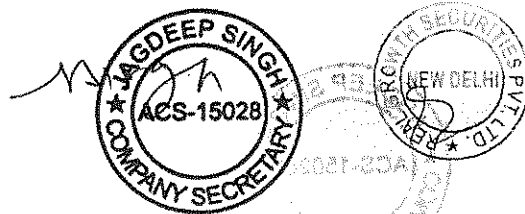
We are financial advisors only and have relied upon, without independent verification, the assessment of the Companies with respect to these matters. In addition, we have assumed that the Scheme will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Scheme.

We understand that the management of the Companies during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Scheme, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that the Companies may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving the Companies or any of its assets, nor did we negotiate with any other party in this regard.

It is understood that this letter is for the benefit of and confidential use by the Board of Directors of the Companies for the purpose of this Proposed Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction.

Management of the Companies should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. This letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

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We express no opinion whatever and make no recommendation at all as to the Companies underlying decision to effect to the Proposed Scheme or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the Companies should vote at their respective meetings held in connection to the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of S Chand will trade following the announcement of the Proposed Scheme or as to the financial performance of the Companies following the consummation of the transaction.

In no circumstances however, will Real Growth Securities Private Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Real Growth Securities Private Limited or its associates, directors or employees by any third party, the Companies and their affiliates shall indemnify them.

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For Real Growth Securities Private Limited

Rajesh Gupta  
Director

SEBI Registration No: INM000011492

