

ANNEXURE - V



Date: 14/12/2018

To,

Board of Directors Datamatics Global Services Ltd; Plot No. 58, Knowledge Centre, Street No. 17, MIDC, Andheri(E) Mumbai, 400093	Board of Directors Lumina Datamatics Ltd 12th & 13th Floor, Phase II, Ascendas International Tech Park, Taramani Road, Chennai - 600113.	Board of Directors LDR Eretail Limited 12th Floor, Phase II(Crest), International Tech Park CSIR Road, Taramani Chennai 600113.
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Dear Sir(s),

Subject: Fairness Opinion for the Share Entitlement Ratio pursuant to the Scheme of Arrangement between Datamatics Global Services Ltd.; Lumina Datamatics Ltd and LDR Eretail Ltd (Scheme)

We refer to our engagement letter no. DSPL/DGSL/FO/ 06/1/2018 whereby Dalmia Securities Private Limited (hereinafter referred to as "DSPL" or "the Valuer" or "We"), a SEBI Registered Category (I) Merchant Banker have been requested by the management of Lumina Datamatics Ltd [CIN: U22220TN2007PLC065507] (hereinafter referred to as "LDL" or "the Transferor Company"), Datamatics Global Services Ltd [CIN: L72200MH1987PLC045205] (hereinafter referred to as "DGSL" or "the Transferee Company" for Part II of the Scheme or "the Demerged Company" for Part III of the Scheme) and LDR E Retail Ltd [CIN: U74120TN2015PLC123418] (hereinafter referred to as "LDR" or "the Resulting Company") to issue a report containing fairness opinion in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ["SEBI Circular"] and other applicable SEBI Regulations, for the proposed transaction involving Amalgamation and vesting of LDL with and into DGSL and thereafter demerger of the



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Demerged Undertaking from DGSL (Post- amalgamation) into LDR on a going concern basis pursuant to a Scheme of Arrangement under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme" or "Scheme of Arrangement") and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015. LDL, DGSL and LDR are collectively referred to as "Companies".

1. BACKGROUND

1.1 Datamatics Global Services Ltd: (DGSL)

- a. DGSL was incorporated as a private limited company in the State of Maharashtra on 3rd November, 1987 as Interface Software Resources Private Limited. The name of the Transferee Company was changed to Datamatics Technologies Private Limited on December 18, 1992. On January 14, 1999, the Company became a deemed public company, pursuant to the provisions of section 43A of the Companies Act, 1956. The members of the Transferee Company passed a resolution on December 27, 1999, to convert the Company to public company. By a certificate dated January 13, 2000, the name of the Transferee Company was changed from Datamatics Technologies Private Limited to Datamatics Technologies Limited. The name of the Transferee Company was changed to its current name Datamatics Global Services Limited pursuant to a High Court order dated December 17, 2008 and by certificate of change of name issued dated January 17, 2014. The Registered Office of DGSL is situated at Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri East, Mumbai – 400 093.
- b. Datamatics Global Services Limited, a company listed on the BSE and the NSE, is a technology company that builds intelligent solutions enabling data-driven businesses to digitally transform themselves through Robotics, Artificial Intelligence, Cloud, Mobility and Advanced Analytics. With its wide array of solutions, the company has developed several proprietary products and innovative solutions through which it caters to over 450 customers across the globe, some of which are Fortune 500 companies. Headquartered in Mumbai, the company has a strong presence across the America, Australia, Asia, Europe, and the Middle East. The equity shares of DGSL are listed on BSE Limited and National Stock Exchange of India Limited.

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- c. The issued, subscribed and paid up share capital of DGSL is INR29,47,46,685 representing 5,89,49,337 equity shares of face value INR5/- each.
- d. The shareholding pattern of DGSL as on October 31,2018 is as under:

Category	Number of Shares Held	Shareholding (%)
Promoter & Promoter Group	4,32,98,314	73.45
Public Shareholders –	1,56,51,023	26.55
Total	5,89,49,337	100

1.2 Lumina Datamatics Limited (“LDL”)

- a. Lumina Datamatics Limited, was incorporated as a private limited company under the name and style of Lexicon Publishing Services Private Limited in the State of Tamil Nadu on 26th November, 2007 vide Corporate Identity Number U22220TN2007PLC065507. Thereafter, its name was changed to Lumina Datamatics Private Limited on 12th May, 2014. The members of the Transferor Company passed a resolution to convert the Transferor Company into a public company. By a certificate dated 28th May, 2014, the Transferor Company was converted from a Private Limited Company to a Public Limited Company and the name of the Transferor Company was changed from Lumina Datamatics Private Limited to Lumina Datamatics Limited. Registered office of LDL is situated at 12th Floor, Phase II (Crest), International Tech Park, CSIR Road, Taramani, Chennai – 600 113.
- b. LDL is, inter-alia, engaged in the business of providing e-retail and digital publishing services in content development, design and composition, content transformation, e-books and new media, rights and permissions, QA services, project management, consulting and information services, software development and implementation, assets storage and management, adaptive assessment system, site merchandising, market intelligence and e-Commerce data publishing & e-retail solutions to clients.
- c. The issued, subscribed and paid up share capital of the LDL is INR 37,89,95,110 comprising 1,02,28,655 equity shares of face value of INR 10 each and 2,76,70,856 preference shares of INR10 each.

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- d. The shareholding pattern of LDL as on September 30, 2018 is as under:

Name of Shareholders	No. of Shares held	Shareholding (%)
Equity Shares		
Datamatics Global Services Limited (including shares held by nominees)	1,00,28,655	98.04
Vidur Bhogilal	2,00,000	1.96
Total	1,02,28,655	100.00
Preference Shares		
Datamatics Global Services Limited	2,76,70,856	100
Total	2,76,70,856	100.00

1.3 LDR Eretail Limited (LDR):

- a. LDREretail Limited is an unlisted public limited company incorporated on 12th August 2015 under the Companies Act, 2013 having its registered office at 12th Floor, Phase II (Crest), International Tech Park, CSIR Road, Taramani, Chennai – 600 113.
- b. LDR, a wholly owned subsidiary of the LDL, has main objects of the business of providing eRetail, eCommerce enablement services products and solutions to manufacturers, traders, retailers who wish to take their business online in their merchandizing and marketing operations and to provide systems, processes, technical know-how and services enabling to do online business to manage the functions of supply chain, merchandising, marketing fulfilment and customer support in India and overseas and other related services. However, at present, LDR is a non-operational company.
- c. The issued, subscribed and paid up share capital of the LDR is INR 5,00,00,000 comprising 50,000 equity shares of face value of INR 10 each and 49,50,000 preference shares of INR 10 each. We further understand that the shareholders have approved the split of face value of equity shares of LDR from INR 10/- per share to INR 5/- per share on 5th December 2018.

- d. The shareholding pattern of LDR as on September 30, 2018 is as under:

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Name of Shareholders	No. of Shares held	Shareholding (%)
Equity Shares		
Lumina Datamatics Limited (including shares held by nominees)	50,000	100
Total	50,000	100.00
Preference Shares		
Lumina Datamatics Limited	49,50,000	100
Total	49,50,000	100

2. TRASCATION OVERVIEW AND PROPOSED SCHEME OF ARRANGEMENT

Pursuant to the proposed Scheme, the proposed transaction involves Amalgamation and vesting of LDL with and into DGSL and thereafter demerger of the Demerged Undertaking from DGSL (Post-amalgamation) into LDR on a going concern basis pursuant to a Scheme of Arrangement under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Scheme" or "Scheme of Arrangement") and SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015

3. SCOPE OF ENGAGEMENT

The Companies have appointed DSPL to issue fairness opinion for the proposed Scheme in terms of the SEBI Circular and applicable SEBI Regulations. DSPL issued this fairness opinion vide its Fairness Report dated December 14, 2018 ["Fairness Report/Report"] in capacity of Independent Merchant Banker based on the report dated December 14, 2018 containing recommendation of fair Share Entitlement Ratio, issued by M/s Bharat Kotak & Co Chartered Accountants [hereinafter referred to as "BK" or "Valuer"] having Firm Registration number 135832W and by its Chartered Accountant, Bharat .K. Kotak having Membership number 015045.

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4. SOURCES OF INFORMATION

DSPL has relied on the following information for issuing the Fairness Report for the purpose of the proposed Scheme:

- i. Draft Scheme of Arrangement under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 / Companies Act, 1956, as may be applicable, with regard to the proposed Scheme.
- ii. Report containing recommendation of Share Entitlement Ratio issued by BK.
- iii. Copy of Memorandum and Article of Association of DGSL, LDL and LDR.
- iv. Audited financial statements of the companies for 3 years ended March 31, 2018 and Provisional Financial statement for the period ended September 30, 2018.
- v. Such other information, documents, data, reports, discussions and verbal & written explanations from the Companies as well as advisors for proposed amalgamation / demerger, information available in public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

5. KEY FEATURES OF SCHEME

The key features of the Scheme provided to and relied upon by us for framing a fairness opinion on merger of LDL into DGSL and thereafter demerger of Demerged Undertaking from DGSL (Post merger) into LDR:

- a. **Merger of LDL into DGSL:**
 - DGSL owns ~98.04% of the equity share capital in LDL;
 - Upon coming into effect of the Scheme and with effect from the Appointed Date, LDL shall be merged and vested into DGSL;
 - As consideration for the merger, equity shares in DGSL shall be issued to equity shareholders as on Record Date 1 (as defined in the Scheme), (other than DGSL itself) of LDL. Shares held by DGSL in LDL shall get cancelled.
- b. **Demerger of Demerged Undertaking from DGSL into LDR:**
 - Upon Merger of LDL into DGSL coming into effect, LDR shall become wholly owned subsidiary of DGSL holding equity and preference shares in LDR;

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- Upon coming into effect of the Scheme and with effect from the Appointed Date, Demerged undertaking of DGSL shall be demerged and vested into LDR on a going concern basis;
- As consideration for demerger, equity shares in LDR shall be issued to the equity shareholders of DGSL as on Record Date 2(as defined in the Scheme);
- All the equity shareholders in DGSL shall become shareholders in LDR on the Record Date 2(as defined in the Scheme);
- The equity and preference shares held by DGSL into LDR shall be cancelled. Accordingly, on implementation of the Scheme, the shareholding in LDR shall mirror that of DGSL;
- Share entitlement ratio is based on valuation report submitted by Valuer;
- The equity shares of LDR will be listed and admitted to trading on all stock exchange where shares of DGSL are listed. LDR shall enter into such arrangements and give such confirmations and / or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of such Stock Exchanges. On such formalities being fulfilled, the Stock Exchanges shall list and / or admit such equity shares also for the purposes of trading.

6. Rationale for the Scheme:

The Transferee Company / Demerged Company and the Transferor Company are engaged in varied business. The nature of risk, competition, challenges, opportunities and business methods for the business carried on by the Transferor Company is separate and distinct from the business carried on by the Transferee Company / Demerged Company. The business carried on by the Transferee Company / Demerged Company and the Transferor Company are capable of attracting separate set of investors, strategic partners, lenders and other stakeholders.

There is also a difference in the manner in which the business of the Transferee Company / Demerged Company and the Transferor Company are required to be handled and managed. In order to lend greater / enhanced focus to the operations of the business of the Transferor Company, it is proposed to re-organize / restructure the group structure via this Scheme.

The proposed restructuring pursuant to this Scheme is expected, inter-alia, to result in the following benefits:

- a. Segregation of business of the Transferor Company into the Resulting Company in the manner provided in this Scheme;
- b. Unlock the value for the shareholders of the Transferee Company / Demerged Company by listing of the shares of the Resulting Company;

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- c. Enhancing attractiveness of the employees of the business of the Transferor Company by enabling liquidity of ESOP's held by them;
- d. Allowing managements of the each of the Transferee Company / Demerged Company and the Transferor Company to pursue independent growth strategies;
- e. Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;
- f. Provide scope of separate companies for independent collaboration and expansion.

The Scheme is in the interest of the shareholders, creditors, lenders and various other stakeholders of the respective companies. It is not prejudicial to the interests of shareholders, creditors, lenders and various other stakeholders of the respective companies.

7. EXCLUSIONSAND LIMITATIONS

The Fairness Report is subject to the scope limitations detailed hereinafter.

- 7.1 The Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein. The Report is divided into chapters and sub section only for the purpose of reading connivance. Any partial reading of this Report may lead to inferences, which may be divergence with the conclusion and opinion based on the entirety of this Report.
- 7.2 In the course of the present exercise, DSPL were provided with both written and verbal information, including financial data. The Report is issued by DSPL based on the basis of information available in public domain and sources believed to be reliable and information provided by the companies forming part of the Schemeand the Valuer for the sole purpose to facilitate Companies to comply with the requirements of the SEBI Circulars and applicable SEBI Regulations and shall not be valid for any other purpose or as at any other date.
- 7.3 DSPL has relied upon the historical financials and the information and representations furnished without carrying out any audit or other tests to verify its accuracy with limited independent appraisal. Also, DSPL has been given to understand by the managements of the companies forming part of the Scheme that they have not omitted any relevant and material factors. Accordingly, DSPL does not express any opinion or offer any form of assurance regarding its accuracy and completeness. DSPL assumes no responsibility whatsoever for any errors in the above information furnished by the companies and/or the Valuerand their impact on the present exercise. DSPL has not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies.In particular,



DSPL does not express opinion on value of assets of the companies forming part of the Scheme and/or their subsidiary, holding affiliates, whether at current price or future price. No investigation of the companies claim to the title of assets or property owned by the companies has been made for the purpose of this fairness opinion. With regard to the companies claim, DSPL has relied solely on representation, whether verbal or otherwise made, by the management for purpose of this Report. Therefore no responsibility whatsoever is assumed for matters of legal nature. Further, DSPL has not evaluated solvency or fair value of the companies forming part of the Scheme under any law relating bankruptcy, insolvency or similar matter.

DSPL's work does not constitute an audit, due diligence or verification of historical financials including the working results of the companies or their business referred to in this Report. Accordingly, DSPL is unable to and does not express an opinion on the accuracy of any financial information referred to in this Report.

- 7.4 DSPL assumes with the consent of the Company, that the Scheme will be in compliance with all applicable law and other requirements and will be implemented on terms described in the Draft Scheme, without further modifications of any material terms and conditions, and that in course of obtaining necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the companies forming part of the Scheme and/or its relevant subsidiaries/affiliates and their respective shareholders. DSPL assumes, at the direction of the companies, that the final Scheme will not differ in any material respect from the Draft Scheme. DSPL understands from the companies' management that the Scheme will be given effect in totality and not in part.
- 7.5 The opinion of DSPL under this Report does not express any opinion whatsoever and make recommendation at all to the companies forming part of the Scheme underlying decision to affect the proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of the companies should vote at their respective meetings held in connection with the proposed Scheme. DSPL does not express and should not be deemed to have expressed any views on any other term of the proposed Scheme.
- 7.6 The Report should not be construed as certifying the compliance of the proposed transfer with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 7.7 The opinion under the Report is specific to the date of this Report. An exercise of this nature involves consideration of various factors. This Report is issued on the

understanding that the companies forming part of the Scheme have drawn attention to all the matters, which they are aware of concerning the financial position of the companies, their businesses, and any other matter, which may have an impact on the opinion for the proposed merger, including any significant changes that have taken place or are likely to take place in the financial position of the companies or their businesses subsequent to the proposed appointed date for the proposed Scheme. DSPL has no responsibility to update this report for events and circumstances occurring after the date of this report. DSPL assumes no responsibility for updating or revising the opinion/Report based on circumstances or events occurring after the date hereof.

- 7.8 In past, DSPL may have provided and currently or in the future provide, investment banking services to the companies forming part of the Scheme under the Scheme and/or any holding or subsidiaries or affiliates and their respective shareholders, for which DSPL has received or may receive customary fees. DSPL engagement as fairness opinion provider is independent of our other business relationship, which may have the companies under the Scheme and/or any holding or subsidiaries or affiliates. In addition in the ordinary course of their respective business, DSPL or its affiliates may actively trade in securities of the companies under the Scheme and/or any holding or subsidiaries or affiliates and their respective shareholders for their own accounts and account of their customers and accordingly may at any time hold position in such securities. DSPL engagement and opinion only to fulfill the requirement of the SEBI Circular and not for other purposes. Neither DSPL nor any of its affiliates, partners, directors, shareholders, managers, employees or agents make any representation or warranty, expressed or implied, as to the information and documents provided, based on which the Report has been issued.
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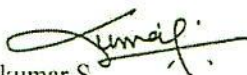
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- 7.12 The company has been provided with opportunity to review the draft as part of standard practice to make factual inaccuracy/omissions are avoided in the Final Report.
- 7.13 The fee for the services is not contingent upon the result of proposed Scheme. This Report is subject to law of India.

8. OPINION & CONCLUSION

In light of the forgoing and subject to the caveats as detailed hereinbefore, DSPL hereby certifies the fair equity shares exchange ratio recommended by the Valuer, as mentioned below, is fair and reasonable:

<i>For equity shareholders of LDL (other than equity shares held by DGSL itself)</i>	<i>"187 (One Hundred and Eighty Seven) Equity Shares of INR 5/- each, fully paid up of DGSL to be issued for every 100 (One Hundred) Equity shares of INR10/- each held by the equity shareholders of LDL"</i>
<i>For equity shareholders of DGSL</i>	<i>"2,00,00,000 (Two Crore) fully paid equity shares of INR 5/- each of LDR to be issued and allotted to the Equity Shareholders of DGSL, in proportion to their holdings in DGSL in the event of demerger of the Demerged Undertaking of DGSL into LDR"</i>

For *Dalmia Securities Private Limited*


Jeyakumar S

COO- Investment Banking

SEBI Registration Number INM000011476

Date: 14 December 2018

Place: Mumbai

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Annexure 1

Synopsis of the Valuation Report Issued by BK

BK has indicated the following rationale for adopting Income Approach for valuation of LDL and DGSL

- (a) Considering the nature of business of the Company and based on review of projected financial statements made available to the valuers by DGSL and LDL, BK were of the view that 'income' approach may be appropriate for the current valuation exercise for arriving at relative valuation of LDL and DGSL.
- (b) Since DGSL is listed on BSE and NSE, BK have considered market price method for equity shares of DGSL. Trading Volumes of equity shares of DGSL during the period ended December 13, 2018 ("Cut-off date") was higher on NSE as compared to BSE. Under the market price method, average of weekly high and low of the volume weighted average price ('VWAP') of DGSL during the twenty-six weeks or two weeks preceding December 13, 2018, whichever is higher is considered by BK for valuation purposes.
- (c) For the purpose of the current valuation exercise, the Valuer has provided following weights to the valuation methodologies based on their understanding of the financial position and other various factors relevant to the valuation exercise:

Particulars	Lumina Datamatics Limited	Datamatics Global Services Limited
Method	Weight	
Underlying Asset Approach	25%	10%
Discounted Cash Flow Method (Income Approach)	75%	15%
Market Price Method (Market Approach)	N.A.	75%
Total	100%	100%

- (d) For the purpose of valuation in terms of Part III of the Scheme (Proposed demerger of the Demerged Undertaking of DGSL into LDR), due consideration has been given to the management representation furnished by the management and the ratio of allotment of equity shares in LDR is decided on the Management desired capital structure of LDR. The shareholders of DGSL would be entitled to the same proportion of shares of LDR which they would hold directly in DGSL as on Record Date 2 (as defined in the Scheme).

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