



Bharat Kotak & Co.

Chartered Accountants

STRICTLY PRIVATE & CONFIDENTIAL

27th April 2018

**The Board of Directors,
Delta Infosolutions Private Limited**
Knowledge Centre, Plot No. 58, Street No. 17,
MIDC, Andheri East,
Mumbai - 400093

**The Board of Directors,
Datamatics Infotech Services Private Limited**
Knowledge Centre, Plot No. 58, Street No. 17,
MIDC, Andheri East,
Mumbai - 400093

**The Board of Directors,
Datamatics Global Services Limited**
Knowledge Centre, Plot No. 58, Street No. 17,
MIDC, Andheri East,
Mumbai - 400093

Re: Recommendation of Share Exchange / Swap Ratio for the Proposed De-merger of Demerged Undertaking (as defined in the Scheme) of Delta Infosolutions Private Limited into Datamatics Infotech Services Private Limited] and for the Proposed amalgamation and vesting of the residual Delta Infosolutions Private Limited (post demerger) into Datamatics Global Services Limited

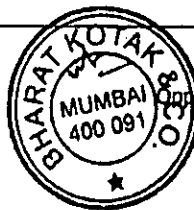
Dear Sirs,

We understand that the management of Delta Infosolutions Private Limited (hereinafter referred to as the "DIPL"), Datamatics Infotech Services Private Limited (hereinafter referred to as the "DISPL") and Datamatics Global Services Limited (hereinafter referred to as the "DGSL"), is contemplating a Scheme of Arrangement between DIPL, DISPL and DGSL and its respective shareholders, pursuant to provisions of Section 230 to Section 232 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder (hereinafter referred to as "the Scheme").

The Part II of the draft scheme deals with the proposed De-merger of Demerged Undertaking (as defined in the Scheme) of DIPL into DISPL.

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The Part III of the draft scheme deals with the proposed amalgamation and vesting of the residual DIPL (post demerger) into DGSL.

In respect to the proposed demerger of of demerged undertaking of DIPL into DISPL and proposed amalgamation of vesting of the residual DIPL (post demerger) into DGSL, we have been requested to recommend Share Exchange / Swap Ratio in respect of equity shares held by the Equity Shareholders of DIPL, being the Demerged Company for Part II of the scheme and Residual Transferor Company for Part III of the scheme.

In the following paragraphs, we have summarized our understanding of the key facts; key information relied upon, valuation approach and limitations to our scope of work. Our report is structured as under:

1. Purpose of Valuation
2. Background
3. Information relied upon
4. Valuation Approach
5. Share Exchange / Swap ratio - Equity Shares and Preference Shares
6. Exclusions and Scope Limitations

1. PURPOSE OF VALUATION

- 1.1 We have been informed by the management of DIPL, DISPL and DGSL (hereinafter referred to as the "Management") that they are considering a proposal for demerger of demerged undertaking of DIPL into DISPL in accordance with Section 2(19AA) of the Income Tax Act, 1961 and amalgamation and vesting of the residual DIPL (post demerger) into DGSL in accordance with Section 2(1B) of the Income Tax Act, 1961 and pursuant to provisions of under Section 230 to section 232 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and rules framed thereunder.
- 1.2 Subject to necessary approvals, the demerged undertaking of DIPL would be demerged into DISPL with effect from the Appointed Date of June 1, 2018 and shares will be issued by DISPL to the equity shareholders of DiPL. Further, the residual DIPL (post demerger) would be amalgamated and vested into DGSL with effect from the Appointed Date of June 1, 2018 and shares will be issued by DGSL to the equity shareholders of DIPL.
- 1.3 In this regard, M/s. Bharat Kotak & Co, Chartered Accountants have been appointed to recommend the share exchange/ swap ratio.

2. BACKGROUND

2.1 DELTA INFOSOLUTIONS PRIVATE LIMITED

- 2.1.1 Delta Infosolutions Private Limited ("DIPL") is a company having its Corporate Identity Number as U72300MH1992PTC064911, the Registered Office is situated at



Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri East, Mumbai - 400093.

2.1.2 The authorised, issued, subscribed and paid-up Share Capital of DIPL is as under:-

Share Capital	Amount (Rupees)
Authorized Share Capital - divided into 600,000 equity shares of Rs. 1 each	6,00,000
Authorized Share Capital - divided into 650,000 Redeemable Preference shares of Rs. 1 each	6,50,000
TOTAL	12,50,000
Issued, subscribed and paid-up Share Capital - divided into 1,20,000 equity shares of Rs. 1 each	1,20,000
TOTAL	1,20,000

2.1.3 DIPL is primarily engaged in the business of investing, holding and managing a number of assets, inter-alia, investments in mutual funds, quoted and unquoted shares, debentures, interest in various promoter managed partnership firms and also a strategic investment in the flagship entity of the Datamatics Group i.e. Datamatics Global Services Limited, a company listed on BSE and NSE, and other assets.

2.2 DATAMATICS INFOTECH SERVICES PRIVATE LIMITED

2.2.1 Datamatics Infotech Services Private Limited ("DISPL") is a company having its Corporate Identity Number as U74999MH2018PTC307296, the Registered Office is situated at Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri East, Mumbai - 400093.

2.2.2 The authorised, issued, subscribed and paid-up Share Capital of DISPL is as under:-

Share Capital	Amount (Rupees)
Authorized Share Capital - divided into 10,00,000 equity shares of Rs. 1 each	10,00,000
TOTAL	10,00,000
Issued, subscribed and paid-up Share Capital - divided into 1,20,000 equity shares of Rs. 1 each	1,20,000
TOTAL	1,20,000

2.2.3 DISPL is a newly incorporated company which is incorporated with the objective of carrying on the business of providing complete data centre, data entry, conversion, data processing services on block time or shared time, self-service or operator



assisted basis, technical and management consultancy services in all areas of computers, computer oriented systems, computer programming, facilities management, telecommunication, software publishing and information technology for business, industrial and general purpose requirement on turnkey basis or otherwise in domestic markets and for exports.

2.3 DATAMATICS GLOBAL SERVICES LIMITED

2.3.1 Datamatics Global Services Limited ("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. It has its Corporate Identity Number as L72200MH1987PLC045205, the Registered Office is situated at Knowledge Centre, Plot No. 58, Street No. 17, MIDC, Andheri East, Mumbai - 400093.

2.3.2 The authorised, issued, subscribed and paid-up Share Capital of DGSL is as under:-

Share Capital	Amount (Rupees)
Authorized Share Capital - divided into 10,40,00,000 equity shares of Rs. 5 each	52,00,00,000
Authorized Share Capital - divided into 4,55,50,000 Redeemable Preference shares of Rs. 10 each	45,55,00,000
TOTAL	97,55,00,000
Issued, subscribed and paid-up Share Capital - divided into 5,89,49,337 equity shares of Rs. 5 each	29,47,46,685
TOTAL	29,47,46,685

2.3.3 DGSL, a company listed on the Bombay Stock Exchange and the National Stock Exchange, 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 Americas, Australia, Asia, Europe, and the Middle East.

3. INFORMATION RELIED UPON

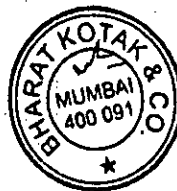
- 3.1 We have placed reliance on the information and explanations provided by the Management of the respective companies and their respective advisors and authorized representatives. We have primarily relied upon the financial information provided by DIPL, DISPL and DGSL.
- 3.2 Some of the key information relied upon as under:
- (a) Audited financial statements of DIPL and DGSL for the year ended March 31, 2017;
 - (b) Management certified financial statements for DIPL, DISPL and DGSL for the period ended March 31, 2018;
 - (c) Shareholding of DIPL, DISPL and DGSL as on March 31, 2018, as duly certified;
 - (d) Draft Scheme of Arrangement (as duly certified by the Management) under Sections 230 to Section 232 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 and rules framed thereunder;
 - (e) DIPL, DISPL and DGSL are a part of the Kanodia family group ('the Group');
 - (f) The Management of the companies (DIPL, DISPL and DGSL) has represented that since the companies are a part of the same Group, hence, no fair value be determined in respect of assets held by these Companies;
 - (g) Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern, and other relevant information; and
 - (h) Such other information and explanations as we required and which have been provided from time to time by the Management and their advisors and authorized representatives.

4. VALUATION APPROACH

- 4.1 We understand that Appointed Date would be June 1, 2018. For the purpose of valuation we have relied upon the Management certified financials of DIPL, DISPL and DGSL as on March 31, 2018 and other information as provided by the Management and their respective advisors and authorized representatives.
- 4.2 Based on review of the information made available and discussions made with the Management, authorized representatives and advisors of DIPL, DISPL and DGSL, some of the important factors considered for valuation analysis are as under:

For Part II of the Scheme - Proposed De-merger of Demerged Undertaking (as defined in the Scheme) of DIPL into DISPL,

- (a) Due consideration is given to the fact that DIPL and DISPL are part of the same Group and the entire share capital is owned and controlled either directly or indirectly by the same Group;

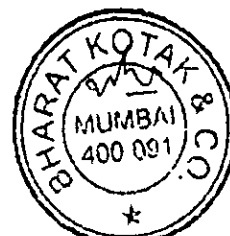


- (b) Thus, under the post-demerger scenario, DIPL and DISPL, would continue to be owned and controlled by the same Group in the same proportion as their shareholdings in DIPL in the manner provided under the Scheme;
- (c) As represented by the Management, terms of the Scheme have been agreed by the shareholders and Board as a part of commercial and business arrangement for segregation of businesses under separate entities for their independent growth;
- (d) Accordingly, there is no change in the beneficial ownership of DIPL and DISPL under pre-demerger and post-demerger scenarios;
- (e) As represented by the Management, upon coming into effect of the Scheme, existing shares of DISPL held by shareholders in DISPL prior to the Demerger taking effect shall be cancelled as an integral part of the Scheme and new equity shares of DISPL shall be issued to the shareholders of DIPL in the same proportion to their shareholdings presently in DIPL for creation of separate entities with identical shareholding pattern and segregated businesses;
- (f) As represented by the Management, the companies (DIPL and DISPL), for the purpose of determining share exchange ratio, we have not considered fair value in respect of assets held by these Companies as the Management is desirous of creation of separate entity housing the demerged undertaking business with identical shareholding pattern as that of DIPL; and
- (g) Pursuant to the demerger, it is proposed that the consideration would be discharged by way of issue of Equity shares by DISPL to the shareholders of DIPL.

For Part III of the Scheme - Proposed amalgamation and vesting of the residual DIPL (post demerger) into DGSL.

- (a) As represented by the Management, DIPL holds 3,18,13,742 equity shares of DGSL. Upon merger of DIPL into DGSL, the shareholders of DIPL would be entitled to same number of shares of DGSL which they own on the effective date of the proposed merger indirectly through their holding in DIPL. Pursuant to the amalgamation, there would be no change in paid up share capital of DGSL;
- (b) Further, we understand that the shareholders of DIPL shall indemnify DGSL for losses, liabilities, costs, charges, expenses, proceedings or claims and including interests and penalties discharged by DGSL which may devolve on DGSL on account of amalgamation of DIPL into DGSL but would not have been payable by DGSL otherwise, in the form and manner as may be agreed amongst DGSL and the shareholders of DIPL. Thus, DGSL will not bear any expenses pursuant to the amalgamation.

4.3 It is universally recognized that the valuation is not an exact science and that estimating values necessarily involves selecting a method of approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including nature of its business, overall objective of demerger and amalgamation between entities and the purpose of valuation.



5. SHARE EXCHANGE / SWAP RATIO

5.1 The fair basis of demerger and merger respectively would have to be determined after taking into consideration all the factors and methodology mentioned hereinabove. It is however important to note that in doing so, we are not attempting to arrive at the absolute value per share of DIPL, DISPL and DGSL. Our exercise is to work out Share Exchange / Swap Ratio for the proposed demerger and merger.

5.2 In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon in *Gold Coast Selection Trust Ltd. vs. Humphrey* reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:

'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

5.3 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion, share exchange / swap ratio after giving due consideration to the Management representations and the fact that under post-demerger scenario DISPL is proposed to have identical present shareholding pattern as that of DIPL, would be fair and reasonable:

'One fully paid up Equity Shares of INR 1/- each of DISPL shall be issued and allotted to the Equity Shareholders of DIPL, in proportion to one equity share held by them in DIPL'

5.4 In the light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove earlier in this report, in our opinion, share exchange / swap ratio after giving due consideration to the Management representations and the fact that all the shareholders of DIPL are and will, upon amalgamation, remain ultimate beneficial owners in DGSL in the same ratio (inter-se) as they hold shares prior to the amalgamation and that the interest of other shareholders in DGSL remains unaffected, would be fair and reasonable:



'3,18,13,742 fully paid equity shares of INR 5/- each of DGSL to be issued and allotted to the Equity Shareholders of DIPL, in proportion to their holdings in DIPL in the event of amalgamation of DIPL into DGSL'

6. EXCLUSIONS AND SCOPE LIMITATIONS

- 6.1 Our report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 6.2 No investigation of the Companies' claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.3 Our work does not constitute certification of the historical financial statements 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. Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report is as per agreed terms of our engagement. It may not be valid or used for any other purpose or as at any other date. Also, it may not be valid if done on behalf of any other entity.
- 6.4 A valuation of this nature involves consideration of various factors including those impacted by prevailing market trends in general and industry trends in particular and the commercial and business arrangement between the Companies, its Shareholders and its Board. This report is issued on the understanding that the Companies have drawn our attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter, which may have an impact on our opinion, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. We have no responsibility to update this report for events and circumstances occurring after the date of this report.
- 6.5 The course of work, we have relied upon assumptions and representations made by Management of the Companies. These assumptions require the exercise of judgment and are subject to uncertainties. There can be no assurance that the assumptions are accurate, because events and circumstances do not occur as expected, and differences may be material.
- 6.6 In the course of the valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by the Companies through broad inquiry, analysis and review. We assume no responsibility for any errors in the above information furnished by the Companies and consequential impact on the present exercise.



- 6.7 Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed de-merger and merger with the provisions of any law including companies, taxation and related laws or as regards any legal implications or issues arising from such proposed de-merger and merger.
- 6.8 The information contained herein and our report is confidential. 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 de-merger and merger as aforesaid, can be done only with our prior permission in writing.
- 6.9 This report is prepared only in connection with the proposed de-merger and merger exclusively for the use of the Companies and for submission to any regulatory/statutory authority as may be required under any law.
- 6.10 This document has been prepared solely for the purpose of assisting the Management of both the Companies, under consideration, in determining the share exchange/ swap ratio.
- 6.11 By its very nature, valuation work cannot be regarded as an exact science 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 value. Although our conclusions are in our opinion reasonable, it is quite possible that others may not agree.
- 6.12 M/s. Bharat Kotak & Co, nor its partners, managers, employees or agents or 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 valuation is carried out. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the valuation.

Thank you,
 Yours faithfully,
 For Bharat Kotak & Co.
 Chartered Accountants
 Firm Registration No. 135832W


 CA Bharat K. Kotak
 Proprietor
 Membership No.015045
 Date: 27th April 2018
 Place: Mumbai

