

The Board of Directors  
S Chand and Company Limited  
A-27, Mohan Co-operative Industrial Estate  
New Delhi – 110 044

Dear Sir(s),

Sub: Report on valuation of shares and recommendation of share exchange ratio

## 1. Our Engagement

We, B.Chhawchharia & Co., Chartered Accountants, have been mandated by the management of S Chand and Company Limited (hereinafter referred as “S Chand” or “the Company”) to determine the fair value per equity share as per the Internationally Accepted Valuation Principles as on the valuation date i.e. 31<sup>st</sup> March, 2017 and to recommend the share exchange ratio for the following companies :

- a) S Chand and Company Limited (“S Chand”)
- b) Blackie & Son (Calcutta) Private Limited (“BSPL”)
- c) Nirja Publishers and Printers Private Limited (“NPPL”)
- d) DS Digital Private Limited (“DDPL”) – Education Business and Full Business
- e) Safari Digital Education Services Private Limited (“SDPL”) – Education Business and Full Business

## 2. Purpose of this report

2.1 We have been given to understand that S Chand is proposing to restructure the Group by way of a Composite Scheme of Arrangement w.e.f. 1<sup>st</sup> April, 2017, wherein:

- a) BSPL and NPPL shall be amalgamated with S Chand
- b) Education Businesses of DDPL and SDPL shall be demerged into S Chand on a going concern basis
- c) DDPL post demerger of its education business shall be amalgamated with SDPL

2.2 The valuations have been carried out for the purposes of determination of relative fair value per share of the abovementioned companies as on 31<sup>st</sup> March, 2017 pursuant to the proposed Composite Scheme of Arrangement under the Companies Act, 2013 and subject to SEBI regulations.



2.3 The report also recommends the share exchange ratio based upon the relative fair values of the companies in respect of the shares to be issued as consideration under the proposed Composite Scheme of Arrangement.

### **3. About the companies**

3.1 S Chand is a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated in the State of Delhi. S Chand is 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. Equity shares of S Chand are listed on Bombay Stock Exchange and National Stock Exchange.

3.2 BSPL is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated in the State of Delhi. BSPL is earning its revenue from royalty income and is a wholly owned subsidiary of S Chand.

3.3 NPPL is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated in the State of Delhi. NPPL is engaged in the business of manufacturing paper and paper products, publishing, printing and reproduction of recorded media and is a wholly owned subsidiary of S Chand.

3.4 DDPL is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated in the State of Delhi. DDPL is engaged in the business of providing digital educational services and is a subsidiary company of S Chand.

3.5 SDPL is a private limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office situated in the State of Delhi. SDPL is engaged in the business of rendering digital education. S Chand and NPPL are holding 60% and 40% of the share capital of SDPL and accordingly, SDPL is an indirect wholly owned subsidiary of S Chand.

### **4. Information and documents relied upon**

4.1 For the purpose of this valuation report, we have relied upon the following information and documents made available to us by S Chand

- a) Presentation on the proposed restructuring
- b) Draft Composite Scheme of Arrangement
- c) Copies of Audited Financial Statements for the years ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017 of all the companies



- d) Division wise financial statements of DDPL and SDPL as on 31<sup>st</sup> March, 2017
- e) Projected Financial statements for next 5 years (FY 2017-18 to FY 2021-22)
- f) Such other information and explanations as was required and which have been provided by the representatives of S Chand

4.2 For our analysis and independent checks, we have relied on published and secondary sources of data available in the public domain and which can be generally relied upon.

## 5. Valuation Methodology

5.1 As per the Internationally Accepted Valuation Principles, any of the following methodologies for valuation of equity shares may be used depending upon the company dynamics:

- a) Income Approach
  - Discounted Free Cash Flow Method
  - Profit Earning Capacity Value Method
- b) Market Approach
  - Market Price Method
  - Comparable Multiple Method
- c) Assets based Approach
  - Net Assets Value Method. Under this method, the value of the assets can be taken at book value or it may be taken at fair values.

5.2 The fair value of equity shares have to be determined using a particular method or a weighted average of combination of methods after taking into consideration all the factors and the valuation principles mentioned above.

5.3 In the given context, after considering all the factors and the fact that the majority of the companies are unlisted and are subsidiaries of the Transferee Company and that the projections of future cash flows of the companies are reasonably achievable, we are of the view that it is appropriate to determine the fair value of the shares by considering a weighted average of Discounted Cash Flow Method (“**DCF Method**”) and Net Assets Value Method (“**NAV Method**”).



#### 5.4 DCF Method

- a) Under DCF approach, the future free cash flows of the company/division are discounted to the valuation date to arrive at the present value of the cash flows of the business or capitalized using a discount rate depending on the capital structure of the company. This approach also takes into account the value of the business in perpetuity by the calculation of the terminal value using the perpetuity growth method.
- b) The mechanism involved to calculate the fair value per equity share under this method is enumerated below:
  - The profit after taxes for future years are adjusted for non-cash items, changes in working capital, deployment of funds in fixed assets, changes in borrowings, etc. to arrive at the free cash flows available with the business for its shareholders.
  - The cash flows are then discounted using a discount rate determined using the Capital Asset Pricing Mechanism.
  - The present value of the terminal value of the business is calculated assuming a perpetual growth rate and discounting the same using the discount rate used above.
  - The total value available for the shareholders reflect the value of the business which is divided by the total number of equity shares to arrive at the value per share

#### 5.5 NAV Method

- a) Under NAV method, the fair value per equity share is determined based on the net assets of the company/division available to the equity shareholders. The same can be calculated either using the book values or the market value of the assets and liabilities. Keeping in mind the nature of the business and the purpose of valuation, we have used the book value to determine the fair value per share under this method.
- b) The mechanism involved to calculate the fair value per equity share under this method is enumerated below:
  - The net assets of the business are computed as on the valuation date by deducting from the total assets the value of the total liabilities.
  - The net asset value is then divided by the total number of equity shares to arrive at the value per share.

5.6 The fair value per share derived under DCF method and under NAV method is given suitable weights based on various factors and nature of the business and accordingly, fair value per share on the valuation date has been arrived for.



## 6. Valuation Analysis

6.1 We have assigned a weight of 3 to the fair value determined using the DCF method and a weight of 1 to the fair value determined using the NAV method to arrive at the value per equity share as on the valuation date.

6.2 For the purposes of determination of fair value per share under DCF method, following assumptions and calculations have been used:

- Discount Factor i.e. Cost of equity has been determined by applying the Capital Asset Pricing Model (CAPM) which is expressed as follows:  
$$K_e = R_f + \beta (R_m - R_f)$$
, where

$K_e$  = Cost of equity

$R_f$  = Risk free rate of return, taken at 7%

$\beta$  = Beta, a measure of risk associated with the company, taken at 1.2

$R_m$  = Return on market, taken at 13%

Thus,  $K_e$  has been determined at 14% using the above formula.

- The terminal values have been determined using a terminal growth rate of 11% for S Chand and 7% for other companies.

6.2 The fair value per share as on 31<sup>st</sup> March, 2017 for various companies are summarized in the following table:

Name of the company	Annexure reference	Face Value per share (Rs.)	Fair Value per share (Rs.)
S Chand and Company Limited	I	5	650.00
Blackie & Son (Calcutta) Private Limited	II	1000	384680.00
Nirja Publishers and Printers Private Limited	III	10	77048.00
DS Digital Private Limited – Education Business	IV	10	11.14
DS Digital Private Limited – Full Business	V	10	11.98
Safari Digital Education Services Private Limited – Education Business	VI	10	8.28
Safari Digital Education Services Private Limited – Full Business	VII	10	15.40



## 7. Share exchange ratio

- 7.1 The share exchange ratios have been recommended based on the relative fair values of the shares determined above.
- 7.2 Since BSPL and NPPL are wholly owned subsidiaries of S Chand, no shares shall be issued by S Chand upon amalgamation of both the companies with the company.
- 7.3 Since the shares of SDPL are held by S Chand and NPPL (which is getting amalgamated with S Chand under the Composite Scheme of Arrangement), no shares shall be issued by S Chand upon demerger of Education Business of SDPL into the company.
- 7.4 Upon the demerger of Education Business of DDPL into S Chand, 1 (One) equity share of Rs. 5 each fully paid up of S Chand should be allotted to the shareholders of DDPL in lieu of 117 (One Hundred Seventeen) equity shares of Rs.10 each fully paid up of DDPL, computed as follows:

	<b>S Chand</b>	<b>DDPL – Education Business</b>
Face value per share (Rs.)	5	10
Value per equity share of Rs. 5 each as on 31.03.2017 (Rs.)	650	5.57 (11.14/2)
Exchange ratio	1	116.70
Exchange ratio (rounded off)	<b>1</b>	<b>117</b>

7.5 Upon the amalgamation of DDPL into SDPL post demerger of education businesses into S Chand,

- 2 (Two) equity shares of Rs. 10 each fully paid up of SDPL should be allotted to the equity shareholders of DDPL in lieu of 17 (Seventeen) equity shares of Rs.10 each fully paid up of DDPL; and
- 2 (Two) preference shares of Rs. 10 each fully paid up of SDPL should be allotted to the preference shareholders of DDPL in lieu of 17 (Seventeen) preference shares of Rs.10 each fully paid up of DDPL,

computed as follows:



	<b>SDPL</b>	<b>DDPL</b>
Value per share as on 31.03.2017 (Rs.)	15.40	11.98
Less: Value per share of the demerged undertaking	8.28	11.14
Value per share post demerger (Rs.)	<b>7.12</b>	<b>0.84</b>
Exchange ratio	2	16.95
Exchange ratio (rounded off)	<b>2</b>	<b>17</b>

Since the preference shares are convertible into equity in the ratio of 1:1, the same has been treated at par with equity shares for the above computation.

## 8. Scope Limitation

This valuation is subject to the scope of our engagement and assumptions, exclusions, limitations and disclaimers as below:

- The valuation report is based on the information and documents provided to us and representations made by the representatives of the company. We have not audited or reviewed any data or projections provided to us. Accordingly, we do not assume any responsibility for any error(s) in the information furnished to us.
- By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement.
- This valuation report has been prepared solely for the purposes stated herein and should not be relied upon for any other purpose. This document is strictly confidential and, save to the extent required by applicable law and/or regulations, must not be released to any third party without our express written consent which is at our sole discretion.

For **B.Chhawchharia & Co.**  
Chartered Accountants  
Firm Registration No. 305123E

*Abhishek Gupta*

Abhishek Gupta  
Partner  
Membership No. 529082

Date : 14<sup>th</sup> November, 2017  
Place : New Delhi



## VALUATION OF EQUITY SHARES OF M/S S CHAND AND COMPANY LIMITED

(Amount Rs. in millions)

Table 1: Valuation as per DCF Method

Particulars	2017	2018	2019	2020	2021	2022
Net Profit After Taxation	582.06	921.66	1,190.50	1,471.52	1,788.67	2,149.43
Depreciation & other non cash items	330.06	360.48	375.99	393.12	412.03	432.98
Changes in Working Capital	-772.12	-369.87	-348.54	-501.33	-880.28	-1,004.66
Addition to Fixed Assets	-1,706.60	-472.96	-405.29	-285.29	-330.29	-345.29
Increase in Share capital	-	3,138.90	-	-	-	-
Increase/(Decrease) in borrowings	1,976.54	-2,500.86	-259.60	-198.85	-194.87	-141.89
Net Cash Flow Available for distribution	409.95	1,077.34	553.06	879.17	795.27	1,090.57
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	409.95	943.38	424.07	590.30	467.57	561.46
Cumulative Present Value Primary Period			3,396.73			
Present value of Terminal value				19,475.76		
Total Present Value			22,872.49			
Add: Long Term Investments as on 31st March, 2017			442.45			
Add: Cash and cash equivalents as on 31st March, 2017			375.41			
Enterprise value			23,690.35			
No of Shares			29.84			
Value per Equity Share (Rs)			794			

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs. in millions)
Total Value of Assets	13,216.00
Less: Liabilities	6,752.98
Net Assets Value	6,463.02
No. of Shares	29.84
Value per equity share (in Rs.)	217

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	794	3	2382
Value as per NAV Method (Table 2)	217	1	217
Total		4	2598
Value Per Share (Rs.)			650



## VALUATION OF EQUITY SHARES OF M/S BLACKIE AND SONS (CALCUTTA) PRIVATE LIMITED

Table 1: Valuation as per DCF Method

(Rs. in Lacs)

Particulars	2017	2018	2019	2020	2021	2022
Net Profit / (Loss) After Taxation	11.54	19.23	23.06	26.52	30.49	35.07
Depreciation & other non cash items	3.95	1.09	-	-	-	-
Changes in Working Capital	-0.84	-25.65	-20.70	-23.81	-27.38	-31.48
Net Cash Flow available for distribution	14.65	-5.32	2.30	2.71	3.12	3.59
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	14.65	-4.67	1.77	1.83	1.85	1.86
Cumulative Present Value			17.29			
Present value of Terminal value			<u>48.78</u>			
Total Present Value			66.07			
Add: Cash and cash equivalents as on 31st March, 2017			19.50			
Add: Long Term Investments as on 31st March, 2017			<u>453.34</u>			
Enterprise Value			<u>538.92</u>			
Calculation of value per share						
Enterprise Value (Rs.)			538,91,685			
No of Shares			<u>149</u>			
Value per Equity Share (Rs)			<u>3,61,689</u>			

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in Lacs)
Total Value of Assets	684.91
Less: Liabilities	8.96
Net Assets Value	675.94
Calculation of value per share	
Net Assets Value (Rs.)	675,94,246
No. of Shares	<u>149</u>
Value per equity share (in Rs.)	<u>4,53,653</u>

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount (Rs.)
Value as per DCF Method (Table 1)	3,61,689	3	10,85,067
Value as per NAV Method (Table 2)	4,53,653	<u>1</u>	<u>4,53,653</u>
Total		<u>4</u>	<u>15,38,720</u>
Value Per Share (Rs.)			<u>3,84,680</u>



## VALUATION OF EQUITY SHARES OF M/S NIRJA PUBLISHERS &amp; PRINTERS PRIVATE LIMITED

Table 1: Valuation as per DCF Method

(Rs. in Lacs)

Particulars	2017	2018	2019	2020	2021	2022
Net Profit / (Loss) After Taxation	385.70	580.39	696.21	769.76	916.77	1,080.71
Depreciation & other non cash items	34.68	60.18	68.94	67.05	65.35	65.81
Changes in Working Capital	373.43	348.83	-156.00	-244.43	-279.71	-322.68
Addition/Sale of Fixed Assets	-	-500.00	-50.00	-50.00	-70.00	-50.00
Increase/Decrease in Borrowings	-476.42	-60.69	-70.00	-100.00	-150.00	-
Net Cash Flow available for distribution	317.39	428.71	489.00	442.38	482.40	773.85
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	317.39	376.06	376.27	298.59	285.62	401.91
Cumulative Present Value			2,055.84			
Present value of Terminal value				5,920.72		
Total Present Value				7,976.56		
Add: Cash and cash equivalents as on 31st March, 2017			2.03			
Add: Long Term Investments as on 31st March, 2017				2,065.92		
Enterprise Value				10,044.52		
Calculation of value per share						
Enterprise Value (Rs.)				10044,51,719		
No of Shares				12,000		
Value per Equity Share (Rs)				83,704		

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in Lacs)
Total Value of Assets	7,516.97
Less: Liabilities	667.35
Net Assets Value	6849.62
Calculation of value per share	
Net Assets Value (Rs.)	6849,62,014
No. of Shares	12,000
Value per equity share (in Rs.)	57,080

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	83,704	3	2,51,113
Value as per NAV Method (Table 2)	57,080	1	57,080
Total		4	3,08,193
Value Per Share (Rs.)			77,048



## VALUATION OF EQUITY SHARES OF M/S DS DIGITAL PRIVATE LIMITED- EDUCATION BUSINESS

Table 1: Valuation as per DCF Method

(Rs. In Millions)

Particulars	2017	2018	2019	2020	2021	2022
Net Profit / (Loss) After Taxation	-55.58	-26.20	-1.09	21.65	50.75	72.98
Depreciation & other non cash items	55.85	74.01	101.20	133.22	160.90	189.04
(Increase)/Decrease in Working Capital	-	-80.71	-20.99	-21.37	-8.28	-3.47
(Addition to)/Sales of Fixed Assets	-	-201.15	-243.99	-180.00	-173.50	-188.35
Increase/(Decrease in Capital)	110.00	130.00	25.00	-	-	-
Increase/(Decrease in borrowings)	-	82.07	60.06	47.60	19.68	17.63
Net Cash Flow available for distribution	110.27	-21.99	-79.81	1.10	49.55	87.84
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	110.27	-19.25	-61.19	0.74	29.13	45.22
Cumulative Present Value Primary Period			104.92			
Present value of Terminal value			672.09			
Total Present Value			777.01			
Add: Cash & Cash Equivalents as on 31st March, 2017			5.20			
Enterprises value			782.21			
No of Shares			56.89			
Value per Equity Share (Rs)			13.75			

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in Millions)
Total Value of Assets	467.00
Less: Liabilities	278.42
Net Assets Value	188.58
No. of Shares	56.89
Value per equity share (in Rs.)	3.31

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	13.75	3	41.25
Value as per NAV Method (Table 2)	3.31	1	3.31
Total		4	44.56
Value Per Share (Rs.)			11.14



## VALUATION OF EQUITY SHARES OF M/S DS DIGITAL PRIVATE LIMITED- FULL BUSINESS

Table 1: Valuation as per DCF Method

(Rs. In Millions)

Particulars	2017	2018	2019	2020	2021	2022
Net Profit / (Loss) After Taxation	-65.78	-33.50	-4.49	22.35	52.85	76.38
Depreciation & other non cash items	57.85	76.01	103.20	135.22	162.90	191.04
(Increase)/Decrease in Working Capital	33.24	-14.24	-19.19	-23.87	-12.88	-9.17
(Addition to)/Sales of Fixed Assets	-	-202.85	-243.99	-180.00	-173.50	-188.35
Increase/(Decrease in Capital)	110.00	130.00	25.00	-	-	-
Increase/(Decrease in borrowings)-Including ESC	-	82.07	60.06	47.60	19.68	17.63
Net Cash Flow available for distribution	135.31	37.49	-79.12	1.30	49.05	87.54
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	135.31	32.83	-60.66	0.88	28.84	45.07
Cumulative Present Value Primary Period			182.27			
Present value of Terminal value			669.80			
Total Present Value			852.07			
Add: Cash & Cash Equivalents as on 31st March, 2017			6.10			
Enterprises value			858.17			
No of Shares			56.89			
Value per Equity Share (Rs)			15.08			

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in Millions)
Total Value of Assets	430.81
Less: Liabilities	278.92
Net Assets Value	151.89
No. of Shares	56.89
Value per equity share (in Rs.)	2.67

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	15.08	3	45.25
Value as per NAV Method (Table 2)	2.67	1	2.67
Total		4	47.92
Value Per Share (Rs.)			11.98



## VALUATION OF EQUITY SHARES OF M/S SAFARI DIGITAL EDUCATION SERVICES PVT. LTD. - EDUCATION BUSINESS

(Amount Rs. in millions)

Table 1: Valuation as per DCF Method

Particulars	2017	2018	2019	2020	2,021	2,022
Net Profit / (Loss) After Taxation	-14.00	-22.40	-24.40	28.70	97.80	186.80
Depreciation & other non cash items	3.40	8.10	11.10	11.80	12.10	12.10
Changes in Working Capital	-11.70	-42.70	-33.90	-66.60	-76.70	-90.70
(Addition to)/Sales of Fixed Assets	-	-30.80	-2.20	-2.10	-	-
Increase in share capital	-	60.00	35.00	-	-	-
Increase/(Decrease in borrowings)	-	50.00	10.00	20.00	20.00	-50.00
Net Cash Flow available for distribution	-22.30	22.20	-4.40	-8.20	53.20	58.20
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	-22.30	19.44	-3.37	-5.51	31.28	29.96
Cumulative Present Value Primary Period			49.50			
Present value of Terminal value				445.29		
Enterprise Value				494.79		
No of Shares				44.37		
Value per Equity Share (Rs)				11.15		

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in millions)
Total Value of Assets	97.30
Less: Liabilities	111.40
Net Assets Value	-14.10
No. of Shares	44.37
Value per equity share (in Rs.)	-0.32

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	11.15	3	33.45
Value as per NAV Method (Table 2)	-0.32	1	-0.32
Total		4	33.14
Value Per Share (Rs.)			8.28



## VALUATION OF EQUITY SHARES OF M/S SAFARI DIGITAL EDUCATION SERVICES PVT. LTD. - FULL BUSINESS

(Amount Rs. in millions)

Table 1: Valuation as per DCF Method

Particulars	2017	2018	2019	2020	2,021	2,022
Net Profit / (Loss) After Taxation	-32.48	-53.61	-49.51	4.80	75.59	166.91
Depreciation & other non cash items	4.29	8.70	11.70	12.40	12.70	12.70
Changes in Working Capital	-121.59	-43.05	-38.77	-66.46	-76.54	-90.53
(Addition to)/Sales of Fixed Assets	-	-30.80	-2.20	-2.10	-	-
Increase in share capital	-	90.00	65.00	25.00	25.00	10.00
Increase/(Decrease) in borrowings	-	50.00	10.00	20.00	20.00	-50.00
Net Cash Flow available for distribution	-149.78	21.24	-3.78	-6.36	56.75	49.09
Discount Factor (Return on Equity)	14%	14%	14%	14%	14%	14%
Present Value (PV)	-149.78	18.60	-2.90	-4.27	33.37	25.27
Cumulative Present Value Primary Period			-79.71			
Present value of Terminal value				375.56		
Total Present Value			295.85			
Add: Cash and cash equivalents as on 31st March, 2017			2.62			
Add: Long Term Investments as on 31st March, 2017			485.66			
Enterprise Value			784.13			
No of Shares			44.37			
Value per Equity Share (Rs)			17.67			

Table 2: Valuation as per NAV Method

Particulars	Amount (Rs.in millions)
Total Value of Assets	738.32
Less: Liabilities	358.32
Net Assets Value	380.00
No. of Shares	44.37
Value per equity share (in Rs.)	8.56

Table 3: Weighted Average Value of Share

Particular	Value Per Share (Rs.)	Weight	Amount
Value as per DCF Method (Table 1)	17.67	3	53.02
Value as per NAV Method (Table 2)	8.56	1	8.56
Total		4	61.58
Value Per Share (Rs.)			15.40



The Board of Directors  
S Chand and Company Limited  
A-27, Mohan Co-operative Industrial Estate  
New Delhi – 110 044

Dear Sir(s),

Sub: Computation of Fair Share Exchange Ratio in continuation of our earlier report dated 14<sup>th</sup>  
November, 2017

## 1. Our Engagement

We, B.Chhawchharia & Co., Chartered Accountants, have been mandated by the management of S Chand and Company Limited (hereinafter referred as “S Chand” or “the Company”) to determine the fair value per equity share as per the Internationally Accepted Valuation Principles as on the valuation date i.e. 31<sup>st</sup> March, 2017 and to recommend the share exchange ratio for the following companies :

- a) S Chand and Company Limited (“S Chand”)
- b) Blackie & Son (Calcutta) Private Limited (“BSPL”)
- c) Nirja Publishers and Printers Private Limited (“NPPL”)
- d) DS Digital Private Limited (“DDPL”) – Education Business and Full Business
- e) Safari Digital Education Services Private Limited (“SDPL”) – Education Business and Full Business

## 2. Computation of Fair Share Exchange Ratio

- 2.1 The share exchange ratios have been recommended based on the relative fair values of the shares.
- 2.2 Since BSPL and NPPL are wholly owned subsidiaries of S Chand, no shares shall be issued by S Chand upon amalgamation of both the companies with the company.
- 2.3 Since the shares of SDPL are held by S Chand and NPPL (which is getting amalgamated with S Chand under the Composite Scheme of Arrangement), no shares shall be issued by S Chand upon demerger of Education Business of SDPL into the company.



2.4 Upon the demerger of Education Business of DDPL into S Chand,

Valuation Approach	S Chand and Company Ltd.		DS Digital Pvt. Ltd. – Education Business		
	Value per share having face value Rs.5 each (Rs.)	Weight	Value per share having face value Rs.10 (Rs.)	Weight	
Asset Approach	217	1	3.31	1	
Income Approach	794	3	13.75	3	
Market Approach	-	-	-	-	
<b>Relative Value per Share</b>	<b>650</b>		<b>11.14</b>		
<b>Exchange Ratio (rounded off)</b>			<b>1:117</b>		

RATIO:

1 (One) equity share of S Chand and Company Ltd. of Rs.5 each fully paid up for every 117 (One Hundred Seventeen) equity shares of DS Digital Pvt. Ltd. of Rs.10 each fully paid up

2.5 Upon the amalgamation of DDPL into SDPL post demerger of education businesses into S Chand,

Valuation Approach	Safari Digital Education Services Pvt. Ltd. (post demerger)		DS Digital Pvt. Ltd. (post demerger)		
	Value per share having face value Rs.10 (Rs.)	Weight	Value per share having face value Rs.10 (Rs.)	Weight	
Asset Approach	8.88	1	(0.64)	1	
Income Approach	6.52	3	1.33	3	
Market Approach	-	-	-	-	
<b>Relative Value per Share</b>	<b>7.12</b>		<b>0.84</b>		
<b>Exchange Ratio (rounded off)</b>			<b>2:17</b>		



RATIO:

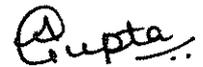
- a) 2 (Two) equity shares of Safari Digital Education Services Pvt. Ltd. of Rs.10 each fully paid up for every 17 (Seventeen) equity shares of DS Digital Pvt. Ltd. of Rs.10 each fully paid up
- b) 2 (Two) preference shares of Safari Digital Education Services Pvt. Ltd. of Rs.10 each fully paid up for every 17 (Seventeen) preference shares of DS Digital Pvt. Ltd. of Rs.10 each fully paid up

**3. Scope Limitation**

This valuation is subject to the scope of our engagement and assumptions, exclusions, limitations and disclaimers as below:

- a) The valuation report is based on the information and documents provided to us and representations made by the representatives of the company. We have not audited or reviewed any data or projections provided to us. Accordingly, we do not assume any responsibility for any error(s) in the information furnished to us.
- b) By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgement.
- c) This valuation report has been prepared solely for the purposes stated herein and should not be relied upon for any other purpose. This document is strictly confidential and, save to the extent required by applicable law and/or regulations, must not be released to any third party without our express written consent which is at our sole discretion.

For **B.Chhawchharia & Co.**  
Chartered Accountants  
Firm Registration No. 305123E



Abhishek Gupta  
Partner

Membership No. 529082

Date : 19<sup>th</sup> January, 2018  
Place : New Delhi

