ANNEXURE-3

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RAKESH MUNDRA
FCA, FCS,AICMA, IP & REGD VALUER (SECURITIES OR FINANCIAL ASSETS)
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November 28, 2019

Board of Directors,
DCM Limited,
6th Floor, Vikrant Tower,
4, Rajendra Place,
New Delhi – 110 008

Board of Directors,
DCM Engineering Limited,
6th Floor, Vikrant Tower,
4, Rajendra Place,
New Delhi – 110 008

Dear Sirs,

Subject: Valuation report

Context and Purpose

We refer to our Engagement Letter dated 25th November, 2019 and subsequent discussions we have had with you, wherein you had requested our report expressing our view on the proposed Fair value of the Engineering Undertaking proposed to be transferred from DCM Limited (**'Transferor Company'**) to its wholly owned subsidiary company i.e. DCM Engineering Limited (**'Transferee Company'**), with effect from the Appointed Date i.e. 1st October 2019, as per the Scheme of Arrangement, a draft of which have been provided to us for our review (**'Draft Scheme'**). The Transferor Company and Transferee Company are collectively referred to as 'Companies'.

Scope of Work:

In connection with the proposed slump sale of business and based on information available by the management of the Transferor Company, the management has requested us to provide a report on the fair value of the Engineering Undertaking for the purpose of proposed transfer to its wholly owned subsidiary company.

Background of the Scheme

The Scheme of Arrangement ("Scheme") is presented under the provisions of Sections 230 – 232 and other relevant provisions of the Act (as defined hereinafter) read with Section 2(42C) of the IT Act (as defined hereinafter), for the: (i) transfer of the Business Undertaking (as defined hereinafter) of the Transferor Company and vesting of such Business Undertaking with and into the Transferee Company (as defined hereinafter) on a going concern basis by way of a Slump Sale (as defined hereinafter); and (ii) restructuring of the Transferred Debt (as defined hereinafter) after giving effect to transfer of the Business Undertaking of the Transferor Company and vesting of such Business Undertaking with and into the Transferee Company, pursuant to the provisions of Sections 230 – 232 and other relevant provisions of the Act and the relevant provisions of this Scheme. In addition, this Scheme also provides for various other matters consequential to or otherwise connected herewith.

RATIONALE FOR THE SCHEME

The Transferor Company currently has business interests in diverse businesses such as manufacturing/ sale of castings to the automotive industry and real estate development. The management of the Transferor Company believes that the business interests of the Transferor Company in the Business Undertaking, which comprises the engineering division, and the Remaining Undertaking (*as defined hereinafter*), require dedicated management focus and business strategies to ensure that the respective businesses are given the right impetus for growth by securing, among other things, strategic and financial partnership(s).

With a view to achieve greater management focus on each of the Remaining Undertaking and the Business Undertaking, the management of the Transferor Company proposes to transfer the Business Undertaking, and vest such Business Undertaking with and into the Transferee Company (a wholly owned subsidiary of Transferor Company).

In addition, with a view to restore profitability of and revive the Business Undertaking, it is considered necessary to induct financial/ strategic partner(s) in the Business Undertaking (which comprises the engineering division) who can provide critically required modern technology and financial investment to the Business Undertaking, enabling the Transferee Company to sustain and grow the operations of the

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For DCM LIMITED

Company Secretary

Business Undertaking.

The management of the Transferor Company believes that the segregation of the Business Undertaking will enable the Transferee Company to restructure the outstanding loans, debts and liabilities of the Transferor Company in relation to the Business Undertaking, enabling the Transferee Company to improve serviceability of such outstanding loans, debts and liabilities and revive the Business Undertaking.

The transfer of the Business Undertaking by the Transferor Company to the Transferee Company will enable the management of the Transferor Company to focus on the Remaining Undertaking and to develop and manage real estate assets, so as to derive long term annuity value for the shareholders. This will help in expediting the monetization of these assets and to bridge the gap between intrinsic value and market capitalization of the Transferor Company.

The management of the Transferor Company and the Transferee Company believe that the transfer of the Business Undertaking from the Transferor Company and vesting of such Business Undertaking with and into the Transferee Company and the restructuring of the outstanding loans, debt and liabilities in relation to the Business Undertaking, are in the larger interest of the shareholders, creditors and employees of the Transferor Company and the Transferee Company and will enhance the prospects of the future growth of the Transferor Company and the Transferee Company, and is likely to result in the following benefits for the Transferor Company and the Transferee Company:

(i) imparting better management focus, facilitating administrative convenience and ensuring optimum utilization of various resources of the Transferor Company and Transferee Company;

(ii) increasing efficiencies in management, control and administration of the affairs of the Transferor Company and Transferee Company;

(iii) facilitating strategic investment in the Transferee Company;

(iv) enabling the Transferor Company and Transferee Company to focus on their core business verticals;

(v) creating and enhancing stakeholders' value by unlocking the intrinsic value of the core businesses of the Transferor Company and Transferee Company;

(vi) enabling each of the Transferor Company and the Transferee Company to raise necessary resources for their respective businesses independently; and

(vii) achieving an optimum capital structure and commensurate assets which is likely to enhance the business prospects of the Transferor Company as well as the Transferee Company and provide for wealth creation for the shareholders of the Transferor Company and the Transferee Company in the long-term.

Background of Company

DCM Limited

The Transferor Company is a public company incorporated under the India Companies Act, 1882 (and validly existing under the Companies Act, 2013) having its registered office at Vikrant Tower, 4, Rajendra Place, New Delhi 110 008, India and the corporate identification number L74899DL1889PLC000004. The Transferor Company was incorporated on March 26, 1889 under the name and style "The Delhi Cloth and General Mills Company" and the name of the Transferor Company was changed to DCM Limited with effect from October 6, 1983. The e-mail address of the Transferor Company is investors@dcm.in. The Transferor Company is inter-alia engaged in the business of manufacturing/ sale of castings to the automotive industry and real estate development. The equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.

The share capital of the Transferor Company, as on September 30, 2019 is as under:

Share Capital	Amount (INR)
Authorized Share Capital	
8,39,99,000 equity shares of INR 10 each	83,99,90,000
3,20,000 9.5% sixth redeemable cumulative preference shares of INR 25 each	80,00,000
36,80,000 preference shares of INR 25 each	9,20,00,000
10,00,000 cumulative convertible preference shares of INR 100 each	10,00,00,000
100 13.5% redeemable cumulative preference shares of INR 100 each	10,000

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Company Secretary

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Share Capital	Amount (INR)
Total	1,04,00,00,000
Issued, Subscribed and Paid-up Share Capital	
1,86,77,749 equity shares of INR 10 each	18,67,77,490
Less: Calls in arrears by others**	31,175
Total	**18,67,46,315**

**Note: Calls in arrears by others amounting to INR 31,175 (Indian Rupees Thirty One Thousand One Hundred and Seventy Five) has been written off and has been pending for giving effect in the RoC record

1.1. The names of the promoters and directors of the Transferor Company as on September 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/ Director	Address
1.	Vinay Bharat Ram	Promoter/ Director	B-69, Paschimi Marg, Vasant Vihar, New Delhi-110057
2.	Sumant Bharat Ram	Promoter	B-69, Paschimi Marg, Vasant Vihar, New Delhi-110057
3.	Rahil Bharat Ram	Promoter	B-69, Paschimi Marg, Vasant Vihar, New Delhi-110057
4.	Yuv Bharat Ram	Promoter	B-69, Paschimi Marg, Vasant Vihar, New Delhi-110057
5.	Ravi Vira Gupta	Director	9, Anand Lok, August Kranti Marg, New Delhi-110049
6.	Jitendra Tuli	Director	N-192, Greater Kailash, Part-I, New Delhi-110048
7.	Bipin Maira	Director	S-113, Greater Kailash, Part-II, New Delhi 110048
8.	Sudhir Kumar Jain	Director	F. No.- 2514, Sector - D, PKT II, Vasant Kunj, South West Delhi-110070
9.	Krishna Singh Nagnyal	Director	Queens Mansion, Flat No-14, 12 Park Sheet, Opp Park Hotel, Middleton Row, Kolkata 700071
10.	Dinesh Dhiman	Director	House No 04-SF,Palam Grove Ansal API, Sector -115, Kharar Landran Road, Mohali 160062 Punjab
11.	Sushil Kapoor*	Director	Flat No. 205, Block-18, Heritage City Mehrauli, Gurgaon Road, Gurgaon-122002 Haryana

* Mr. Sushil Kapoor has resigned from the position of Directorship of the Company from the close of business hours of September 30, 2019.

DCM Engineering Limited

1. DCM Engineering Limited is a public company incorporated under the Companies Act, 1956 (and validly existing under the Companies Act, 2013) having its registered office at 606, 6th Floor, Vikrant Tower, 4 Rajendra Place, New Delhi - 110008, India with permanent account number AABCD5608H and the corporate identification number U29223DL1998PLC097618. The Transferee Company was incorporated on December 23, 1998 under the name and style "DCM Tools and Dies Limited" and the name of the Transferee Company was changed to DCM Engineering Limited with effect from October 15, 2019. The Transferee Company is engaged inter-alia in the business of manufacturing/ sale of castings to the automotive industry. The Transferee Company is a wholly owned subsidiary of the Transferor Company.

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For DCM LIMITED

Company Secretary

1.2. The share capital of the Transferee Company, as on September 30, 2019 is as under:

Share Capital	Amount (INR)
Authorized Share Capital	
59,000 equity shares of INR 10 each	5,90,000
100 redeemable cumulative preference shares of INR 100 each	10,000
Total	6,00,000
Issued, Subscribed and Paid-up Share Capital	
50,000 equity shares of INR 10 each	5,00,000
Total	5,00,000

The names of the promoters and directors of the Transferee Company as on September 30, 2019, along with their addresses are set forth below:

S. No.	Name	Promoter/Director	Address
1	DCM Limited	Promoter	Vikrant Tower, 4, Rajendra Place, New Delhi - 110008
2.	Ashwani Kumar Singhal	Director	A -17A, DDA Flats, Munirka, New Delhi 110067
3.	Pawan Kumar Gupta	Director	H.No. 2074, Gali No. 162, First Floor, Ganesh Pura, Tri Nagar, Delhi- 110035
4.	Krishna Gopal Gupta	Director	C – 30, Shyam Vihar, Ph – II, Dindar Pur Village, Delhi - 110043

Data Relied Upon:

The procedure based on our analysis included such substantive steps as we considered necessary under the circumstance, including, but not necessarily limited to the following:

1. Considered the audited financial statements of the Transferor Company for the financial year ("FY") 2018-19 and the limited review report on the unaudited financial results for period ended September 30, 2019;
2. Considered the provisional carved-out financials of the Engineering Undertaking as on September 30, 2019, which are based on limited review financials of the Transferor Company;
3. Considered the Draft Scheme;
4. Considered the existing and proposed shareholding of Transferor Company and Transferee Company;
5. Other information, interviews and correspondence with the Management, on which we have relied; and
6. Such other analysis, reviews and inquiries, as we considered necessary.

Fair value for transfer of Engineering Undertaking to the wholly owned subsidiary of the Transferor Company:

1. Considering the fact that the transfer is proposed to be made to the wholly owned subsidiary company of DCM Limited and that any consideration for such transfer shall not have any economic impact on the Transferor Company or its shareholders and also considering the fact that the net-worth of the Engineering Undertaking is currently not positive, management has proposed no payment from the Transferee Company for the proposed transfer of Engineering Undertaking and hence Nil consideration.

2. Based on the above, and scope limitations below, and considering that the transfer is proposed to be made to the wholly owned subsidiary company and that there will be no economic impact on the shareholders of the Transferor Company, in our view, Nil consideration proposed by the Management is fair in relation to the proposed transfer of Engineering Undertaking.

Scope Limitations:

1. We have relied upon the information, data and explanations detailed above or as provided to us, for the purpose of reporting on the Fair value for transfer of Engineering Undertaking to wholly owned subsidiary company.

For DCM LIMITED

Company Secretary

2. We have used the financial and other information provided by the Management, which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material aspects. Our scope of work doesn't enable us to accept the responsibility for the accuracy and completeness of the information provided to us by the Management. We have therefore not conducted any due diligence review, independent audit or any other test or validation of such financial statements referred to above or of the information, explanations and representations provided to us. Accordingly, we do not express any opinion or any other form of assurance thereon and accept no responsibility for the same.

3. We have made no investigation of, and assume no responsibility for the title to, or liabilities against, the equity shares of the Transferor Company, and/or the assets and liabilities of the Transferor Company.

4. The management has represented all the financial statements as at March 31, 2019 and September 30, 2019, provided to us, include all disclosure necessary for presentation of the financial position and results of operations in accordance with generally accepted accounting principles in India consistently applied, and disclosures otherwise required by the laws and regulations to which they are subject.

5 Our scope of work is limited to expression of our view on the proposed transfer of Engineering Undertaking to wholly owned subsidiary and its impact on the economic interest of the shareholders of the Companies. Our report should not be construed as our opinion or certification on the compliance of proposed transfer of the Engineering Undertaking with the provisions of law including companies and taxation related laws or as regards any legal compliance or issues arising from such proposed Transfer or any matter in connection with the proposed Draft Scheme

6. An exercise like the current one, is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. While we have provided our view on the Fair value of the Engineering Undertaking for the purpose of transfer to wholly owned subsidiary based on the information available to us and within the scope of constrains of our engagement, others may have different opinion.

Distribution of Report:

1. This report has been prepared for the Board of Directors of the Companies and to the extent mandatorily required to be produced before judicial, regulatory or government authorities, in connection with the proposed transfer as per the Draft Scheme.

2 In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent facts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstance shall the liability of our firm, its parents, directions or employees, relating to the Services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these Services.

We would like to record our appreciation for the courtesy and co-operation received by us during our course of work.

The Report is to be read in whole.

Yours faithfully

RAKESH MU
Registered Valuer
Regn No. IBBI/RV/06/2019/12126
7B, Big Jo's Tower
Netaji Subhash Place, Delhi-110034

CA Rakesh Mundra
Registered Valuer
(Securities or Financial Assets)
Membership No: IBBI/RV/06/2019/12126

Date: November 28, 2019

Place: New Delhi

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For DCM LIMITED

Prasad

Company Secretary