



Annexure - 5

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FAIRNESS OPINION REPORT

FOR THE PROPOSED DEMERGER FROM
SAREGAMA INDIA LIMITED
(DEMERGED COMPANY)

INTO

DIGIDRIVE DISTRIBUTORS LIMITED
(RESULTING COMPANY)

UNDER SECTION 230 - 232 AND OTHER APPLICABLE PROVISIONS
OF THE COMPANIES ACT, 2013





VC CORPORATE ADVISORS PVT LTD.

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Date: 30.03.2022

To,

**The Board of Directors/ Audit
Committee/ Committee of Independent Directors
Saregama India Limited,**

33, Jessore Road, Dum Dum,
Kolkata-700 028

To,

**The Board of Directors,
Digidrive Distributors Limited,**
33, Jessore Road, Dum Dum,
Kolkata-700 028

Dear Sir,

***Sub: Fairness Opinion on Equity Share Entitlement Ratio for Transfer and vesting of
entire E-commerce Distribution Business along with its ancillary services,
units, undertakings, assets, properties, investments ("Demerged
Undertaking") of Saregama India Limited ("Demerged Company") into
Digidrive Distributors Limited ("Resulting Company") through the Scheme of
Arrangement for Demerger under the Provisions of Section 230-232 and other
applicable provisions of the Companies Act, 2013.***

Re: Fairness Opinion

We refer to our discussion wherein Board of Directors of Saregama India Limited and Digidrive Distributors Limited for the purpose of Demerger have appointed VC Corporate Advisors Private Limited (SEBI Registered Category I Merchant Banker) to provide a Fairness Opinion on the share entitlement ratio certified by RBSA Valuation Advisors LLP ("RBSA", "Valuer"), in connection with the Demerger of an undertaking i.e., entire E-Commerce Distribution Business of Saregama India Limited ("Demerged Company/

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SIL") into Digidrive Distributors Limited for the purpose of Demerger ("**Resulting Company/ DDL**") (hereinafter referred to as "**Proposed Scheme/ Scheme/Scheme of Arrangement**").

In terms of our engagement, we are enclosing our opinion along with this letter. All comments as contained herein must be read in conjunction with the caveats to this opinion. The opinion is confidential and has been made in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**Listing Regulations**") read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 and it should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of VC Corporate Advisors Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are, however, aware that the conclusion in this report may be used for the purpose of disclosure to be made to the stock exchanges, National Company Law Tribunal ("**Tribunal**"), concerned regulatory authorities and notices to be dispatched to the shareholder and creditors for convening the meeting pursuant to the directions of Tribunal and we provide consent for the same.

Yours Faithfully,

For VC Corporate Advisors Private Limited



URVI BELANI

(Vice President)

SEBI REGN. No. INM0000011096



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BRIEF ABOUT COMPANIES

Saregama India Limited ["SIL" or "Demerged Company"] is a Public Limited Company incorporated under the provisions of the Indian Companies Act, 1913, having its corporate identity number L22213WB1946PLC014346 and registered office at 33, Jessore Road, Dum Dum, Kolkata-700 028, West Bengal. SIL is engaged in the business of manufacturing and sale of music storage device viz. carvaan, music card, audio compact discs, digital versatile discs and dealing with related music rights. SIL is also engaged in production and sale/ telecast/ broadcast of films, TV serials, pre-recorded programmes and dealing in film rights. The equity shares of the Demerged Company are listed on both BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

The share capital structure of the Demerged Company ("Pre-Demerger") as on 25th March, 2022 is as follows:

Particulars	Amount in INR
Authorised share capital	
2,50,00,000 equity shares of INR 10/- each	25,00,00,000/-
Total	25,00,00,000/-
Issued and subscribed and paid up share capital	
1,92,80,949 equity shares of INR 10/- each	19,28,09,490/-
Total	19,28,09,490/-

However, the Board of the Demerged Company at its meeting held on 24th February, 2022 has approved sub-division (split) of 1 (One) equity share of the Demerged Company having a face value of INR 10/- each (fully paid-up) to be sub-divided into 10 (Ten) equity shares of face value of INR 1/- each (fully paid-up). Pursuant to the above, upon

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implementation of sub- division of the share capital, the share capital of the Demerged Company pre- demerger would be as follows:

Particulars	Amount in INR
Authorised share capital	
25,00,00,000 equity shares of INR 1/- each	25,00,00,000/-
Total	25,00,00,000/-
Issued and subscribed and paid-up share capital	
19,28,09,490 equity shares of INR 1/- each	19,28,09,490/-
Total	19,28,09,490/-

There has been no further change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company until the date of approval of the Scheme by the Board of the Demerged Company.

The Demerged Company has outstanding employee stock options under its existing stock option scheme, the exercise of which may result in an increase in the issued and paid-up share capital of the Demerged Company.

The Demerged Company may, from time to time, in accordance with the Act, rules and regulations framed by the SEBI including the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other Applicable Laws, issue securities to any persons (including by way of a rights issue, preferential allotment or bonus issue).

"E-Commerce Distribution Business" means and includes the entire distribution business of the Demerged Company relating to sale of all its physical products including carvaan on digital marketplaces alongwith identified non-core assets and other activities and/ or arrangements incidental or relating thereto."

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"Resulting Company" means Digidrive Distributors Limited, a public company incorporated under the provisions of the Companies Act, 2013 ("Act") and having its corporate identification number U51909WB2022PLC252287 and registered office at 33, Jessore Road, Dum Dum, Kolkata-700 028, West Bengal.

The share capital structure of the Resulting Company as on 25th March, 2022 is as follows:

Particulars	Amount in INR
Authorised share capital	
1,00,000 equity shares of INR 1/- each	1,00,000/-
Total	1,00,000/-
Issued, Subscribed and Paid-up Capital	
1,00,000 equity shares of INR 1/- each	1,00,000/-
Total	1,00,000/-

The entire equity share capital of the Resulting Company is held by the Demerged Company.

It has also been informed by the management that the equity shares of "Resulting Company" will be listed on both BSE and NSE.

The Resulting Company shall be the replica of the Demerged Company which will be used to carry the business of Demerged Undertaking of the Demerged Company in addition to the exiting objects with which it was incorporated.



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SHARE ENTITLEMENT RATIO FOR DEMERGER

On the basis of Scheme of Arrangement, the Share Entitlement Ratio has been arrived at and accordingly the Resulting Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Demerged Company whose name is recorded in the Register of Members/ List of Beneficial Owners on the Record Date to be fixed by the Demerged Company and the Resulting Company.

The Proposed Transaction contemplates demerger of Demerged Undertaking of SIL and transfer to DDL, its wholly owned subsidiary, pursuant to the Scheme. As a consideration for the transfer of Demerged Undertaking, DDL shall issue its equity shares to the equity shareholders of SIL. Further, upon the Scheme becoming effective and upon allotment of equity shares by the DDL to SIL shareholders, the equity shares held by SIL in DDL shall be cancelled, extinguished, and annulled.

Accordingly, the shareholders of SIL are and will, upon demerger, be ultimate economic beneficial owners of DDL in the same proportion as they hold in SIL. We have also been represented by the management that the Pre and Post demerger shareholding pattern of SIL will remain same and hence, we certify the share entitlement ratio to be reasonable and fair.

The Proposed Transaction does not require valuation report under SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, since there is no change in the shareholding pattern of the Demerged Company and the Resulting Company.

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As per Clause 7.1 of the Scheme of Arrangement, the Resulting Company shall issue and allot on a proportionate basis to each shareholder of the Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date (as defined in the Scheme), as under:

"2 (Two) fully paid- up equity shares of INR 10/- (Indian Rupees Ten Only) each of the Resulting Company, credited as fully paid- up, for every 1 (One) equity share of INR 10/- (Indian Rupees Ten Only) each of the Demerged Company."

Further, the Demerged Company is currently in process of seeking their shareholders approval for sub-division (split) of 1 (One) equity share of the Demerged Company having a face value of INR 10/- each (fully paid-up) to be sub-divided into 10 (Ten) equity shares of face value of INR 1/- each (fully paid-up). In case the same is approved by the shareholders of the Company, the share entitlement ratio for the proposed Scheme would be as follows:

"1 (One) fully paid- up equity share of INR 10/- (Indian Rupees Ten Only) each of the Resulting Company, credited as fully paid- up, for every 5 (Five) equity shares of INR 1/- (Indian Rupee One Only) each of the Demerged Company."

BSE Circular No. LIST/COMP/02/2017-18 dated May 29, 2017, and NSE Circular No. NSE/CML/2017/12 dated June 1, 2017, requires a valuation report to disclose certain information in the specified format, which is given below,



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Valuation Approaches	Demerged Undertaking (A)		[Newly formed] (B)	
	Value per share	Weight (%)	Value per share	Weight (%)
Asset approach	NA	Nil	NA	Nil
Market approach	NA	Nil	NA	Nil
Income approach	NA	Nil	NA	Nil
Relative value per share	NA	Nil	NA	Nil
Share Entitlement Ratio (A/B)	NA			

NA means Not Applicable.

SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information received from the management of SIL and DDL (the "Management"), –

- Shareholding pattern of SIL and DDL as of 25th March, 2022;
- Discussions with the Management to augment our knowledge on the operations of the Companies / Demerged Undertaking;
- Recommendation of Exchange / Entitlement Ratio Report dated 30th March, 2022 issued by the Valuer;
- Draft scheme of arrangement;
- Such other information, explanations and representations that were required and provided by the Management;
- Such other analysis, inquiries, and reviews as we considered necessary.



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CONCLUSION AND OPINION

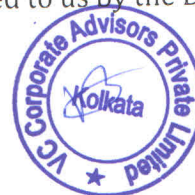
As per Clause 7.1 of draft Scheme of Arrangement, the management of the companies have decided to issue equity shares to the shareholders of the Demerged Company so as to create replica shareholding of Demerged Company in the Resulting Company. Further, there is no change in the promoter and public shareholding of the public listed company i.e., the Demerged Company and ultimate beneficial owners of Demerged Company shall become shareholders of Resulting Company in the same ratio (inter-se) as they hold shares prior to the demerger.

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, we have reviewed the proposed Scheme of Arrangement for Demerger with respect to the share entitlement ratio aspects and consider it to be fair and reasonable from the point of view of equity shareholders of the Companies.

CAVEAT

1. We wish to emphasize that; we have relied on explanations and information provided by the respective management and other publicly available information. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
2. We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed / validated the financial data except what is provided to us by the Demerged Company and Resulting Company.

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3. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Scheme, which might be relevant in the context of the transaction and which a wider scope might uncover.
4. We have no present or planned future interest in the Demerged Company & Resulting Company and the fee payable for this opinion is not contingent upon the opinion reported herein.
5. Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
6. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Fairness Opinion Report. This opinion is issued on the understanding that the Management of the Restructured Companies under the Scheme have drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature.
7. We have no responsibility to update this report for events and circumstances occurring after the date of this Fairness Opinion.

Yours Faithfully,

For VC Corporate Advisors Private Limited



URVI BELANI

(Vice President)

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