

RECOMMENDATION OF SHARE ENTITLEMENT RATIO

Shares of Dr. Agarwal's Health Care Limited to be issued to the shareholders of

Orbit Health Care Service Limited

Date: April 10, 2017

Prepared by

M.K.Dandeker & Co.

Chartered Accountants

No.138, Angappa Naicken Street,

Parrys, Chennai – 600001.

Background

- DAHC is a company incorporated in India and is engaged in business of managing and operating super-specialty eye care hospitals across India. It also owns 71.75% equity stake in Dr. Agarwal's Eye Hospital Limited ('DAHEL') and also carries on operations outside India through its subsidiary in Mauritius.

The shareholding of DAHC as on date is tabulated below:

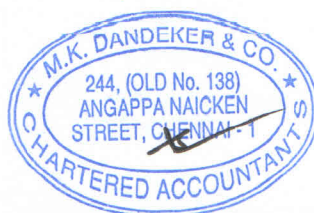
Name of the Shareholders	No. of Equity Shares (Face value Rs 10 each)	%
Dr. Amar Agarwal	4,18,320	8.82%
Dr. Athiya Agarwal	5,23,586	11.04%
Dr. Adil Agarwal	5,11,985	10.79%
Dr. Ashvin Agarwal	5,09,514	10.74%
Dr. Anosh Agarwal	5,27,975	11.13%
S. Rajagopalan	1,43,500	3.03%
M/s Value Growth Investment Holdings Pte. Ltd.*	19,01,163	40.08%
Dr. Agarwal's Eye Institute Pvt. Ltd.	1,44,744	3.05%
Others	62,465	1.32%
Total	47,43,252	100.00%

*M/s Value Growth Investment Holdings Pte. Ltd. also holds 2,93,738 0.001% Fully and Compulsorily Convertible Cumulative Preference Shares ('CCPS') of Rs 100 each.

- Orbit Health Care Services Limited ('Orbit') is an existing company incorporated in Mauritius and currently holds a Category 2 Global Business License in Mauritius. Presently, Orbit is not carrying on any business activity and it has only receivables in its books of account.

The shareholding of Orbit as on date is tabulated below:

Name of the Shareholders	No. of Equity Shares	%
Dr. Agarwal's Eye Institute	11,000	100%
Total		100.00%



Purpose

- We understand that management of the companies mentioned above intends to amalgamate Orbit with DAHC pursuant to a Scheme of Arrangement in accordance with Sections 391 to 394 of the Companies Act, 1956 and all other applicable provision of the of the Companies Act, 1956 and the Companies Act, 2013 ('Scheme').
- In this regard, the management of the companies has appointed us to determine the share entitlement ratio for the proposed amalgamation.

Source of Information and representations

For the purpose of arriving at a fair share entitlement ratio, we have relied on the following information and documents made available to us by the management of the companies. The management of the companies, assisted by their respective finance and accounts personnel, has furnished the required financial and other relevant information, explanations and data for this exercise.

- Draft Scheme;
- Audited financial statements for the year ended 31st March 2016 of DAHC and Orbit;
- Provisional/ Projected financial statement as on 31st March 2017 of DAHC and Orbit;
- Details of 0.001% Fully and Compulsorily Convertible Preference Shares;
- Shareholding pattern of both the Companies;
- Management representations and rationale in relation to the share entitlement; and
- Discussion with the management of the companies.

Our report is subject to the Limitations and Indemnifications as set out in **Appendix A**.

Methodology of Valuation

- It is universally accepted that valuation is not an exact science; it involves use of assumptions and estimates. Further, selection of the methodology / approach would need to be tailored to suit the objective for which the valuation is required. In an amalgamation, what is important is the relative values and not absolute values since the objective is to arrive at a fair and equitable share swap ratio.
- Various methods of valuation of shares can be used for determining share swap ratio. The selection of method used for the purpose of the valuation would be based on factors like status of the Company ie listed, unlisted, closely held, wholly owned subsidiary etc, earning capacity, shareholder arrangements, cash rich and dividend paying company etc.



- Widely used methods are Market Value method, Earnings Value methods (Profit Earning Capacity method and the Discounted Cash Flow method), Book Value method (Net Assets Value Method) and Discounted Cash Flow ('DCF') Method.

Orbit is not a listed company and hence Market Value method cannot be applied. Further, since Orbit is not presently engaged in any business activity, earnings value method is not considered appropriate in the present circumstance. In view of the above, the use of Book value/ Net Worth method is appropriate for Orbit, given that the most significant asset held by Orbit comprises of receivables.

Further, we understand that, since DAHC is also not a listed entity, Market Value method cannot be applied. Given the business profile and other parameters, in our opinion, it would be appropriate to apply Earnings Value Method, and more specifically, the DCF method to determine the value of business of DAHC.

Based on discussions with the management of DAHC, we understand that Value Growth Investment Holding Pte. Ltd., at the time of making primary and secondary investment in DAHC, entered into Shareholders Agreement ('SHA') with DAHC and its promoters on January 12, 2016. Pursuant to the SHA, it was agreed that Orbit would be amalgamated with and into DAHC. For the purpose of such investment, the FMV of the business of DAHC was calculated using DCF method.

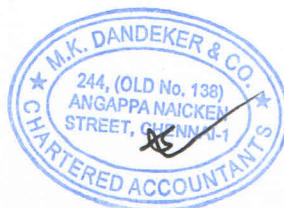
Since, merger of Orbit with DAHC was already agreed at the time of investment by Value Growth Investment Holding Pte. Ltd., we believe that the fair value of DAHC, for the purpose of calculating the swap ratio/ exchange ratio on amalgamation should be based on the FMV of DAHC arrived at using the DCF method at the time of investment by the Value Growth Investment Holding Pte. Ltd. This FMV has thereafter been increased by the amount of primary infusion by Value Growth Investment Holding Pte. Ltd. in DAHC.

Share entitlement ratio recommendation

The following key considerations were factored in arriving at the share entitlement ratio:

- (a) The number equity share(s) on full conversion of 2,93,738 CCPS would be issued in accordance with the terms of CCPS.
- (b) NAV of the shares of Orbit based on draft financials as on March 2017, has been arrived at MUR 161 million which is equivalent to INR 301 million.

Based on the discussions with the management of the DAHC, we understand that FMV of DAHC including the investment by Value Growth Investment Holding Pte. Ltd. was INR 3,909.25 million.



In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove in our opinion, the share entitlement / exchange ratio as stated below and as contemplated by the management is fair and equitable in the given circumstances:

Share entitlement ratio:

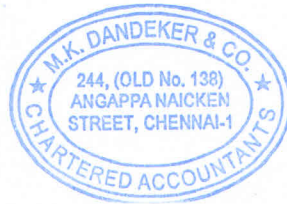
- The share exchange ratio has been arrived on the basis of relative valuation of shares of DAHC and Orbit as discussed above, having regard to information base, management representations, key underlying assumption and limitations.
- In our opinion, a fair equity share exchange ratio in the event of amalgamation of Orbit into DAHC would be:

“Every member holding 1,000 equity shares of Orbit will receive 33,304 equity shares having face value of Rs. 10/- each fully paid up of DAHC.

Accordingly, 366,339 equity share of face value of Rs 10/- each fully paid up in DAHC will be issued to equity shareholders of Orbit”

Date: April 10, 2017

Place: Chennai



For M.K. Dandeker & Co.,
(ICAI Regn No.000679S)

S. Poosaidurai

Partner

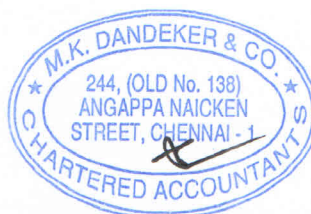
Chartered Accountants

Membership No.223754

APPENDIX A:

Limitations of this report

- Valuation is not a precise and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. We are providing an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement; others may place a different value to the same.
- The report is to be read in totality and not in parts in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- While carrying out the valuation we have relied upon and considered the information and representations made available by the management.
- We have assumed such representations to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects and nothing has come to our attention to cause us to believe that the facts and data taken for the purpose are not correct. We are neither required, nor have we independently verified, or carried out a due diligence or detailed appraisal of the management's information, explanations and data submitted to us for the purpose of this valuation. We have reviewed these information and data for broad consistency.
- In the course of our analysis, we have received provisional financial and other information from the management. While we have no reason to doubt their reasonableness / accuracy, we can provide no assurance that the provisional will be realized. Our work was limited by the quality and degree of data that was supplied to us. We have relied upon all documents, records and information provided by the management and considered them in the preparation of this report.
- It has been confirmed to us that there are no events and / or demands, decisions – legal or otherwise against the company, which are likely to affect materially the state of the balances of accounts as on the valuation date of the Companies.
- Our views are necessarily based on the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future.
- For the purpose of this assignment, we have not attempted a detailed due diligence review for various aspects i.e. commercial, operational, financial, legal, environmental, etc.
- No investigation of the title of the assets and liens / encumbrances thereon has been made and owner's claim to the assets has been assumed to be valid.



- Our report is meant for the purpose mentioned in the report and should not be used for any purpose other than the purpose mentioned therein. The report should not be copied or reproduced without obtaining our prior written approval or for any purpose other than the purpose for which it is prepared. Computation of the share swap ratio is specific to the intended purpose of amalgamation of Orbit into DAHC. The share swap ratio should not be used for any other purpose.
- While we have provided our recommendation of exchange ratio based on information available to us and within the scope of our limitations solely for the purpose of assisting the Board of Directors of the aforementioned companies in determining the Share Exchange ratio for the purpose of proposed restructuring and should not be used for any other purpose. The decision to agree upon the final share exchange ratio lies solely with the Board of Directors of the respective companies.
- This report is confidential for use of the persons to whom it is issued and may be produced before the shareholders, lenders of the respective companies, Registrar of Companies, High Courts, National Company Law Tribunal ('NCLT') where the scheme will be placed and any other government authorities and other statutory bodies in connection with the purpose outlined above. It must not be copied, disclosed, circulated or quoted without our prior consent.

Indemnification

- It has been agreed that in the particular circumstances of the case, liability of M.K.Dandeker & Co., its partners, employees, affiliates and agents (in contract or tort or under statute or otherwise) for any economic loss or damage suffered by the client or any other party arising out of or in connection with this report, however the loss or damage is caused, including our negligence but not our willful default, shall not arise and Companies will indemnify and hold harmless M.K.Dandeker & Co. and its partners, employees, affiliates and agents as concerns any such liability. In the event M.K.Dandeker & Co. is requested pursuant to legal process to produce its documents relating to this engagement for the Client in judicial or administrative proceedings or otherwise to which M.K.Dandeker & Co. is not party, the Client will reimburse us at standard billing rates for professional time and expenses, including reasonable attorney's fees, incurred in responding to such request.
- This report shall not create or give rise to, nor shall it be intended to create or give rise to any third party rights. No third party shall have any right to enforce or rely on any provision of this report, which does or may confer any right or benefit on any third party directly or indirectly, expressly or impliedly. The application of any legislation giving to or conferring on third parties contractual or other rights in connection with this report shall be excluded.

