Date: 29 January 2019

To,
The Board of Directors
Indiabulls Integrated Services Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
SORIL Infra Resources Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Albasta Wholesale Services Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Sentia Properties Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram - 122016

To,
The Board of Directors
Lucina Infrastructure Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors,
Ashva Stud & Agricultural Farms Limited,
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Mahabala Infracon Private Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Indiabulls Pharmaceuticals Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Store One Infra Resources Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Indiabulls Enterprises Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

To,
The Board of Directors
Indiabulls Pharmacare Limited
Plot No. 448-451, Udyog Vihar, Phase-V,
Gurugram-122016

Subject: Recommendation of fair share exchange ratio for the proposed amalgamation of SORIL Infra Resources Limited ('SORIL'), Albasta Wholesale Services Limited ('AWSL'), Sentia Properties Limited ('SPL'), Lucina Infrastructure Limited ('LIL'), Ashva Stud and Agricultural Farms Limited

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('ASAFL'), Mahabala Infracon Private Limited ('MIPL') and Store One Infra Resources Limited ('Store One') (together hereinafter referred to as 'Transferring/ Amalgamating Companies'), with Indiabulls Integrated Services Limited ('IISL'/ 'Transferee Company'); and

Recommendation of fair share entitlement ratio for the proposed demerger of 'Infrastructure Solutions Business' of IISL (post the proposed amalgamation with IISL) into Indiabulls Enterprises Limited (hereinafter referred to as 'IEL'); and

Recommendation of fair share entitlement ratio for the proposed demerger of Pharma Business of Indiabulls Pharmaceuticals Limited ('IPL') into Indiabulls Pharmacare Limited ('IPCL')

Dear Sir/ Madam,

We refer to our engagement letters whereby IISL and SORIL have requested N S KUMAR & CO. (hereinafter referred to as 'NSK') and Doogar & Associates (hereinafter referred to as 'DA') (both together referred to as 'valuers', 'we', 'us'), to jointly recommend:

1. A fair share exchange ratio for the proposed amalgamation of SORIL Infra Resources Limited ('SORIL'), Albasta Wholesale Services Limited ('AWSL'), Sentia Properties Limited ('SPL'), Lucina Infrastructure Limited ('LIL'), Ashva Stud and Agricultural Farms Limited ('ASAFL'), Mahabala Infracon Private Limited ('MIPL') and Store One Infra Resources Limited ('Store One') (together hereinafter referred to as 'Transferring/ Amalgamating Companies'), with Indiabulls Integrated Services Limited ('IISL' or 'Transferee Company');
2. A fair share entitlement ratio for the proposed demerger of 'Infrastructure Solutions Business' of IISL (post the proposed amalgamation with IISL) into Indiabulls Enterprises Limited (hereinafter referred to as 'IEL'); and
3. A fair share entitlement ratio for the proposed demerger of Pharma Business of Indiabulls Pharmaceuticals Limited ('IPL') into Indiabulls Pharmacare Limited ('IPCL')

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

IISL, previously known as SORIL Holdings and Ventures Limited is engaged in the development of real estate projects. The equity shares of IISL are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

SORIL is engaged in the business of equipment renting, light-emitting diode (LED) lighting, facility management services, construction advisory and other related services. The equity shares of SORIL are listed on NSE and BSE. IISL is the holding company of SORIL and holds 64.71% of equity shares of SORIL as at the report date.

AWSL, SPL, LIL, ASAFL and MIPL are wholly owned subsidiaries of IISL and Store One is a wholly owned subsidiary of SORIL.

IPL is an unlisted public company primarily engaged in the marketing, sales and distribution of prescription and over the counter pharmaceutical products and providing health advisory related services.

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IEL was recently incorporated on 2 January 2019 and does not have any business operations as at the report date. IEL is a wholly owned subsidiary of IISL.

IPCL was recently incorporated on 17 January 2019 and does not have any business operations as at the report date. It is a wholly owned subsidiary of IEL.

We understand that the Management of the transferring, transferee, IEL, IPL and IPCL (all companies together referred to as 'Transacting Companies') are together contemplating a three step restructuring exercise under a composite scheme of Arrangement and Amalgamation under the provisions of Section 230-232 of the Companies Act, 2013, the relevant rules and regulations, and other applicable securities and capital market laws and rules issued thereunder to the extent applicable ('the Scheme').

We understand that in step 1 of the Scheme, the Management of IISL, SORIL, AWSL, SPL, LIL, ASAFL, MIPL and Store One are contemplating the amalgamation of aforementioned entities with IISL ('Proposed Amalgamation').

In step 2 of the Scheme, post the Proposed Amalgamation, the entire Infrastructure Solutions Business is proposed to be demerged into IEL.

In step 3, IPL would demerge its pharma business into IPCL which is a wholly owned subsidiary of IEL.

(Cumulatively, the aforementioned steps together referred to as 'Proposed Transaction')

We understand that as a consideration for the Proposed Amalgamation in step 1, shares of IISL would be issued to the shareholders of Amalgamating Companies after taking into account cancellation of investments already held by the Transacting Companies, and under step 2 equity shares and preference shares of IEL would be issued to the equity and preference shareholders of IISL, as the case maybe and in step 3 equity shares of IEL would be issued to the equity shareholders of IPL.

It is in this regard that the Management of IISL and SORIL have jointly appointed us to undertake the valuation of the Transacting Companies and issue a report recommending

- a fair share exchange ratio for issue of equity shares of IISL to the equity shareholders of SORIL;
- fair share entitlement ratio for issue of equity and preference shares of IEL to the shareholders of IISL; and
- fair share entitlement ratio for issue of equity shares of IEL to the equity shareholders of IPL.

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Transacting Companies and report a fair share exchange ratio/share entitlement ratio for the Proposed Transaction in accordance with internationally accepted valuation standards including the Indian Valuation Standards 2018 issued by the Institute of Chartered Accountants of India and

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applicable Securities Exchange Board of India ('SEBI') Guidelines as may be applicable to listed entities.

We have been provided with the unaudited financial statements for six months ended 30 September 2018 and audited financial statements and other financial information of the Transacting Companies for the year ended 31 March 2018. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information upto the date of this report impacting the Transacting Companies have been disclosed to us.

We have been informed that:

a) There would not be any capital variation in the Transacting Companies till the Proposed Transaction becomes effective except further issuance of shares by a wholly owned subsidiary to its holding company, outstanding warrants and Employee Stock Options in the normal course of the business of the Companies;
b) Till the Proposed Transaction becomes effective, neither of the Transacting Companies would declare any substantial dividend having materially different yields as compared to the past few years.
c) There are no unusual/ abnormal events in the Transacting Companies since the last audited accounts till the Report date materially impacting their operating/financial performance.

We have relied on the above while arriving at the fair exchange/ entitlement ratios for the Proposed Transaction

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with the valuation exercise, we have used the following information received from the Management over calls, meetings and email correspondence and/ or gathered from public domain:

- With respect to IISL and SORIL
  - Standalone and Consolidated audited financial statements for the year ended 31 March 2018;
  - Standalone and Consolidated unaudited financial statements for the six months period ended 30 September 2018

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- Shareholding details of IISL and SORIL including the details of Employee Stock Options outstanding, share warrants and their respective terms and the proposed terms post the Proposed Transaction.
- Terms and rights attached to preference shares issued by IISL and SORIL

➢ With respect to AWSL, SPL, LIL, ASAFL, MIPL and Store One
  - Standalone audited financial statements for the year ended 31 March 2018
  - Unaudited financial statements for the six months period ended 30 September 2018
  - Terms and rights attached to preference shares issued by AWSL

➢ With respect to IPL
  - Standalone audited financial statements for the year ended 31 March 2018
  - Unaudited financial statements for the six months period ended 30 September 2018
  - Financial projections of the Pharma Business for the period from FY19 to FY27 which represents management's best estimate of the future financial performance
  - Shareholding details of IPL including details of Employee Stock Options outstanding

➢ With respect to IEL and IPCL
  - Unaudited financials as at 28 January 2019

➢ Industry and Economic information
  - Information available in public domain and on corporate databases such as capitaline.com etc.
  - Share price data of IISL and SORIL extracted from NSE and BSE
  - Such other information and documents as provided by the Managements for the purposes of this engagement

➢ Draft composite scheme of amalgamation and arrangement

We have also considered/ obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management of respective companies. Besides the aforementioned information, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope. The Management of the Transacting Companies have been provided with the opportunity to review the draft report (excluding the recommended fair share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our report.

PROCEDURES ADOPTED

➢ **For the Proposed Amalgamation:**
  - Discussion with the Management to understand the business and the fundamental factors that affect the business of the entities including their earning generating capability
  - Reviewed the details and the terms of Employee Stock Option Plans ('ESOPs) issued and outstanding in IISL and SORIL and terms of outstanding share warrants in IISL
  - Discussions with respect to realizability of the assets of the entities and adjustments required, if any, to their current carrying value in case of all Transacting Companies
  - Review of data available in public domain including share prices of listed entities

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- Within framework of valuation approaches and SEBI Guidelines, finalization of valuation methods for valuing the Companies
- Arrived at valuation of Companies using methods considered appropriate
- Determined fair share exchange ratio for the proposed amalgamation of transferring companies with transferee company.

➢ **For the Proposed Demerger of Infrastructure Solutions business of IISL into IEL:**

- Based on discussions with the management, identified the assets and liabilities pertaining to the Infrastructure Solutions Business which are proposed to be transferred to the IEL
- Determined the fair entitlement ratio in discussions with the Management, for issue of equity and preference shares of IEL to the shareholders of IISL.

➢ **For the Proposed Demerger of Pharma business of IPL into IPCL, a wholly owned subsidiary of IEL:**

- Discussion with the management to understand the business and the fundamental factors that affect the business of the undertaking including their earning generating capability including strength, weakness, opportunity and threat analysis
- Inquiries about the historical financial performance, current state of affairs, business plans and the future performance estimates
- Understanding the rationale for cash flow projections and the assumptions made by the Management in projecting the future cash flows of the pharma business
- Undertook industry analysis including research of publicly available market data and considered the economic factors and industry trends that may impact the valuation
- Selection of appropriate internationally accepted valuation methodology/ (ies) after analysis of the business operations
- Arrived at the valuations of the Companies using the method/(s) considered appropriate and determined the value per equity share
- Determined the fair share entitlement ratio for the Proposed Demerger of Pharma business of IPL into IPCL a wholly owned subsidiary of IEL after considering the proposed treatment of outstanding warrants/ ESOPs as provided in the Scheme

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us.

This report, its contents and the results herein are specific and subject to:

- the purpose of valuation agreed as per the terms of this engagement;
- the date of this report;

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- shareholding pattern of the Transacting Companies;
- realization of cash flow projections of Pharma business as provided by the Management in case of IPL
- realizability of the assets at the values carried in the books of accounts of all the Transacting Companies;
- no additional outflow towards liabilities other than those recorded in the books of accounts of transacting companies;
- Treatment of outstanding ESOP's and warrants considered as provided in the scheme; and
- data detailed in the section – Sources of Information.

A value analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular. It is based on information made available to us as of the date of this report, events occurring after that date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into account the relevant factors. There will always be several factors e.g. Management capability, present and prospective yield on comparable securities, market sentiment etc., which are not evident on the face of the balance sheet but which will strongly influence the worth of a share.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Transacting Companies till the date of this report and those obtained from other sources, and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors).

The determination of fair share exchange ratio 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 judgment. There is, therefore, no indisputable single fair value. While we have provided our recommendation of the fair exchange/ entitlement ratio based on the information made available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair share exchange/ entitlement ratio for the proposed transaction. The final responsibility for the determination of the fair share exchange/ entitlement ratio at which the proposed transactions shall take place will be with the Board of Directors of the entities part of the transaction, who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

In the course of our analysis, we were provided with both written and verbal information, including market, technical, financial and operating data including information as detailed in the section – Sources of Information.

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In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification of,

- the accuracy of information that was publicly available, sourced from subscribed databases including research reports and proprietary database subscribed by us which formed a substantial basis for the report; and
- the accuracy of information made available to us by the Management of the respective entities

We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the advisors, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness. Our conclusions are based on these assumptions and information given by/ on behalf of the Management. The Management of the Companies have indicated to us that they have understood any omissions, inaccuracies or misstatements may materially affect our recommendation. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially misstated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the audited financial statements of the Companies.

This report does not look into the business/ commercial reasons behind the proposed transaction nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to calculation of fair share exchange/ entitlement ratio only.

We must emphasize that we have used different valuation methods to value the different Transacting Companies after giving due consideration to the various qualitative factors

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relevant to the Companies and the business dynamics and growth potentials of the respective businesses, having regard to information base, key underlying assumptions and limitations, current business operations, quality of assets held, etc.

We must emphasize that realization of forecasted free cash flow forecast or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Management of IISL and SORIL who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on the part of the companies, their directors, employees or agents. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the share exchange/ entitlement ratio for the proposed transactions, without our prior written consent. In addition, this Report does not in any manner address the prices at which equity shares of IISL, SORIL or IEL will trade following announcements of the proposed transactions/ restructuring and we express no opinion or recommendation as to how shareholders of the transacting companies should vote at any shareholders' meetings. Our report and the opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities or as providing management services or carrying out management functions.

BACKGROUND OF THE COMPANIES

1. Indiabulls Integrated Services Limited (IISL)

IISL is engaged in the development of real estate projects and also holds investments in securities of listed and unlisted entities. IISL has recently acquired Indiabulls Life Insurance Limited (ILIL) from its group company and has incorporated Indiabulls General Insurance Limited (IGIL) (together referred to as 'Insurance Business') with an intent to foray into the

Insurance Business and have applied for obtaining the Insurance Business related licenses with regulatory authorities. Recently, ILIL has received the preliminary R1 acceptance from Insurance Regulatory and Development Authority of India ('IRDAI').

AWSL, SPL, LIL, ASAFL, MIPL and IEL are wholly owned subsidiaries of IISL and are proposed to be amalgamated with IISL as part of the Proposed Transaction. IISL is also the holding Company of SORIL and holds 2,03,83,310 equity shares in SORIL (representing 64.71% of the outstanding issued equity shares) and 19,79,500 preference shares (representing 66.57% of the outstanding preference shares) as at report date. SORIL is also proposed to be amalgamated with IISL.

IISL equity shares are listed on the NSE and the BSE.

The issued and subscribed equity share capital of IISL as at the reporting date consists of 8,93,25,569 equity shares of face value of INR 2 each fully paid up. The equity shareholding pattern of IISL as at the report date is as follows:

Shareholder	Number of shares	% of shareholding
Promoter	3,86,33,988	43.3%
Public - Institutions	2,09,05,400	23.4%
Public - Non- Institutions	2,97,86,181	33.3%
Total	**8,93,25,569**	**100.0%**

Source: NSE filings

As informed by the Management of IISL, 55,66,600 ESOP's are outstanding as at report date. Further, IISL has 1,34,00,000 share warrants outstanding convertible into equity shared as at the report date. We have considered all the outstanding ESOP's and warrants outstanding for the purpose of our diluted equity shares calculation. Accordingly, IISL diluted equity shares has been considered as 10,82,92,169.

IISL has also 25,17,700 outstanding 9% non-convertible non-cumulative redeemable preference shares of face value of INR 10 each all of which are currently held by an Indiabulls Group Company as at the report date.

2. SORIL Infra Resources Limited (SORIL)

SORIL is engaged in the business of providing equipment renting services, facility management services and LED Lighting. Its equity shares are listed on BSE and NSE.

The issued and subscribed equity share capital of SORIL as at the report date consists of 3,15,00,000 equity shares of face value of INR 10 each fully paid up. The shareholding pattern of SORIL as at the reporting date is as follows:

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Shareholder	Number of shares	% of shareholding
Promoter - IISL	2,03,83,310	64.7%
Public - Institutions	42,12,278	13.4%
Public - Non- Institutions	69,04,412	21.9%
Total	**3,15,00,000**	**100.0%**

Source: NSE filings

As informed by the Management of SORIL, 45,00,000 ESOP's are outstanding as at report date. We have considered all the outstanding ESOPs for the purpose of calculation of diluted equity shares. Accordingly, the fully diluted number of equity shares considered as on the report date is 3,60,00,000.

In addition to equity shares SORIL has 29,73,450 outstanding 9% non-convertible non-cumulative redeemable preference shares of face value INR 10 each. Of these 19,79,500 shares are held by IISL and the balance 9,93,950 shares are held by AWSL. Upon completion of Proposed Amalgamation these preference shares would get cancelled.

SORIL has investments in two wholly owned subsidiaries Store One Infra Resources Limited (Store One) and Littleman Fiscal Services Private Limited (LFSPL). Store One does not have any significant business operations while LFSPL is engaged in providing rural finance. Store One is proposed to be amalgamated with IISL as part of the Proposed Transaction.

3. Albasta Wholesale Services Limited (AWSL), Sentia Properties Limited (SPL), Lucina Infrastructure Limited (LIL), Ashva Stud and Agricultural Farms Limited (ASAFL) and Mahabala Infracon Private Limited (MIPL)

AWSL, SPL, LIL, ASAFL and MIPL are wholly owned subsidiaries of IISL, these entities do not undertake any significant business operations, these companies hold certain assets including investment in securities of unlisted entities.

AWSL has a wholly owned subsidiary Airmid Aviation Services Limited (AASL). AASL is engaged in rendering non-scheduled aircraft passenger services, including helicopter charter services and all other related and ancillary activities.

4. Indiabulls Pharmaceuticals Limited (IPL)

IPL was incorporated in 2016 and is engaged in the marketing, sales and distribution in prescription and over the counter pharmaceutical products ('Pharma Business') and also provides health advisory services (Health Advisory Business'). Recently IPL was awarded the "Upcoming Pharma Company of the Year" award at Indian Pharma Expo and Business

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Excellence Awards 2018 (supported by Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, Government of India).

Recently, in November 2017, a Singapore based private equity firm invested in IPL and picked up a minority stake.

The issued and subscribed equity share capital of IPL as at the reporting date consists of 6,27,53,037 equity shares of face value of INR 1 each fully paid up. The shareholding pattern of IPL as at the reporting date is as follows:

Shareholder	Number of shares	% of shareholding
Promoter	4,64,77,733	74.1%
Public - Institutions	62,75,304	10.0%
Public - Non- Institutions	1,00,00,000	15.9%
Total	**6,27,53,037**	**100.0%**

Source: Management of IPL

As informed by the Management of IPL, 33,02,791 ESOP's are outstanding as at report date. We have considered all the outstanding ESOP's for the purpose of calculation of diluted equity shares. Accordingly, the diluted number of equity shares considered as on the report date is 6,60,55,828.

5. Indiabulls Enterprises Limited (IEL)

IEL is a newly incorporated entity with an issued and paid up capital of INR 10,00,000 consisting of 100,000 equity shares of face value of INR 10 each all of which are legally and beneficially held by IISL alongwith its nominees. We have been informed that the existing equity shares of IEL would be cancelled pursuant to the Scheme. Also, as part of the Scheme, the face value of the equity shares are proposed to be reduced from INR 10 each to INR 2 each to maintain parity with the current share capital structure of IISL.

6. Indiabulls Pharmacare Limited (IPCL)

IPCL is a newly incorporated entity with an issued and paid up capital of INR 5,00,000 consisting of 50,000 equity shares of face value of INR 10 each all of which are legally and beneficially held by IEL alongwith its nominees.

VALUATION APPROACHES

The scheme contemplates the amalgamation of the transferring companies into IISL, followed by demerger of the Infrastructure Solution Business of IISL into IEL and the demerger of the Pharma Business of IPL into IPCL. Arriving at the fair share exchange ratio and share entitlement ratio would require determining the relative value of equity shares of transferring companies, in terms of transferee company and that of Pharma Business in terms of value of

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IEL equity shares (post transfer of Infrastructure Solution Business). These values are to be determined independently but on a relative basis and without considering the Proposed Transaction.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to the industry performance and general business and economic conditions, many of which are beyond the control of the company. Further, this valuation will fluctuate with lapse of time, changing prevailing market conditions, the prospects, financial and otherwise of the various companies and other factors which generally influence the valuation of shares and companies.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although, different values may exist for different purpose, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The following are commonly used and accepted methods for determining the value of the equity shares of a company:

- Asset Approach – Net Asset Value method
- Market Approach:
  a) Market Price method
  b) Comparable Companies/ Transactions Multiple method
- Income Approach – Discounted cash flow method

For the Proposed Transaction, we have considered the following commonly used and accepted methods for determining the fair share exchange/ entitlement ratio, to the extent relevant and applicable:

1. **Asset Approach - Net Asset Value Method ('NAV')**

The asset-based value analysis technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This methodology is likely to be appropriate for business which derives value mainly from the underlying value of its assets rather than its earnings. This value analysis approach may also be used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominates earning capability. It is also used where the main strength of the business is its asset backing rather than its capacity or potential to earn profits.

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We have used this method to value the following companies:

- *Albasta Wholesale Services Limited (AWSL)*
- *Sentia Properties Limited (SPL)*
- *Lucina Infrastructure Limited (LIL)*
- *Ashva Stud and Agricultural Farms Limited (ASAFL)*
- *Mahabala Infracon Private Limited (MIPL)*
- *Store One Infra Resources Limited (Store One)*

The aforesaid companies currently do not have any significant business operations and hold certain assets which do not have a definite income stream. We have therefore used NAV method to value these companies and replaced the book value with realisable value in order to arrive at the value of equity shares.

Similarly, for valuing the assets of the Infrastructure Solution Business (excluding the business of SORIL) we have used the NAV approach.

In case of SORIL, IISL and Pharma Business, as they have business operations and are expected to generate positive cashflows going forward and as NAV method does not value the profit earning capacity of the business we have not used the NAV method.

2. **Market Approach**

a) **Market Price Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the shares as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in case of an amalgamation, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of SORIL and IISL are listed on NSE and BSE and are regularly traded with reasonable volumes. We have therefore used the market price approach to value the equity shares of SORIL and IISL.

For determining price of shares of SORIL and IISL, we have considered the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued vide notification No. SEBI/LAD-NRO/GN/2018/31 dated 11 September 2018 and as amended from time to time, which prescribes that:

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If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or
b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

Further, it is clarified that the relevant date for the purpose of computing the price of the equity shares of SORIL and IISL will be the date of the board meeting of SORIL and IISL, respectively, approving the Scheme. We have therefore the price upto 28 January 2019 for the purpose of our analysis.

For valuing the business of SORIL transferred as part of the Infrastructure Solution Business we have considered the market price approach and made adjustments to the same to account for cross holdings between IISL and its subsidiaries and SORIL.

AWSL, SPL, LIL, ASAFL, MIPL, Store One and IPL are not listed on any stock exchanges and we have therefore not considered the market price method to value their shares.

b) Comparable Companies Multiples ('CCM') / Comparable Transactions Multiples ('CTM') method

Under CCM, the value of shares/ business of a company is determined based on market multiples of publicly traded comparable companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. CCM applies multiples derived from similar or 'comparable' publicly traded companies. Although no two companies are entirely alike, the companies selected as comparable companies should be engaged in the same or a similar line of business as the subject company. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

IPL being a newly incorporated company and a relatively new player in the Pharmaceutical space, we did not consider any listed peer companies to have the same operating metrics as that of IPL and have therefore not considered the CCM to value IPL.

Under CTM, the value of shares/ business of a company is determined based on market multiples of publicly disclosed transactions in the similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued.

Given that a global private equity and growth capital investment firm had recently invested in IPL to acquire a minority stake we have considered the same to be a comparable transaction and have therefore used CTM approach to value the Pharma Business of IPL.

We have not used this approach to value any of the other Transacting Companies, as there were no comparable companies/ transactions available.

3. Income Approach – Discounted Cash Flow Method ('DCF')

DCF method values a business based upon the available cash flow a prudent investor would expect the subject business to generate over a given period of time. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company. The terminal value represents the total value of the available cash flow for all periods subsequent to the forecast period. The terminal value of the business at the end of the forecast period is estimated and discounted to its equivalent present value and added to the present value of the explicit forecast period cash flow to estimate the value of the business.

The projected free cash flows to equity shareholders over the explicit forecast period and terminal value are discounted using the Cost of equity ('COE'). The sum of the discounted value of such free cash flows to equity is the value of the business attributable to equity shareholders.

Using the DCF analysis involves determining the following:

Estimating future cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to equity shareholders of the company.

Appropriate discount rate to be applied to cash flows i.e. the cost of equity

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to equity shareholders. The opportunity cost of equity capital providers equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value attributable to the equity shareholders of the business, value arrived through DCF method for the company is adjusted for the value of loans, excess cash, inflow on exercise of options, non-operating assets/ liabilities (e.g. fair value of investments, any contingent liabilities, etc.). The total value for equity shareholders is then divided by the total number of equity shares (on fully diluted basis) to arrive at the value per share of the business.

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For the purpose of DCF value analysis, the free cash flows are based on projections and other information provided by the Management.

IISL and SORIL are listed entities and information related to future financial projections are price sensitive. We were therefore not provided with the Projections of these Companies by the Management of the respective Companies. We have therefore not used this method for the valuation exercise.

IPL is an operational entity and has been carrying out business operations for the last two years. Further, the Management has provided us with the financial projections for the period from FY19 to FY27 in which it has projected a sustainable stream of cash flow from operations. Given that IPL is expected to earn profits and generate surplus cash flow from operations, we have used the DCF method to value IPL.

As AWPL, SPL, LIL, ASAFL, MIPL and Store One have not been carrying on any significant business operations and may not generate a sustainable stream of cash flows from business operations in the future period we have not used this method to value these Companies.

KEY VALUATION CONSIDERATIONS

In step 1 of the Proposed Scheme, as a consideration for the amalgamation, eligible equity shareholders of SORIL would be issued equity shares of IISL. As AWSL, SPL, LIL, ASAFL and MIPL are wholly owned subsidiaries of IISL and Store One being a wholly owned subsidiary of SORIL, no equity shares would be required to be issued and the corresponding investment would get cancelled upon the proposed amalgamation. Similarly, IISL and AWSL investment in the equity and preference shares of SORIL would get cancelled. The entitlement ratio for ESOP holders of SORIL would be determined taking into account the applicable share exchange ratio for the proposed amalgamation in Step 1.

In step 2 of the proposed scheme, Management of IISL has identified all the assets and liabilities forming part of the Infrastructure Solution Business which are to be taken over and transferred to IEL. We understand that, once the scheme is implemented, all the equity shareholders of IISL (including the eligible shareholders of SORIL being allotted shares pursuant to the amalgamation with IISL in Step 1) would become the equity shareholders of IEL and with the existing share capital of IEL getting cancelled, their shareholding in IEL would mirror their shareholding in IISL (post the Proposed Amalgamation in Step 1).

The effect of the demerger is that each shareholder of IISL (post amalgamation with SORIL in Step 1) would become the shareholder in two companies instead of one i.e. IISL and IEL.

In this step the proposed scheme does not envisage the dilution of the holding of any one or more shareholder as a result of operation of the proposed scheme. Post demerger in step 2 (but before issue of shares in step 3) the percentage holding of a shareholder in IISL and IEL would remain unchanged from the proportion of capital held by such shareholder in IISL (post

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the proposed amalgamation in Step 1). Considering the above, any entitlement ratio can be considered for the above demerger as the proportionate shareholding of any shareholder would not vary. The Management has proposed a share entitlement ratio of 1 equity share of IEL of INR 2 each fully paid for, not in exchange of, every 1 equity share of IISL (post proposed amalgamation in Step 1) of INR 2 each fully paid.

The equity shares of the IEL would be listed on National Stock Exchange and Bombay Stock Exchange.

Further, as the preference shares of IISL were not part of assets and liabilities proposed to be transferred as part of the Infrastructure Solution Business the Management has recommended a nominal 1 preference share of INR 10 fully paid to be issued against all preference shares issued and outstanding.

The entitlement ratio of warrant holders of IISL would be determined taking into account the applicable share exchange ratio for the proposed demerger in Step 2.

The entitlement ratio of ESOP holders of SORIL and IISL would be determined taking into account the applicable share exchange ratio for the proposed demerger in Step 2.

In step 3, as a consideration for demerger of Pharma Business into IPCL, IEL would issue equity shares to the shareholders of IPL. Given that IPCL is a wholly owned subsidiary of IEL all beneficial and economic interest of IPCL would flow through to the equity shareholders of IEL.

The entitlement ratio of ESOP holders of IPL would be determined taking into account the applicable share exchange ratio for the proposed demerger in Step 3.

RECOMMENDATION OF THE RATIO OF SHARE EXCHANGE AND SHARE ENTITLEMENT FOR THE PROPOSED TRANSACTION

The basis of amalgamation of SORIL into IISL and demerger of Infrastructure Solution Business into IEL and Pharma Business into IPCL would have to be determined after taking into consideration all the factors and methods mentioned above. Though different values have been arrived at under each of the above methods, for recommending the fair share exchange/ entitlement ratio of equity shares/ preference shares it is necessary to arrive at a final value of each of the Companies shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/ methods.

The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies for the proposed amalgamation based on the various methodologies mentioned herein earlier. Suitable rounding off have been carried out wherever necessary to arrive at the fair value/ exchange ratio. Refer Annexure 1 for value under each of the methods and the weightages attributed to the same.

In light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above we recommend the share exchange ratio and share entitlement ratio as follows:

a) **Fair Share Exchange ratio for the equity shareholders of SORIL on amalgamation with IISL**

1 (One) equity share of Indiabulls Integrated Services Limited (IISL) of INR 2 each fully paid up shall be issued for every **1 (One)** equity share of SORIL of INR 10 each fully paid up

b) **Fair share entitlement ratio for the equity and preference shareholders of IISL on demerger of Infrastructure Solutions Business to IEL**

1 (One) equity share of IEL of INR 2 each fully paid up for, not in exchange of, every **1 (One)** equity share of IISL (post the proposed amalgamation) of INR 2 each fully paid up

1 (One) preference share of IEL of INR 10/- each fully paid up against **all** the outstanding preference share of IISL of INR 10 each fully paid up

c) **Fair share entitlement ratio for the equity shareholders of IPL on demerger of Pharma Business to IPCL**

156 (One hundred and fifty six) equity shares of IEL of INR 2 each fully paid up shall be issued for every **100 (One hundred)** equity shares of IPL of INR 1 each fully paid up.

Respectfully submitted,

For N S KUMAR & CO.
Chartered Accountants
ICAI Firm Registration Number: 139792W

Niranjan Kumar
Proprietor
Membership No. 121635

N. S. KUMAR & CO. PUNE M.No. 121635 Firm Reg. No. 139792W CHARTERED ACCOUNTANTS

Place: Gurugram
Date: 29 January 2019

For Doogar & Associates
Chartered Accountants
ICAI Firm Registration Number: 000561N

DOOGAR & ASSOCIATES FRN: 000561N New Delhi Chartered Accountants

Vikas Modi
Partner
Membership No. 505603

Place: Gurugram
Date: 29 January 2019

Computation of Fair Share Exchange Ratio for Step 1

Valuation Approach	IISL Value per share (INR)	IISL Weight (%)	SORIL Value per share (INR)	SORIL Weight (%)
Market Approach				
- Market price method	439.8	100%	436.8	100%
Relative value per share	**439.8 (A)**		**436.8 (B)**	
Fair Exchange Ratio (Rounded) (B/A)			**1.00**	

Computation of Fair Share Entitlement Ratio for Step 3

Valuation Approach	IEL (Post demerger of Infrastructure solution business) Value per share	IEL (Post demerger of Infrastructure solution business) Weight(%)	IPL (Pharma Business) Value per share	IPL (Pharma Business) Weight(%)
Asset Approach	156.7	100%	NA	NA
Market Approach				
- Market price method			NA	NA
- Comparable Companies Multiple/ Transaction Method	NA	NA	247.0	25%
Income Approach	NA	NA	244.5	75%
Relative value per share	**156.7 (A)**		**245.1 (B)**	
Fair Exchange Ratio (rounded off) (B/A)			**1.56**	

IEL (post demerger of Infrastructure solution business) has been valued using a mix of asset approach and market approach given that the business has a mix of operating business and other assets.
NA= not applicable

Fair Value of Equity Shares of IISL under SEBI ICDR Guidelines

Week	From Date	To Date	VWAP		
			High	Low	Average
1	22-Jan-19	28-Jan-19	336.7	303.8	320.2
2	15-Jan-19	21-Jan-19	365.7	322.4	344.1
3	08-Jan-19	14-Jan-19	340.3	323.6	331.9
4	01-Jan-19	07-Jan-19	372.9	358.2	365.5
5	26-Dec-18	31-Dec-18	382.0	372.1	377.0
6	18-Dec-18	24-Dec-18	390.0	341.0	365.5
7	11-Dec-18	17-Dec-18	325.4	248.8	287.1
8	04-Dec-18	10-Dec-18	318.7	255.9	287.3
9	27-Nov-18	03-Dec-18	320.1	281.0	300.6
10	20-Nov-18	26-Nov-18	324.4	305.9	315.2
11	13-Nov-18	19-Nov-18	376.3	335.1	355.7
12	06-Nov-18	12-Nov-18	362.0	323.8	342.9
13	30-Oct-18	05-Nov-18	359.8	330.1	344.9
14	23-Oct-18	29-Oct-18	368.3	321.5	344.9
15	16-Oct-18	22-Oct-18	446.5	387.6	417.1
16	09-Oct-18	15-Oct-18	424.5	351.5	388.0
17	03-Oct-18	08-Oct-18	448.7	384.8	416.7
18	25-Sep-18	01-Oct-18	579.8	472.3	526.0
19	18-Sep-18	24-Sep-18	708.8	610.3	659.5
20	11-Sep-18	17-Sep-18	764.9	703.0	733.9
21	04-Sep-18	10-Sep-18	750.5	673.3	711.9
22	28-Aug-18	03-Sep-18	686.6	661.9	674.3
23	21-Aug-18	27-Aug-18	662.7	615.0	638.9
24	14-Aug-18	20-Aug-18	584.5	543.6	564.0
25	07-Aug-18	13-Aug-18	545.7	492.4	519.0
26	31-Jul-18	06-Aug-18	510.3	492.7	501.5

Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 26 weeks preceding the relevant date	439.8
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 2 weeks preceding the relevant date	332.1
Higher of the two considered for the purpose of valuation	**439.8**

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Fair Value of Equity Shares of SORIL under SEBI ICDR Guidelines

Week	From Date	To Date	VWAP		
			High	Low	Average
1	22-Jan-19	28-Jan-19	342.7	301.4	322.0
2	15-Jan-19	21-Jan-19	374.2	339.9	357.1
3	08-Jan-19	14-Jan-19	352.9	340.2	346.6
4	01-Jan-19	07-Jan-19	392.2	374.1	383.1
5	26-Dec-18	31-Dec-18	390.4	373.5	382.0
6	18-Dec-18	24-Dec-18	387.0	338.4	362.7
7	11-Dec-18	17-Dec-18	321.4	253.3	287.4
8	04-Dec-18	10-Dec-18	311.2	253.2	282.2
9	27-Nov-18	03-Dec-18	323.8	286.1	304.9
10	20-Nov-18	26-Nov-18	335.4	313.5	324.5
11	13-Nov-18	19-Nov-18	402.3	345.0	373.7
12	06-Nov-18	12-Nov-18	418.4	384.8	401.6
13	30-Oct-18	05-Nov-18	438.4	401.1	419.7
14	23-Oct-18	29-Oct-18	444.1	398.0	421.0
15	16-Oct-18	22-Oct-18	511.1	464.2	487.6
16	09-Oct-18	15-Oct-18	483.9	394.3	439.1
17	03-Oct-18	08-Oct-18	501.5	423.7	462.6
18	25-Sep-18	01-Oct-18	638.5	520.1	579.3
19	18-Sep-18	24-Sep-18	816.6	672.1	744.3
20	11-Sep-18	17-Sep-18	867.8	779.7	823.8
21	04-Sep-18	10-Sep-18	806.9	664.4	735.6
22	28-Aug-18	03-Sep-18	629.0	531.9	580.4
23	21-Aug-18	27-Aug-18	505.6	436.9	471.2
24	14-Aug-18	20-Aug-18	415.5	379.1	397.3
25	07-Aug-18	13-Aug-18	364.4	331.8	348.1
26	31-Jul-18	06-Aug-18	333.3	303.7	318.5

Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 26 weeks preceding the relevant date	436.8
Average of weekly high and low of volume weighted average price of equity shares of the entity quoted on NSE during the 2 weeks preceding the relevant date	339.5
Higher of the two considered for the purpose of valuation	**436.8**

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