

**D & A FINANCIAL SERVICES (P) LIMITED**

Merchant Banking &amp; Corporate Advisory Services

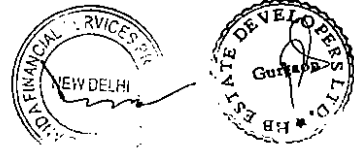
To,  
Board of Directors  
HB Stockholdings Limited  
HB Portfolio Limited  
HB Estate Developers Limited

**Subject: Fairness Opinion for the purpose of the Composite Proposed Scheme of Arrangement between HB Stockholdings Limited ("HBSL"), HB Portfolio Limited ("HBPL") and HB Estate Developers Limited ("HBEDL") and their respective shareholders and creditors.**

Dear Sir/s,

In connection with the proposed Composite Scheme of Arrangement under which (i) Demerger of Investment Division 1 of HB Stockholdings Limited in to HB Portfolio Limited (ii) Demerger of Investment Division 2 of HB Stockholdings Limited in to HB Estate Developers Limited and (iii) Demerger of Investment Division 3 of HB Portfolio Limited in to HB Estate Developers Limited (Hereinafter collectively referred to as "Companies") by way of composite scheme of arrangements under the provisions of Sections 391 to 394 read with sections 100 to 103 of the Companies Act 1956 and section 52 of the Companies Act 2013 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013, as and when notified and made applicable (the 'Scheme' or the 'Scheme of Arrangement').

We, M/s D & A Financial Services (P) Ltd, SEBI registered Merchant Banker, having license no. INM000011484, have been engaged by you to give our fairness opinion on valuation done by M/s S. S. Kothari Mehta & Co., Chartered Accountants, vide their report dated February 06, 2016.



The Scheme shall be subject to (i) Receipt of approval from the High Court(s) of respective Judicature and (ii) other statutory approval(s) as may be required in this regard.

**1. Scope and Purpose of the Opinion**

The Company has appointed M/s S. S. Kothari Mehta & Co., Chartered Accountants ('valuer'), to value the companies.

The management of HB Group has engaged M/s D & A Financial Services (P) Ltd to submit an opinion to the Board of Directors on the fairness of the Valuation of companies as calculated by the valuer. The scope of this Fairness Opinion includes commenting on the fairness of the valuation of Companies as calculated by the valuer.

The Fairness Opinion is addressed to the Board of Directors of HB Stockholdings Limited, HB Portfolio Limited and HB Estate Developers Ltd. Further, this Fairness Opinion has been issued as per the requirements of SEBI circular no. CIR/CFD/CMD/16/2015 dated 30<sup>th</sup> November, 2015.

The purpose of the opinion is to safeguard the interest of the shareholders and that of the companies involved in the Scheme and this opinion shall be made available to the shareholders of the relevant Companies at the time of their meeting to pass the necessary resolution for the scheme and to any other relevant authority.

**Disclaimer:** We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the authorized representatives of management of HB Group for the purpose of this Opinion. We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents of the Company other than those stated



herein. We have not assumed any obligation to conduct, nor have we carried out any independent physical inspection or title verification of the property, investments etc. interests of Companies and accept no responsibility therefore.

We have not reviewed any internal management information statements or any non-public reports and instead with your consent we have relied upon information that was publicly available or provided or otherwise made available to us by HB Group for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims.

## **2. Sources of Information**

For arriving at the opinion set forth below, we have:

1. Perused the Draft Scheme
2. Valuation Report dated February 06, 2016 given by M/s S.S. Kothari Mehta & Co., Chartered Accountant having its office at 146-148, Tribhuvan Complex, Ishwar Nagar, Mathura Road, New Delhi - 110 065.

## **Approach followed for valuation**

The fair value of Companies as mentioned in the valuation report has been arrived at by the consideration of several commonly used and accepted methods for determining the fair value of the equity shares of a company, to the extent relevant and applicable and the valuer consider following method, while arriving at fair exchange ratio:

1. Adjusted Net Asset Value Method
2. Discounted Cash Flow Method



### 3. Conclusion

We in the capacity of SEBI registered Merchant Banker do hereby certify that the valuation done by the valuer, for determining the share exchange ratio in the ratio of:

- (1) 25 Equity Share of Rs.10 fully paid up of HBPL for every 100 Equity Shares of Rs.10 fully paid of HBSL, for Demerger of Investment Division 1 of HB Stockholdings Limited in to HB Portfolio Limited,
- (2) 24 Equity Share of Rs.10 fully paid up of HBEDL for every 100 Equity Shares of Rs.10 fully paid of HBSL, for Demerger of Investment Division 2 of HB Stockholdings Limited in to HB Estate Developers Limited,
- (3) 59 Equity Share of Rs.10 fully paid up of HBEDL for every 100 Equity Shares of Rs.10 fully paid of HBPL, for Demerger of Investment Division 3 of HB Portfolio Limited in to HB Estate Developers Limited,

On the basis of the aforesaid methodologies is fair and reasonable.

Thanking You  
For **D & A Financial Services (P) Ltd**

(M K Doogar)  
Director



Date: February 09, 2016  
Place: New Delhi

