

Bansi S. Mehta & Co. Chartered Accountants Merchant Chambers, 3 rd Floor, New Marine Lines, Opposite SNDT Women's University, Mumbai - 400 020, India	SSPA & Co. Chartered Accountants 1 st Floor, Arjun, Plot No.6A, V.P. Road, Andheri (West) Mumbai - 400 058, India.
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Date: February 14, 2019

To

The Board of Directors, Harita Seating Systems Limited, 'Jayalakshmi Estates', No.29, Haddows Road, Chennai 600 006	The Board of Directors, Minda Industries Limited B-64/1, Wazirpur Industrial Area, Delhi - 110 052
The Board of Directors, Harita Financial Services Limited 'Jayalakshmi Estates', No.29, Haddows Road, Chennai 600 006	The Board of Directors, Harita Limited 'Jayalakshmi Estates', No.29, Haddows Road, Chennai 600 006
The Board of Directors, Harita Venu Private Limited 'Jayalakshmi Estates', No.29, Haddows Road, Chennai 600 006	The Board of Directors, Harita Cheema Private Limited 'Jayalakshmi Estates', No.29, Haddows Road, Chennai 600 006

Sub: Recommendation of fair share exchange ratio for the:

- Amalgamation of Harita Financial Services Limited, Harita Limited, Harita Venu Private Limited and Harita Cheema Private Limited with Minda Industries Limited; and
- Immediately thereafter, Amalgamation of Harita Seating Systems Limited with Minda Industries Limited as a part of the Composite Scheme of Amalgamation.

Dear Sir / Madam,

We refer to the respective engagement letter(s) whereby, Bansi S. Mehta & Co. (hereinafter referred to as "BSM") has been appointed on December 29, 2018 by Harita Financial Services Limited ("HFSL"), Harita Limited ("HL"), Harita Venu Private Limited ("HVPL"), Harita Cheema Private Limited ("HCPL") and Harita Seating Systems Limited ("HSSL") (together referred to as the Transferor Companies) and SSPA & Co. (hereinafter referred to as "SSPA") has been appointed on December 27, 2018 by Minda Industries Limited ("MIL" or the "Transferee Company") for recommendation of fair share exchange ratio for the proposed Composite Scheme of Amalgamation of HFSL, HL, HVPL, HCPL and HSSL with MIL (collectively referred to as the 'Companies').

BSM and SSPA are hereinafter jointly referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint Fair Share Exchange Ratio Report ("Fair Share Exchange Ratio Report" or "Report").

This report should be read with the limitations detailed hereinafter



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1. INTRODUCTION

1.1. Minda Industries Limited

MIL is a supplier of automotive solutions to original equipment manufacturers. MIL along with its subsidiaries/Joint Ventures/ and Associates offers a range of products across various verticals of auto components, such as switching systems, acoustic systems and alloy wheels, among other. Its business divisions include Lighting Systems Division, Switch & Handle Bar Systems Division, Acoustics Systems Division, and Sensors Actuators and Controllers Division. Further, the company has business divisions, which are engaged in production of batteries for two wheelers, fuel cap, compressed natural gas (CNG)/liquid petroleum gas (LPG) kits, blow molding components and aluminum die casting.

The equity shares of MIL are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The issued and subscribed equity share capital of MIL as at December 31, 2018 is INR 524.43 million consisting of 26,22,16,965 equity shares of face value of INR 2 each.

The shareholding pattern is as follows:

Shareholding Pattern as on 31 December 2018	No of Shares	% Shareholding
Promoter and Promoter Group	18,56,19,615	70.79
Public	7,65,97,350	29.21
Grand Total	26,22,16,965	100.00

Source: BSE

1.2. Harita Seating Systems Limited

HSSL is engaged in the manufacture of seating system, accessories and other parts for automotive and non-automotive applications. The company's products include driver seats products, such as commercial vehicles seats, tractor seats and off-road vehicles seats, and bus passenger seats, which include intercity bus seats, intrastate bus seats, urban/city bus seats and standard bus seats. It has plant locations in Tamil Nadu, Maharashtra, Karnataka and Uttarakhand, among others. HSSL holds 51% equity stake in Harita Fehrer Limited (HFRL), engaged in manufacturing of Polyurethane (PU) foam pads, two/three-wheeler seats, PU composites, Microcellular Polyurethane MCU and interior modules. HFRL is a joint venture between HSSL and F.S. Fehrer Automotive GmbH, Germany.

The equity shares of HSSL are listed on NSE.

The issued and subscribed equity share capital of HSSL as at December 31, 2018 is INR 77.69 million consisting of 77,69,040 equity shares of face value of INR 10 each.



The shareholding pattern is as follows:

Shareholding Pattern as on 31 December 2018	No of Shares	% Shareholding
Promoter and Promoter Group	51,44,962	66.22
Public	26,24,078	33.78
Grand Total	77,69,040	100.00

Source: HSSL Website

1.3. Harita Limited

HL has its registered office at No.29(8) Haddows Road, Chennai 600 006. It is engaged in the business of making investments and holds approximately 23.18% stake in the equity share capital of HSSL and 100% in HFSL.

The issued and subscribed equity share capital of HL as at December 31, 2018 is INR 26.91 million consisting of 26,90,719 equity shares of face value of INR 10 each.

1.4. Harita Financial Services Limited

HFSL has its registered office at No.29(8) Haddows Road, Chennai 600 006. It is engaged in the business of making investments and holds approximately 3.77% stake in the equity share capital of HSSL.

The issued and subscribed equity share capital of HFSL as at December 31, 2018 is INR 15.00 million consisting of 15,00,020 equity shares of face value of INR 10 each. The entire share capital of HFSL is held by HL. Since the entire share capital of HFSL is held by HL and HL would also get amalgamated pursuant to the proposed transaction, no shares shall be issued to the shareholders of HFSL upon its amalgamation with MIL.

1.5. Harita Venu Private Limited

HVPL is registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a non-banking financial institution and is engaged in the business of investment without accepting public deposits. The company has its registered office at No.29(8) Haddows Road, Chennai 600 006. It holds approximately 26.97 % stake in the equity share capital of HL and 6.02% stake in HSSL.

The issued and subscribed equity share capital of HVPL as at December 31, 2018 is INR 0.30 million consisting of 30,100 equity shares of face value of INR 10 each.

1.6. Harita Cheema Private Limited

HCPL is registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a non-banking financial institution and is engaged in the business of investment without accepting public deposits. The company has its registered office at No.29(8) Haddows Road, Chennai 600 006. It holds approximately 48.03 % stake in the equity share capital of HL and 0.35% stake in HSSL.

The issued and subscribed equity share capital of HCPL as at December 31, 2018 is INR 0.30 million consisting of 30,100 equity shares of face value of INR 10 each.



This report should be read with the limitations detailed hereinunder



1.7. There is a proposal before the Board of Directors of Companies to consider the following through a composite scheme of amalgamation under Section 230 to Section 232 of the Companies Act, 2013:

- Step 1: Amalgamation of HFSL, HL, HVPL, HCPL (together referred to as the Investment Companies) with MIL
- Step 2: Amalgamation of HSSL with MIL

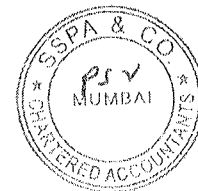
As a consideration for the Proposed Amalgamation, the shareholder of the Transferor Companies (i.e. HFSL, HL, HVPL, HCPL, and HSSL) shall have an option to opt for equity shares or non-convertible redeemable preference shares of MIL.

The aforesaid transactions are collectively referred to as “the Proposed Amalgamation”.

1.8. We understand that the appointed date for the Proposed Amalgamation is April 1, 2019 or such other date as approved by the National Company Law Tribunal.

1.9. The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a fair share exchange ratio for the Proposed Amalgamation in accordance with ICAI Valuation Standards 2018 issued by Institute of Chartered Accountants of India. This Report sets out the findings of our exercise. For the purpose of this Report, the Valuation Date and the Record Date is considered as February 13, 2019.

1.10. For the purpose of arriving at valuation of the Companies we have considered the valuation base as ‘Fair Value’. Our valuation, and this report, is based on the premise of going concern value. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this Report.



2. SOURCES OF INFORMATION

2.1. We have called for and obtained such data, information, etc. as were necessary for the purpose of our assignment, which have been, as far as possible, made available to us by the Management. We have received the following from their respective management:

- Limited review financial statements for six months ended September 30, 2018 and September 30, 2017 for HSSL, HFRL and MIL;
- Management Certified consolidated and standalone financial statements for six months ended September 30, 2018 and September 30, 2017 for HSSL and HFRL;
- Limited Review consolidated financial statements for six months ended September 30, 2018 and September 30, 2017 for MIL;
- Unaudited consolidated Statement of Profit and Loss for nine months ended December 31, 2018 and for nine months ended December 31, 2017 for MIL;
- Unaudited Statement of Profit and Loss for nine months ended December 31, 2018 and for nine months ended December 31, 2017 for HSSL and HFRL;
- Management Certified financial statements of the Investment Companies as at December 31, 2018
- Other relevant information

2.2. Further, the management of each of the Companies has informed us that all material information impacting the respective Companies have been disclosed to us.

The management of the Companies has informed us that:

- (a) There would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective;
 - (b) Till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.
 - (c) There are no unusual/abnormal events in the Companies since the last limited review of accounts under the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 till the Report date materially impacting their operating/financial performance.
- 2.3. Besides the above listing, there may be other information provided by the Clients which may not have been perused by us in any detail, if not considered relevant for our defined scope.
- 2.4. During the discussions with the respective managements of the Companies, we have also obtained explanations and information considered reasonably necessary for our exercise in respect of each of the Companies. Each of the Valuers understands that the information, representations, obligation with respect to each of the Companies are several and not joint in nature. The 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 inaccuracies / omissions are avoided in our final report.



This Report should be read with the limitations detailed hereinunder



3. APPROACH TO VALUATION

3.1. It is universally recognised that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

3.2. It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. The IVS shall be mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

3.3. IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

3.4. IVS 301 specifies that generally, following three approaches are used for valuation of business/business ownership interest:

- Market approach
- Income approach
- Cost approach

3.5. Each of the above approaches are discussed in the following paragraphs.

3.6. Market Approach:

3.6.1. Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. In the present case, the equity shares of HSSL and MIL are traded on BSE and NSE. In these circumstances, the share price observed on NSE for the respective companies over a reasonable period, has been considered for arriving at the value per equity share of the companies under the market price method.

The shares of the Investment Companies are not listed and, therefore, this method cannot be used to arrive at the value under this approach.

3.6.2. Comparable Companies Multiple Method ("CCM"):

This method involves valuing an asset based on market multiples of Comparable Companies.

In case of HSSL and MIL, we have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple of the comparable listed companies for the purpose of our valuation. The Enterprise Value so arrived at above is adjusted for cash and cash equivalents, investments, debt and other matters as considered appropriate. The total equity value is then divided by the total number of equity shares for arriving at the value per equity share of the Companies under CCM method.



This report should be read with the limitations detailed hereunder



In case of Investment Companies, there is no substantial business in the company, and, therefore, we cannot apply market multiples to its profits, nor can we establish any comparable companies. We have therefore, not used the CCM Method for deriving value of Investment Companies.

3.7. Income Approach:

Income Approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. An approach based on earnings is relevant in case of companies generating a steady stream of income.

As mentioned earlier, the Investment Companies do not have significant business operations, and therefore, do not have steady stream of income / business plans. Therefore, Income Approach cannot be used to derive their value.

HSSL & MIL are in cyclical industry. Also, MIL has a number of subsidiaries and associate companies. Due to these factors we do not have detailed long term projections of the Companies. We have therefore, not used this method for the valuation exercise.

3.8. Cost Approach or Asset Approach:

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

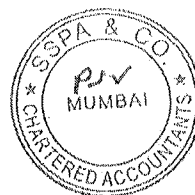
This approach involves determining the value per share based on the assets and liabilities of a company. We have used the Cost Approach to determine the value of the Investment Companies. For the purposes of this approach, the value of underlying investments in HSSL and other assets have been considered at their realizable/fair values.

3.9. Preference Shares:

MIL proposes to issue 0.01% Non-Convertible Redeemable Preference Shares ('NCRPS') of Face and paid up value of INR 100 each at an issue price of INR 121.25 per share with a yield of 7.5% per annum on the issue price. These NCRPS will have a tenor of 36 months and it will be redeemable at any time after 18 months from the date of issue at the option of MIL.

The proposed Scheme of Amalgamation contemplates amalgamation of HFSL, HL, HVPL, HCPL with MIL at Step 1, and HSSL with MIL at Step 2. Arriving at the fair share exchange ratio for the proposed Amalgamation would require determining the relative value of the equity shares of the Transferor Companies and the equity shares / NCRPS of Transferee Company.

This report should be read with the limitations detailed hereinunder



4. BASIS OF FAIR SHARE EXCHANGE RATIO

- 4.1. The basis of the fair share exchange ratio for the Proposed Amalgamation would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair share exchange ratio it is necessary to arrive at a final value for the shares of each Company. It is, however, important to note that in doing so, we are not attempting to arrive at the absolute values of the Companies, but at their relative values to facilitate the determination of the fair share exchange ratio.
- 4.2. The fair share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. For this purpose, we have given appropriate weights to the values arrived at under each approach / method. This is the approach considered for determining the fair value of the Transferor Companies and the Transferee Company. It may herein be noted that we have arrived at a single fair value of MIL, which is considered for both Step 1 and Step 2.
- 4.3. However, attention may also be drawn to Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulation") which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further, it may be noted that Regulation 164 specifies the base price for issue of shares on a preferential basis. In the Proposed Amalgamation, at Step 1, unlisted entities (i.e. Investment Companies) are amalgamating with MIL, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations after considering the fair value of MIL while determining the swap ratio at Step 1. Further, since, amalgamation of HSSL with MIL is not specifically covered by Regulation 158, the ratio for the said amalgamation is guided by the fair values of the two companies arrived as per the methodologies discussed above.
- 4.4. Besides holding shares in HSSL, the Investment Companies also own some other assets. Therefore, the per share values of these companies include the values of these assets. It may be noted that the value of investment that these companies have in HSSL is considered at the same fair value as that considered in Step 2. Besides this, the per share value and, thereby, the exchange ratios are also reflective of the respective share capital of the investment companies.
- 4.5. We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the fair share exchange ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done in the values.



CONCLUSION

Based on the foregoing, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend following Fair Share Exchange Ratio for the Proposed Amalgamation

Step 1

For Amalgamation of HFSL with MIL

As mentioned above, 100% of the share capital of HFSL is held by HL. As a part of the Proposed Amalgamation, at Step 1, since HL is also amalgamating with MIL, shares of MIL shall not be issued as consideration to shareholders of HFSL i.e. HL.

For Amalgamation of HL with MIL

180 (One Hundred Eighty) equity shares of MIL of INR 2 each fully paid up for every 121 (One Hundred Twenty-One) equity shares of HL of INR 10 each fully paid up, or

58 (Fifty-Eight) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 14 (Fourteen) equity shares of HL of INR 10 each fully paid up

For Amalgamation of HVPL with MIL

1,996 (One Thousand Nine Hundred Ninety-Six) equity shares of MIL of INR 2 each fully paid up for every 30 (Thirty) equity shares of HVPL of INR 10 each fully paid up, or

2,409 (Two Thousand Four Hundred Nine) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 13 (Thirteen) equity shares of HVPL of INR 10 each fully paid up

For Amalgamation of HCPL with MIL

767 (Seven Hundred Sixty-Seven) equity shares of MIL of INR 2 each fully paid up for every 14 (Fourteen) equity shares of HCPL of INR 10 each fully paid up, or

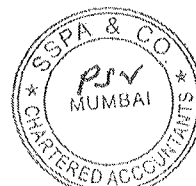
3,357 (Three Thousand Three Hundred Fifty-Seven) 0.01% NCRPS of MIL of INR 100 each fully paid up at an issue price of INR 121.25 per share for every 22 (Twenty-Two) equity shares of HCPL of INR 10 each fully paid up

Step 2

For Amalgamation of HSSL with MIL

152 (One Hundred Fifty-Two) equity shares of MIL of INR 2 each fully paid up, for every 100 (One Hundred) equity shares of HSSL of INR 10 each fully paid up, or

4 (Four) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 1 (One) equity share of HSSL of INR 10 each fully paid up



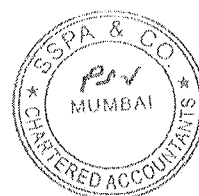
This report should be read with the limitations detailed hereinafter

5. LIMITATIONS AND DISCLAIMERS

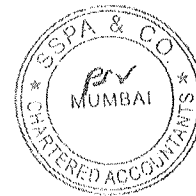
- 5.1. Our report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts.
- 5.2. Our valuation is based on the information furnished to us being complete and accurate in all material respects.
- 5.3. We have relied on the written representations from the Management that the information contained in this report is materially accurate and complete in the manner of its portrayal and therefore forms a reliable basis for the valuation.
- 5.4. The information presented in our report does not reflect the outcome of any financial due diligence procedures. The reader is cautioned that the outcome of that process could change the information herein and, therefore, the Valuation materially.
- 5.5. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical information used and therefore, we do not express any opinion with regard to the same.
- 5.6. We have relied on the judgment of the Management as regards contingent and other liabilities. Accordingly, our valuation does not consider the assumption of contingent liabilities other than those given to us as likely to crystallize. If there were any omissions, inaccuracies or misrepresentations of the information provided to us, it may have the effect on our valuation computations.
- 5.7. No investigation of the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our report is not, nor should it be construed, as our opining or certifying the compliance with the provisions of any law including company and taxation laws or as regards any legal, accounting or taxation implications or issues.
- 5.8. Any person/ party intending to provide finance / deal in the shares / business of the Company(ies) shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.
- 5.9. The fee for the engagement and this report is not contingent upon the results reported. The Valuers does not have any material interest or conflict of interest with respect to the Companies.
- 5.10. Our Report is meant for the specific purpose mentioned herein and should not be used for any purpose other than the purpose mentioned herein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.



This report should be read with the limitations detailed hereinunder




- 5.11. Our valuation is based on the market conditions and the regulatory environment that existed around the time of the Valuation Date.
- 5.12. We have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.
- 5.13. While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair share exchange ratio of the Companies. The final responsibility for the determination of the fair share exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.
- 5.14. We owe responsibility only to the Companies in relation to the Proposed Amalgamation as per our terms of the engagement letters with each of us and nobody else. We will not be liable for any losses, claims, damages' or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.



6. GRATITUDE

We are grateful to the Management for making information and particulars available to us, often at a short notice, without which our assignment would not have been concluded in a time-bound manner.

Respectfully submitted,

<p>Bansi S. Mehta & Co Chartered Accountants ICAI Firm Registration Number: 100991W</p> <p><i>Drushti Desai</i></p> <p>Drushti Desai Partner Membership No: 102062 Date: February 14, 2019</p>	<p>SSPA & Co. Chartered Accountants ICAI Firm Registration Number: 128851W</p> <p><i>Parag S. Ved</i></p> <p>Parag Ved Partner Membership No: 102432 Date: February 14, 2019</p> 
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Recommendation of Fair Share Exchange Ratio for the Proposed Amalgamation of Investment Companies with MIL

Annexure IA: Fair Share Exchange Ratio recommended by Bansri S. Mehta & Co.

Valuation Method	HL		HCPL		HVPL		MIL	
	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight
Asset Approach:	502.32	100%	18,501.30	100%	22,468.63	100%	NA	NA
Income Approach	NA	NA	NA	NA	NA	NA	NA	NA
Market Approach:								
Market Price Method	NA	NA	NA	NA	NA	NA	314.56	50%
Comparable Companies Multiples Method (based on Earnings)	NA	NA	NA	NA	NA	NA	324.82	50%
Relative Value per Share (a) (Rounded Off)	502.32		18,501.30		22,468.63		320.00	
Value per Share based on ICDR Pricing (b)	NA		NA		NA		337.72	
Relative Value per Share for the purpose of Exchange Ratio (max(a) or (b))	502.32		18,501.30		22,468.63		337.72	

Further, it may herein be noted that 0.01% NCRPS of MIL of face value and paid up value of INR 100 each, at an issue price of INR 121.25 per share, shall be redeemable at any time after 18 months and within 36 months at the option of MIL such that the yield on redemption is 7.5% per annum on issue price. The fair value of these NCRPS is arrived at INR 121.25 per share.

Exchange Ratio for HL--

180 (One Hundred Eighty) equity shares of MIL of INR 2 each fully paid up for every 121 (One Hundred Twenty-One) equity shares of HL of INR 10 each fully paid up, or

58 (Fifty-Eight) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 14 (Fourteen) equity shares of HL of INR 10 each fully paid up.

Exchange Ratio for HCPL-

767 (Seven Hundred Sixty-Seven) equity shares of MIL of INR 2 each fully paid up for every 14 (Fourteen) equity shares of HCPL of INR 10 each fully paid up, or

3,357 (Three Thousand Three Hundred Fifty-Seven) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 22 (Twenty-Two) equity shares of HCPL of INR 10 each fully paid up.



This report should be read with the limitations detailed hereinafter

Exchange Ratio for HVPL -

1,996 (One Thousand Nine Hundred Ninety-Six) equity shares of MIL of INR 2 each fully paid up for every 30 (Thirty) equity shares of HVPL of INR 10 each fully paid up, or

2,409 (Two Thousand Four Hundred Nine) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 13 (Thirteen) equity shares of HVPL of INR 10 each fully paid up.



Recommendation of Fair Share Exchange Ratio for the Proposed Amalgamation of Investment Companies with MIL

Annexure 1B: Fair Exchange Ratio recommended by SSPA & Co.

Valuation Method	HL		HCPL		HVPL		MIL	
	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight
Asset Approach:	502.32	100%	18,501.30	100%	22,468.64	100%	NA	NA
Income Approach	NA	NA	NA	NA	NA	NA	NA	NA
Market Approach:								
Market Price Method	NA	NA	NA	NA	NA	NA	314.56	50%
Comparable Companies Multiples Method (based on Earnings)	NA	NA	NA	NA	NA	NA	325.96	50%
Relative Value per Share (a) (Rounded Off)	502.32		18,501.30		22,468.64		320.00	
Value per Share based on ICDR Pricing (b)	NA		NA		NA		337.72	
Relative Value per Share for the purpose of Exchange Ratio (max(a) or (b))	502.32		18,501.30		22,468.64		337.72	

Further, it may herein be noted that 0.01% NCRPS of MIL of face value and paid up value of INR 100 each, at an issue price of INR 121.25 per share, shall be redeemable at any time after 18 months and within 36 months at the option of MIL such that the yield on redemption is 7.5% per annum on issue price. The fair value of these NCRPS is arrived at INR 121.25 per share.

Exchange Ratio for HL-

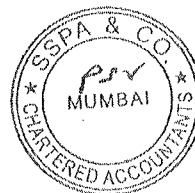
180 (One Hundred Eighty) equity shares of MIL of INR 2 each fully paid up for every 121 (One Hundred Twenty-One) equity shares of HL of INR 10 each fully paid up, or

58 (Fifty-Eight) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 14 (Fourteen) equity shares of HL of INR 10 each fully paid up.

Exchange Ratio for HCPL-

767 (Seven Hundred Sixty-Seven) equity shares of MIL of INR 2 each fully paid up for every 14 (Fourteen) equity shares of HCPL of INR 10 each fully paid up, or

3,357 (Three Thousand Three Hundred Fifty-Seven) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 22 (Twenty-Two) equity shares of HCPL of INR 10 each fully paid up.



Exchange Ratio for HVPL-

1,996 (One Thousand Nine Hundred Ninety-Six) equity shares of MIL of INR 2 each fully paid up for every 30 (Thirty) equity shares of HVPL of INR 10 each fully paid up, or

2,409 (Two Thousand Four Hundred Nine) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 13 (Thirteen) equity shares of HVPL of INR 10 each fully paid up.



Recommendation of Fair Share Exchange Ratio for the Proposed Amalgamation of HSSL with MIL

Annexure 2A: Fair Share Exchange Ratio recommended by Bansil S. Mehta & Co.

Valuation Method	HSSL		MIL	
	Value per Equity Share (INR)	Weight	Value per Equity Share (INR)	Weight
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach				
Market Price Method	516.70	50%	314.56	50%
Comparable Companies Multiples Method (based on Earnings)	453.03	50%	324.82	50%
Relative Value per Share (a) (rounded off)	485.00		320.00	
Fair Share Exchange Ratio (rounded)				1.52

Further, it may herein be noted that 0.01% NCRPS of MIL of face value and paid up value of INR 100 each, at an issue price of INR 121.25 per share, shall be redeemable at any time after 18 months and within 36 months at the option of MIL such that the yield on redemption is 7.5% per annum on issue price. The fair value of these preference shares is arrived at INR 121.25 per share.

Exchange Ratio for HSSL –

152 (One Hundred Fifty-Two) equity shares of MIL of INR 2 each fully paid up for every 100 (One Hundred) equity shares of HSSL of INR 10 each fully paid up, or

4 (Four) 0.01% NCRPS of MIL of INR 100 each fully paid up, at an issue price of INR 121.25 per share for every 1 (One) equity share of HSSL of INR 10 each fully paid up.

