

**FAIRNESS OPINION**

**PROPOSED MERGER OF HEALTHFORE**  
**TECHNOLOGIES LIMITED INTO OSCAR**  
**INVESTMENTS LIMITED**

14<sup>th</sup> December, 2015



**Strictly Private & Confidential**

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Ref. No: CPC/MB/076/2015-16

Dated: 14.12.2015

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SEBI Reg. No: INM000011435

To,

**The Board of Directors**  
**Oscar Investments Limited**  
54, Janpath, New Delhi,  
Delhi – 110 001

**The Board of Directors**  
**Healthfore Technologies Limited**  
D3, P3B, District Center, Saket,  
New Delhi – 110 017

**Subject: Opinion on Fairness of Valuation in the proposed Scheme of Arrangement for Merger of Healthfore Technologies Limited with Oscar Investments Limited**

Dear Sir,

We refer to the request made by the management of M/s Oscar Investments Limited (hereinafter referred to as "OIL"/ "Transferee Company") and M/s Healthfore Technologies Limited (hereinafter referred to as "HTL"/"Transferor Company") for the purpose of arriving at an opinion on the Valuation of Equity shares dated 30.09.2015 carried by Haribhakti & Co. LLP, Chartered Accountants (here-in-after referred as "Valuer") in respect of the proposed Merger of "HTL" with "OIL" w.e.f. the Appointed date i.e. 1<sup>st</sup> April, 2015 pursuant to a Scheme of Arrangement for Merger to be sanctioned by the Hon'ble High Court of relevant jurisdiction u/s 391-394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent notified)

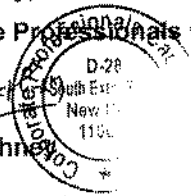
In terms of our assigned engagement, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the documents submitted to us and does not constitute our independent Valuation Analysis. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been prepared exclusively for the management of the Transferor Company and Transferee Company. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

*Chander Sawhney*  
Chander Sawhney  
[Partner]



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**CONTEXT AND BACKGROUND**

1. We understand that M/s Oscar Investments Limited (the Transferee Company) is a widely held public company having its Equity shares listed at Bombay Stock Exchange (BSE). Now, pursuant to a Scheme of Arrangement for Merger, M/s. Healthfore technologies Limited(The Transferor Company) is proposed to be merged into M/s Oscar Investments Limited pursuant to Sections 391-394 and other applicable provisions of Companies Act, 1956 and the Companies Act, 2013 (to the extent notified)
2. The Valuation and Swap Ratio for the proposed Amalgamation has been determined by, Haribhakti & Co. LLP, Chartered AccountantsVide their Valuation Report dated 14<sup>th</sup> December, 2015 for valuation based on 30<sup>th</sup> September, 2015.
3. In accordance with SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "listing regulations") read with SEBI Circular no CIR/CFD/CMD/16/2015, dated November 30,2015, the Listed Company shall submit the "Fairness Opinion" obtained by a Merchant Banker on the Valuation of assets / shares done by the Valuer for the listed entity and unlisted company(erstwhile SEBI Circular No CIR/CFDDIL/8/2013 dated May 21, 2013).
4. With reference to the above, we, **Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker**, have been appointed by the Transferee and the Transferor Companies, to provide the "Fairness Opinion" on the same.

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**BRIEF ABOUT COMPANIES**

1. **OSCAR INVESTMENTS LIMITED** (herein after referred to as 'Transferee Company' or "OIL"), bearing CIN L65999DL1978PLC099476 was incorporated on 25<sup>th</sup> January, 1978 under the provisions of Companies Act, 1956. The registered office of the Company is situated at 54, Janpath, New - Delhi - 110001. The Equity Shares of the Company are listed at Bombay Stock Exchange (BSE) with the main objects to carry on investments, to finance industrial enterprise and to promote companies engaged in industrial and trading business. The Company is a Non Deposit taking Non-Banking Finance Company.

The Company has a subsidiary SRLL and a step down subsidiary Fortis Clinical Research Limited. It has investments in HTL, Dion Global solutions Ltd, RFPL, FHHPL and LVL.

AND

2. **HEALTHFORE TECHNOLOGIES LIMITED** (herein after referred to Transferor Company' or "HTL"), bearing CIN L72300DL2009PLC190552 was incorporated on 22<sup>nd</sup> May, 2009 under the provisions of Companies Act, 1956. The registered office of the Company is situated at D3, P3B, District Centre, Saket, New Delhi - 110017. The Equity Shares of the Company are listed at Bombay Stock Exchange (BSE). "HTL" is global healthcare IT solutions & advisory services company and provides B2B and B2C IT solutions to hospital chains, diagnostic centers and public health enterprises.

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**VALUERS ANALYSIS**

To determine the exchange ratio between "HTL" and "OIL", the Valuer has specifically relied upon the following documents

- a) Audited financial statements of HTL for the financial years ended 31st March 2013, 2014 and 2015;
- b) Audited financial statements of OIL for the financial years ended 31st March 2013, 2014 and 2015;
- c) Financial statements of HTL and OIL for the six months period ended 30th September 2015;
- d) Projected financial statements of HTL for the financial years ending 31st March 2016 to 31st March 2022;
- e) Financial statements of Shimal Research Laboratories Limited ("SRLL"), RHC Finance Private Limited ("RFPL"), Ligare Voyages Ltd ("LVL"), Fortis Healthcare Holdings Private Limited ("FHHPL") as on 31st March 2015;
- f) Terms of Optionally Convertible Debentures ("OCDs") entered into by OIL with RFPL and FHHPL as at 31<sup>st</sup> March 2011;

**Valuer Approaches to Valuation**

For the purpose of valuation for amalgamation, generally the following approaches are adopted by the Valuer.


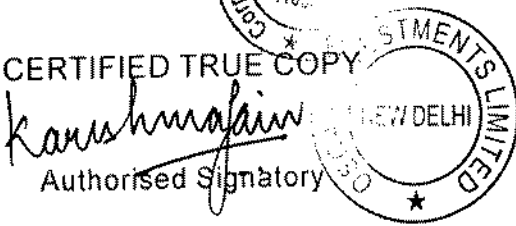
- (a) The "Cost" approach;
- (b) The "Income" approach; and
- (c) The "Market" approach;


"OIL" is primarily investment holding company. Hence valuation of equity shares of OIL has been carried out by considering **Breakup Value method under "Cost" approach only.**

In case of "HTL", its net asset value is coming negative so, the valuer has ignored the "Cost" approach, however the company is expected to make profits in the future, so the valuer has applied **Discounted Cash Flow Method ("DCF") under "Income" Approach.**

The valuer has ignored the Market Approach while valuing the equity share value of "HTL" and "OIL" as the equity shares of both the companies are infrequently traded on Bombay Stock Exchange.

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**COST APPROACH**

In case of "OIL" the "Valuer" has applied on this Breakup Value method based on the premise that OIL is primarily investment holding company while in case of "HTL" the "Valuer" has ignored the Cost Approach as "HTL" net assets value is negative, though it has a future business potential.

In arriving at the Breakup Value, in case of "OIL" the Valuer has made appropriate adjustments for contingent liabilities and appreciation/(diminution) in the value of its investments in quoted and unquoted stocks.

The appreciation in investments is as under-

- In case of investment in equity shares of Dion Global Solutions Limited which is listed and frequently traded on recognized stock exchange, the "Valuer" has taken market price as on valuation date and in case of investment in "HTL" which is also listed but due to thin trading of its shares and considering its future business prospects, the "Valuer" has relied upon fair value calculated through "DCF" method and in case of investment in equity shares of unlisted companies difference between the investment amount and the book value of investee companies on the valuation date has been relied upon.
- Further to value the investment made in **Optionally Convertible Debentures "OCD"** of **RHC Finance Private Limited and Fortis Healthcare Holdings Private Limited**, Valuer has considered original terms of OCDs and relied upon pre agreed pricing methodology.

**MARKET APPROACH**

The market approach 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.

Shares of "OIL" and "HTL" are listed on the recognized stock exchanges. However, the shares of "OIL" and "HTL" are thinly traded, hence the "Valuer" has ignored Market Price method.

The "Valuer" has ignored Comparable Companies Multiples method under Market Approach as "HTL" had incurred losses in the past. Further, "OIL" is an investment company and derives values from its investments.

The "Valuer" has ignored Comparable Transactions Multiples method under Market Approach due to non availability of any exact comparable transactions and on account of lack of information available in relation to the proposed merger.

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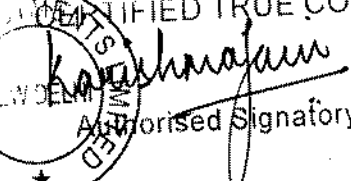




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**CONCLUSION & OPINION**

- With reference to above and based on information provided by the management/ "Valuer" of the entities forming part of the Merger and after discussions with the management/"Valuer", we understand that the present Merger has been structured to consolidate the transferor and the transferee companies resources and businesses. The proposed Merger of "HTL" with "OIL", as envisaged in the Scheme, is driven by the motive of consolidation and further expansion of the Transferee Company and to fulfill the objectives and business strategies of both the companies.
- While valuing the value of equity shares of "HTL", the "Valuer" has considered it appropriate to give 100% weight to the value determined under Income approach. In case of OIL, the valuer has considered it appropriate to give 100% weight to the value determined under Cost approach. It is emphasized herein that OIL is a Holding Company and derives its value from the underlying value of its Assets. However HTL is an operative company deriving its value from the underlying Business.
- "Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to SEBI Circular no CIR/CFD/CMD/16/2015, dated November 30,2015 we have reviewed the Valuation report of the valuer **Haribhakti & Co. LLP, Chartered Accountants** for the proposed Merger of "HTL" with "OIL" and consider the share exchange ratio of 3 (three) equity shares of OIL of INR 10/- each fully paid up for every 20 (twenty) equity share of HTL of INR 10/- each fully paid to be fair and reasonable to the Equity shareholders of both the companies".

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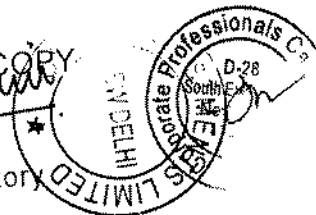
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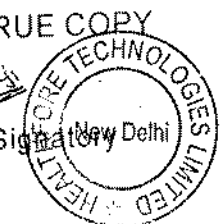
  
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**CAVEATS**

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- We wish to emphasize that; we have relied on explanations and information both verbal and written provided by the respective key managements, valuer and other public available information while verifying the valuation report. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Companies.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in M/s Oscar Investments Limited and/ or M/s Healthfore Technologies Limited and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management / "Valuer" of M/s Oscar Investments Limited and M/s Healthfore Technologies Limited has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of valuation asat 30th September, 2015. We have no responsibility to update this report for events and circumstances occurring after this valuation Date.
- This Fairness Opinion of ours as a Cat-1 Merchant Banker is subject to the Caveats above as well as the Caveats of the "Valuer" mentioned in its valuation report dated 14.12.2015 for valuation based as at 30<sup>th</sup> September, 2015.
- The Fairness Opinion provided by us should not be construed as a legal opinion on the Petition to be filed u/s 391-394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent notified).

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- Our report is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising from such proposed amalgamation.

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