M/s. R D SARFARE & Co, Chartered Accountants 305, 3rd Floor, D/8, Shan Bldg., Sion (East), Mumbai – 400 037	M/s. Bhiwande & Miniyar, Chartered Accountants Shop No. 3, Building No. 2, Saisundar Nagar, Sadanand Hasu Tandel Marg, Prabhadevi, Mumbai- 400 025.

April 22, 2016

To,

The Board of Directors,
ILLUSION DENTAL LABORATORY PRIVATE LIMITED,
402, Akruti Arcade,
J.P Road, Opposite A H Wadia School,
Andheri (West), Mumbai 400 058.

The Board of Directors,
LAXMI DENTAL EXPORT PRIVATE LIMITED,
80A, Kandivali Co-operative Industrial Estate Limited,
Near Hindustan Naka, Charkop,
Kandivali (West), Mumbai – 400 067.

Sub: Recommendation of fair equity share exchange ratio for the purpose of the Proposed Merger of Illusion Dental Laboratory Private Limited into Laxmi Dental Export Private Limited.

Dear Sirs,

We refer to the respective engagement with R D Sarfare & Co, Chartered Accountants and M/s.Bhiwande & Miniyar, Chartered Accountants (hereinafter referred to as "Valuers"), wherein Laxmi dental export private limited (hereinafter referred to as "Laxmi Dental") and Illusion Dental Laboratory private Limited (hereinafter referred to as "Illusion Dental")(hereinafter jointly referred to as the "Companies") have requested us to recommend a fair exchange ratio of equity shares for the purpose as stated above, and the discussions that we have had with and information that we have received from the managements of Companies("Management") from time to time in the above matter.

M/S. R D SARFARE & CO ★ Chartered Accountant FRN 133?4W MUMBAI

BHIWANDE & MINIYAR ★ CHARTERED ACCOUNTANTS MUMBAI

A. BACKGROUND AND BUSINESS OVERVIEW

Laxmi Dental, is a company incorporated under Companies Act.1956 as amended and having its registered office located at 80A, Kandivali Co-op Industrial Estate Limited, near Hindustan Naka, Charkop, Kandivali (West), Mumbai, Maharashtra, India. Laxmi Dental is a private company whose equity shares are not listed on any recognised stock exchange in India.

The principal activities of the Laxmi Dental are to carry on the business of manufacturing dental prosthetics. Laxmi Dental is 100% Export Oriented Unit dental laboratory. Laxmi Dental serves dentists in leading countries like USA, UK and European Companies

Illusion Dental, is a company incorporated under Companies Act.1956 as amended and having its registered office located at 402, Akruti Arcade, J.P Road, Opposite A H Wadia School, Andheri (West), Mumbai 400 058, Maharashtra, India. Illusion Dental is a private company whose equity shares are not listed on any recognised stock exchange in India.

The principal activities of the Illusion Dental are to carry on the business of purchase, sell, Import, Export Fabricate, prepare and to deal in all types of artificial dentures, full and partial acrylic dentures, acrylic and metalic fixed bridges, removable cast partial dentures, metallic and acrylic crowns, all types of ceramic dental prosthesis, all types of dental prosthesis, all types of dental implant dentures injection moulding full dentures anc partial dentures, readymade teeth various dental prosthesis, all types of dental raw materials.

We understand that Board of Directors of the Companies ("Board") are planning to merge Illusion Dental into Laxmi dental ("**Proposed Merger**") on a going concern basis with effect from 1st April 2016 (the "**Appointed Date**"). This is proposed to be achieved by a Scheme of Amalgamation under the provisions of sections 391-394 of the Companies Act, 1956 (including any statutory reenactment thereof)("**Scheme**"). As a part of this Proposed Merger, Illusion Dental would be merge with Laxmi Dental and would cease to exist. The shareholders of Illusion Dental will be issued shares of Laxmi Dental as a consideration for the Proposed Merger.

In this connection, Valuers have been requested by the Companies to jointly submit a reports recommending a fair equity share exchange ratio in the event of the Proposed Merger for the consideration of the Boards of the respective Companies. This report will be

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BHIWANDE & MINIYAR ★ CHARTERED ACCOUNTANTS MUMBAI placed to the extent mandatorily required, before judicial, regulatory or government authorities, In connection with Proposed Merger.

The scope of our services is to conduct relative valuation for recommending a fair equity share exchange ratio for the Proposed Merger in accordance with generally accepted professional standards. The effective date of this valuation is 31st March 2016.

We have considered aforesaid while carrying out the relative valuation of the equity shares of the Companies. We have considered financial information upto 31st March 2016 in our analysis and made adjustments for facts made known (Past or Future) to us till date of our report. The Management of the Companies have informed us that they do not expect any events which are unusual or not in normal course of the business upto the effective date of the Proposed Merger, other than the specifically mentioned in this report.

We have relied on the above while arriving at the fair equity share exchange ratio for the Proposed Merger.

This report is our deliverable in respect of our recommendation of fair equity share exchange ratio for the Proposed Merger of Illusion Dental into Laxmi Dental.

This report is subject to the scope, assumption, limitation and disclaimers detailed hereinafter. As, such report is to be read in totality, and not in parts, in connection with the relevant documents referred to herein.

B. SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the respective Management:

- Audited Financial Statement of the Companies for the year ended 31st March 2015;
- Unaudited Financial Statement for the year ended 31st March 2016;
- Financial projections of the Companies for next 5 years duly certified by the Authorized persons of the Companies; and
- Discussions with the Management of the respective Companies in connection with the operation of the respective Companies, past trends and non-recurring/abnormal items, future plans and prospects, etc.;

We have also obtained explanation and information considered reasonably necessary for our exercise, from the executive of the Companies.

C. SHARE CAPITAL DETAILS OF THE COMPANIES

Illusion Dental Laboratory Private Limited

The current issued, subscribed and paid up equity share capital of Illusion Dental is Rs. 1,85,17,230 consisting of 18,51,723 equity shares of face value of Rs. 10 each.

Laxmi Dental Private Limited

The current issued, subscribed and paid up share capital of Laxmi Dental is Rs. 11,92,96,480 consisting of 3,05,768 equity shares of face value of Rs. 10/- each and 2,90,597 compulsory convertible preference shares of Rs.400/- each.

D. VALUATION APPROACH AND METHOLOGY

The standard value used in our analysis is 'Fair Value' which often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to accept, if the business were exposed for sale on the open market for a reasonable period of time, with both the buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

In determining the valuation of shares of the company, approach is important for arriving at a realistic estimate of the value of equity of the company. We have followed the Asset based, earning based and market based approaches for determining the value of equity of Company. The application of any particular method of valuation depends on the purpose for which the valuation is made and, more importantly, on the nature of business. Different values may exist for different purposes. Further, the nature and structure of business would determine the applicability of a particular valuation methodology. This exercise may be carried out using varies methodologies, the relative emphasis of each often vary with

1) industry to which the company belongs;
2) past track record of business of the company;

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3) extent to which industry information is available. and
4) whether entity is listed on stock exchange;

The result of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. These can be broadly categories as follows:

1. Net Asset Value(NAV) Method

The asset based valuation 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 valuation approach is mainly 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 dominate earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the Companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book values. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

We have computed the NAV of equity shares of the Companies. We have considered the balance sheets as of 31st March 2016 and made suitable adjustments as deemed appropriate for the purpose of our valuation analysis. The total value for equity shareholders is then dividend by the current number of equity shares of the respective Companies in order to work out the value per equity share of the Companies.

2. Earning Based Approach

Earnings based approach is generally regarded as more appropriate in case of valuation for going concern. This approach values a business by capitalizing its earnings.

Earning based approach includes Discounted Cash Flow ("DCF") Method, which takes into account the future profitability of a business enterprise as also time value of money.

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The DCF method values the business by discounting its free cash flows for the explicit forecast period and the perpetuity value thereafter. The free cash flows represent the cash available for distribution to both the owners and the creditors of the business.

Under DCF method, valuation is arrived by taking the present value of expected future cash flows. Thus it is very important to consider the reasonable projections which the enterprise can achieve. We belief that the projections provided to us by the Management of the Companies are prepared on the reasonable assumptions.

Under DCF method, we have adopted most common firm approach of valuation i.e. arriving value of the company. The value of the company is obtained by discounting the expected cash flows to the company. Net cash flows to company are arrived by reducing from gross operational cash flows, tax payments, changes in working capital, capital expenditure, non-cash expenditure (depreciation), etc. The net cash flows so arrived are discounted by the weighted average cost of capital ("WACC"). In this approach, the gross value of the Company is arrived and from this value, amount of loan as on the valuation date is reduced to arrive at the value for equity holders.

The discount rate is arrived by determining the cost of each provider of capital and taking the weighted average of that. The discount rate so arrived is termed as WACC. The WACC reflects the business as well as financial risk of the enterprise.

*WACC= [(Cost of Equity*Weight) + (Cost of Debt*Weight)] / [Weight of Equity + Weight of Debt].*

The cost of equity is derived by the risk and return approach

Cost of equity = Risk Free Return + [Beta * Equity Risk Premium]
Where,
Risk Free Return: is the return expected by an investor where default risk is zero. (long term Government Securities).
Beta: It is the sensitivity of a particular stock vis a vis Market or Index.
Equity Risk Premium is the expectation of the investor over and above the risk free return.

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Cost of Debt is the long-term cost of debt of the company. While arriving at Cost of Debt, one has to take the tax benefit available on interest, if any and take Cost of Debt net of tax.

DCF Valuation is calculated in two parts, i.e. present value of cash flows for explicit period (i.e. the period for which projections are made) and present value of terminal value. To work out the terminal value cash flows, explicit period's last year's net cash flow is taken as base and an appropriate growth rate is applied to that.

The cash flow so arrived has been capitalized by applying following formula to arrive at Gross Terminal Value:

$$\text{Terminal Value(TV)} = \frac{\text{Net cash flow for Terminal value}}{\text{(WACC – Growth Rate for Terminal Value)}}$$

Discount rate of last year of explicit period has been applied to arrive at present value of TV.

PV of TV = TV * Discount factor for last year of explicit period.

Present value of cash flow for explicit period and present value of terminal value is added to arrive at the Enterprise Value of the business. This value is for all the providers of the capital.

To arrive at the value for equity holders under firm approach of valuation following adjustments made:
"Value for equity holders = PV of Cash Flows for explicit period + PV of TV + Surplus cash not considered for working capital requirement + Realisable value of surplus assets etc".

3. Market Based Approach

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Market Based Approach includes the market price method and Market Comparables method.

The Market Price Method evaluates the value on the basis of prices quoted on the stock exchange whereas Market Comparables method estimates value by relating the same to underlying elements of similar companies for past years.

The Market Price Method is influenced by the condition of the stock market, and the concerns and the opportunities that are seen for the business in the industry or market in which it operates. Average of quoted price is considered as indicative of the value perception of the company by investors operating under free market conditions. However, Market Price Method is not relevant where the shares are not listed on any stock exchange.

Therefore, in the absence listing of equity shares of the Companies on any stock exchange in India or any other country and difficulty in identifying the comparable companies, we have not considered the Market Based Approach.

E. EXCHANGE RATIO

The basis of merger of the Illusion Dental with Laxmi Dental would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purpose of recommendation a fair exchange ratio of equity shares it is necessary to arrive at a single value for 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 a fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The fair exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various methodologies 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.

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Valuers, as considered appropriate, have independently applied methodologies discussed above and arrived at their assessment of value per share of the Companies. To arrive at the consensus on the exchange ratio for the Proposed Merger suitable averaging and rounding off in the values arrived at by the Valuers have been done.

In the light of the above, and on a consideration of all relevant factors and circumstances as discussed and outlined hereinabove, we consider that the fair exchange ratio of equity shares for the Proposed Merger of Illusion Dental with Laxmi Dental should be a ratio of ***"100 (One Hundred) equity shares of Laxmi Dental (Face value of Rs. 10/- each) for every 13,979 (Thirteen Thousand Nine Hundred and Seventy Nine) equity shares of Illusion Dental (Face value of Rs. 10/- each)".***

F. ASSUMPTION AND LIMITING CONDITIONS

This report does not look into the business/commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation / enquiry of the Companies' claim to title of assets has been made for the purpose of this report and the Companies' 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.

We must emphasize that realizations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. The assumptions used in their preparation, as we have been explained, are based on the respective Management's present expectation of both – the most likely set of future business events and circumstances and the respective Management's course of action related to them. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecast relate

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Neither Valuers nor any professionals who worked on this engagement has any financial interest in the Companies and/or asset(s). Additionally, our compensation is not contingent on conclusions in, or the use of, this report.

We owe responsibility to only the Board of the Companies under the terms of our engagement, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion.

Neither the valuation 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 Proposed Merger, without our prior written consent. In addition, this report does not in any manner address the prices at which Illusion Dental's or Laxmi Dental's equity shares will trade following the announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders of Companies should vote at any shareholders meeting (s) to be held in connection with the Proposed Merger.

This valuation report is subject to the Laws of India.

G. DISCLAIMER

This document (the "Valuation Report") is prepared by the Valuers on the request of the Companies on the basis of information, documents and explanations given by the Management, officers and staff of the Companies. The Valuers has relied on information provided to it by the Management and does not independently vouch for the correctness, accuracy and adequacy of the same.

It should also be clearly understood that Companies having provided the underlying information, is primarily responsible for the correctness, accuracy and adequacy of the information contained herein. The Valuers has, therefore, relied upon all specific information as received and declines any responsibility should the results presented be affected by the lack of completeness or truthfulness of such information.

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Therefore, the Valuation Report is based on my interpretation of the information provided by Companies as well as its representatives and advisers, to date. In preparing the Valuation Report, the Valuers has elaborated its analysis for reaching the conclusions contained in the final paragraph of this Valuation Report.

The Valuers shall not be liable for any losses, whether financial or otherwise, or expenses arising directly or indirectly out of the use of or reliance on the information set out herein.

The Valuers has not provided any accounting, tax or legal advice to the Companies. This Valuation Report should not be construed as investment advice or any form of recommendation either for making or divesting investment in any of the Companies referenced herein.

This Valuation Report is furnished on a strictly confidential basis. Neither this Valuation Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above. The Valuation Report is necessarily based on various factors and conditions as of the date hereof, and the written and oral information made available to me until April 22, 2016. It is understood that subsequent developments may affect the conclusions of the Valuation Report.

For, M/s. R D SARFARE & Co Chartered Accountants Firm Reg.No.133394W Rajesh Sarfare Proprietor Membership No. 140399	For, M/s.Bhiwande & Miniyar, Chartered Accountants Firm Reg.No.138371W Ashutosh Bhiwande Partner Membership No. 159369