

November 24, 2016

To,
The Board of Directors
Gufic Biosciences Limited
Shop - 37, Kamala Bhavan II,
First Floor, Swami Nityanand Road,
Andheri East, Mumbai - 400069.

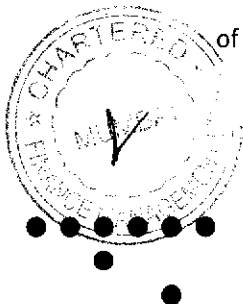
Dear Members of the Board,

Subject: Fairness Opinion on the Valuation Report of Share Exchange Ratio issued by M/s. V. I. Bhatia & Co., Chartered Accountants dated November 23, 2016 in connection with the proposed Scheme of Amalgamation of Gufic Stridden Bio-pharma Private Limited with Gufic Biosciences Limited.

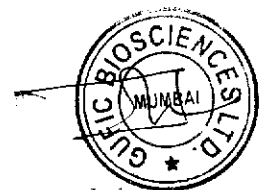
We refer to the discussion wherein the management of Gufic Biosciences Limited ("the Transferee Company" or "GBSL") requested Chartered Finance Management Limited ("CFML", "we", "our" or "us"), in our capacity as a Merchant Banker, to give a Fairness Opinion on the Certificate of Share Exchange Ratio issued by M/s. V.I. Bhatia & Co., Chartered Accountants dated November 23, 2016 in connection with the transfer & vesting of the entire business and the whole of the undertaking of Gufic Stridden Bio-pharma Private Limited ("the Transferor Company" or "GSBPL") to the transferee company under the proposed Scheme of Amalgamation.

1. Background

1.1. The Transferee Company, a public limited company, has its registered office at Shop - 37, Kamala Bhavan II, First Floor, Swami Nityanand Road, Andheri East, Mumbai – 400069 and its Corporate Identification Number is L65990MH1984PLC033519. The equity shares of the Transferee Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) (hereinafter collectively to as "the Stock Exchanges"). The Transferee Company is primarily engaged in the business of manufacture, job work, marketing and sale of formulations and Bulk Drugs.



CFM



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- 1.2. The Transferor Company, a private limited company, has its registered office at Shop - 37, Kamala Bhavan II, First Floor, Swami Nityanand Road, Andheri East, Mumbai – 400069 and its Corporate Identification Number is U24110MH2007PTC167101. The Transferor Company is primarily engaged in the business of International Marketing and Export of products manufactured on Loan License or Third party from WHO / GMP approved manufacturing plant.
- 1.3. The Scheme provides for transfer and vesting of the entire business and the whole of the undertaking of the Transferor Company to the Transferee Company with effect from April 1, 2016.
- 1.4. The Fairness Opinion requested to us is to be provided in our capacity as Category I Merchant Banker (Registration Code: INM000012052) and is required to be submitted to the Stock Exchanges to facilitate the Transferee Company's as referred in SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015.

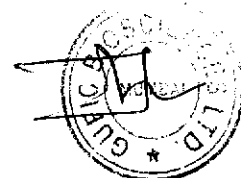
2. Scope and Purpose

GBSL have appointed the Independent Valuers to recommend a fair and equitable Share Exchange Ratio for the Amalgamation pursuant to which valuers have issued a report dated November 23, 2016 ("Valuation Report"). The Valuation Reports recommended that the equity shareholders of GSBPL will be entitled to receive 24 (Twenty four) equity shares of GBSL of face value of `1/- fully paid up for every 1 (One) equity shares of GSBPL of face value of `10/- each fully paid up (the "Share Exchange Ratio").

In this connection, the management of GBSL engaged CFML to submit an independent opinion to the Board of Directors of GBSL on the fairness of the Share Exchange Ratio recommended by the Valuers.

Scope of work of this Fairness Opinion includes commenting only on the fairness of the Share Exchange Ratio and not on the fairness or economic rationale of the Amalgamation or the valuation methods used by the Valuers.

This Fairness Opinion is addressed to the Board of Directors of GBSL. This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitation and disclaimers detailed hereinafter. As such the fairness opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the



requirements of SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015. This Fairness Opinion has been issued only for the purpose of opining on the fairness of the Share Exchange Ratio under the Proposed Scheme and should not be used for any other purpose.

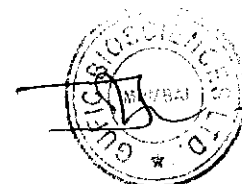
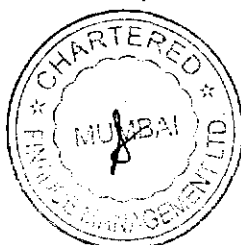
3. Source of Information:

For the said examination and for arriving at the Fairness Opinion set forth below, we have considered the following documents (duly certified by the Transferee Company), representations and explanations provided to us by the Transferee Company.

1. Valuation Report issued by M/s. V. I. Bhatia & Co., Chartered Accountants date November 23, 2016, to ascertain the Exchange Ratio of share for the proposed Scheme of Amalgamation.
2. Draft Copy of the Scheme.
3. Audited financial statement of the Transferee and Transferor Company for the year ended March, 31 2016;
4. Memorandum and Articles of Association of Transferee and Transferor Company;
5. Such other information, documents, data, reports, discussion and verbal & written explanations from the Transferee Company.

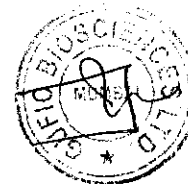
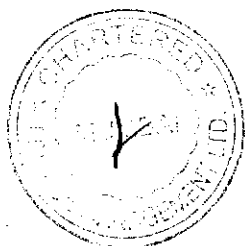
4. Scope Limitations

- 4.1. 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 GBSL for the purposes of this opinion. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based.
- 4.2. We have not reviewed any books and records of GBSL or GSBPL, other than those provided or made available to us. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of GBSL and/or GSBPL and neither express any opinion with respect thereto nor accept any responsibility therefore.
- 4.3. We have not made any independent valuation or appraisal of the assets or liabilities of GBSL and/or GSBPL, nor have we been furnished with any such appraisals.
- 4.4. We have not reviewed any internal management information statements or any non-public reports and instead, with your consent, have relied upon information that was publicly



available or provided or otherwise made available to us by GBSL for the purposes of this opinion.

- 4.5. Our opinion is not intended to and does not constitute any recommendation to any shareholder of the Transferee Company as to how such shareholder should vote or act in connection with the Scheme or any matter related therein.
- 4.6. We are not experts in the evaluation of litigation or other actual or threatened claims. In addition, we have assumed that the Proposed Scheme of Amalgamation will be approved by regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the Proposed Scheme of Amalgamation.
- 4.7. Our opinion is not, nor should it be construed as our opinion on/or certification of compliance of the scheme with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 4.8. We do not express any opinion as to the price at which equity shares of the Transferee Company may trade at any time, including subsequent to the date of this Fairness Opinion.
- 4.9. We understand that the management of GBSL would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefit of the Proposed Scheme that may have been contemplated.
- 4.10. It is understood that this Fairness Opinion is issued to the Board of Directors of the Transferee Company in connection with the Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent except that a copy of this fairness opinion may be included in its entirety in any filing, which the Transferee Company is required to make with SEBI and/or with any Indian Stock Exchange in connection with the Scheme, if such inclusion is required by applicable law.
- 4.11. In no event shall we be liable for any loss, damage, cost or expense arising in any way from the fraudulent acts, misrepresentations or willful default on the part of the Transferee Company or its Directors, employees or agents.
- 4.12. Our liability (statutory, financial or otherwise) for any economic loss or damage arising out of the rendering of this fairness opinion shall be limited to the amount of fees received for rendering this Fairness Opinion as per our engagement with the Transferee Company.



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4.13. This Fairness Opinion has been issued for the sole purpose to facilitate the Transferee Company's as referred in SEBI Circular No CIR/CFD/CMD/16/2015 dated November 30, 2015 for the proposed Scheme of Amalgamation.

4.14. We also certify and confirm that we are Category I Merchant Banker registered with Securities and Exchange Board of India and that the registration is valid as of the date of signing of this report.

5. Rationale of Amalgamation

- a) The Transferee and Transferor Company are engaged in the similar business of Pharmaceuticals.
- b) Economies of scale as both the businesses will be one which will reduce common overheads, manpower and eventually total costs.
- c) GBSL will be able to capture market in which GSBPL has applied for new Dozier licenses. This will generate higher revenues in future years.
- d) Improved Corporate Governance.
- e) All the Intellectual Property Rights of Transferee Company will transfer to the Transferor Company resulting to direct access to new market and distributors.
- f) The amalgamation will enable pooling of resources of the companies involved in amalgamation to their common advantage, resulting in more productive utilization of the said resources, cost & operational efficiencies, which would be beneficial for all stakeholders.
- g) The proposed amalgamation will provide a stronger and financial structure to the businesses of the companies besides synergy of operations and making a more profitable organization with a greater potential for growth.
- h) The amalgamation would result in the creation of a company with much larger asset base and a net worth with strong financials enabling further growth and development of the businesses of the said companies and also enable the resultant Company to withstand all kinds of risks associated with global business and the growing competition in the international scenario.
- i) The proposed amalgamation will result in reduction in overheads and other expenses, economies of scale, reduction in administrative and procedural work and eliminate duplication of work and will enable the undertakings concerned to effect internal economies and optimize productivity.



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6. Conclusion

On the basis of the foregoing and based on our examination of the Proposed Scheme, Valuation Reports, such other information provided and represented to us by GBSL and our independent analysis and evaluation of such information and subject to the scope limitation as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio as recommended by the Independent Value under the Proposed Scheme of Amalgamation is fair and reasonable.

For Chartered Finance Management Limited



Santosh Pande

AVP – Merchant Banking division

