

INVENTURE

MERCHANT BANKER SERVICES PVT. LTD.
Enhancing Fortunes. Enriching Lives.

STRICTLY CONFIDENTIAL

Monday, March 25, 2019

The Board of Directors

Gufic Biosciences Limited

Shop No -37, First Floor, Kamala Bhavan II,
S. Nityanand Road, Andheri (East),
Mumbai - 400 069

And

The Board of Directors

Gufic Lifesciences Private Limited

Survey No 171, National Highway No 8,
Near Grid, AT & Po Kabilpore,
Navsari Gujarat - 396 424

Re.: Fairness Opinion Report on the fair Equity Share Exchange Ratio for the proposed amalgamation of Gufic Lifesciences Pvt. Ltd. (the "Transferor Company") with Gufic Biosciences Limited (the "Transferee Company")

Dear Sir,

We refer to the engagement letter dated January 16, 2019 ("Engagement Letter") whereby M/s. Gufic Biosciences Limited ("Company", or "GBL" or the "Transferee Company") has requested Inventure Merchant Banker Services Private Limited ("Inventure"), a SEBI registered Category - 1 Merchant Banker, to provide a fairness opinion

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FOR GUFIC BIOSCIENCES LIMITED



Company Secretary

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to the Company based on the valuation report to be issued by **M/s. PHD & Associates, Chartered Accountants ("Valuer")** for the proposed amalgamation of **Gufic Lifesciences Private Limited ("GLPL" or the "Transferor Company")**, as a going concern, into and with the Transferee Company, pursuant to a scheme of arrangement under the provisions of Section 230 to Section 232 and other applicable provisions of the Companies Act, 2013 ("**Proposed Scheme**").

Pursuant to the Proposed Scheme, equity share holders and 9.5% non cumulative, non participating, non convertible redeemable preference shareholders of GLPL will be entitled to equity shares of GBL.

We have been informed by the management that the **Proposed Appointed date** for the scheme is **January 01, 2019**. In this regard, the Valuer hereinabove, have been appointed to carry out the relative valuation of the equity share of GLPL and GBL and the preference share of GLPL and have recommended a fair share exchange ratio for the proposed amalgamation for consideration of the Audit Committee and the Board of Directors of the Transferee Company and Board of Directors of the Transferor Company.

The Valuation, to arrive at the equity/preference share exchange ratio, have been carried out by the Valuer hereinabove, as on **March 25, 2019 ("Valuation Date")**



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For GUFIC BIOSCIENCES LIMITED

Shri Sat
Company Secretary

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Background of the Transferee Company

The Transferee Company is a public limited company incorporated on July 23, 1984 under the Companies Act, 1956 and having its registered office at Shop No -37, First Floor, Kamala Bhavan II, S. Nityanand Road, Andheri (East), Mumbai - 400 069. The company is engaged in the business of manufacturing, job work and marketing of formulations and bulk drugs.

As on March 31, 2018, GBL had equity share capital of INR 7,73,50,000/- comprising of 7,73,50,000 equity shares of face value of INR 1/- each fully paid. Subsequently, 4,80,000/- further equity shares of face value of INR 1/- each fully paid up were issued consequent upon merger of Gufic Stridden Bio-Pharma Private Limited in GBL on September 20, 2018. Accordingly, the paid up equity share capital of GBL as on the date is INR 7,78,30,000 comprising of 7,78,30,000 equity shares of face value of INR 1/- each fully paid.

The equity shares of the Transferee Company are listed on BSE Limited (referred to as "BSE"), and National Stock Exchange Limited (referred to as "NSE") and both exchange are collectively referred to as "Stock Exchanges".



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For GUFIC BIOSCIENCES LIMITED

[Handwritten Signature]
Company Secretary

Background of the Transferor Company

The Transferor company was incorporated on July 03, 2012 and its registered office is located at Survey No 171, National Highway No 8, Near Grid, AT & Po Kabilpore, Navsari Gujarat - 396 424. The Transferor Company is engaged in the business of manufacturing of pharmaceutical formulations in India. It has a fully automated EU-GMP approved Lyophilized and Liquid Injection plant.

As on March 31, 2017, GLPL had equity share capital of INR 1,00,000/- comprising of 10,000 equity shares of INR 10 each aggregating to INR 10 each fully paid. Subsequently on May 20, 2017, 4,90,000 further fully paid equity shares of face value of INR 10/- each aggregating to INR 49,00,000/- have been issued and allotted. Accordingly, the issued, subscribed and paid up equity share capital as on March 31, 2018 was 5,00,000 equity shares of face value of INR 10/- each aggregating to INR 50,00,000/- The equity shares of face value of INR 10/- each have been sub divided into equity shares of a face value of INR 1/- each. Thus, as on the date, the issued, subscribed and paid up equity capital of GLPL comprises of 50,00,000 equity shares of INR 1/- each fully paid aggregating to INR 50,00,000/-

On December 30, 2018, GLPL issued 75,22,66,610/- Non Cumulative, Non Participating, Non Convertible, Redeemable 9.5% Preference Shares of Face Value of INR 1/- each redeemable at the end of fifteen years from the date of allotment i.e. December 30, 2018 [hereinafter referred to as the Preference Shares].

Thus the share capital of GLPL as on the date comprises of (a) 50,00,000 equity shares of INR 1/- each aggregating to INR 50,00,000 and (b) 75,22,66,610 Preference Shares of INR 1/- each aggregating to INR 75,22,66,610/-



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For GUFIC BIOSCIENCES LIMITED

[Handwritten Signature]
Company Secretary

Purpose of this Certificate

The Transferee Company has appointed the Valuer to carry out a fair valuation of the Transferor Company and the Transferee Company and recommend a fair ratio of allotment of equity shares of the Transferee Company to the equity shareholders of the Transferor Company on the proposed amalgamation of the Transferor Company with the Transferee Company ("**Valuation**"). In terms of the Engagement Letter, the Company has requested us to examine the Valuation Report issued by the Valuer and such other information provided by the Transferee Company and issue our independent opinion as to the fairness of the Valuation ("**Fairness Opinion**") in terms of the requirements in line with SEBI ICDR Regulation, 2018, as amended on the respective stock exchanges read with the SEBI circular no. CIR/CFD/CMD/15/2015 dated November 30, 2015, SEBI circular no. CFD/DTL3/CIR/2017/21 dated March 10, 2017, SEBI circular no. CFD/DTL3/CIR/2017/26 dated March 23, 2017 and SEBI circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018, as applicable.

Source of information

For the said examination and for arriving at the opinion set forth below, we have received:

1. Memorandum of association and articles of association of the Transferor Company and the Transferee Company;
2. Annual reports of the Transferor Company and Transferee Company for the last three financial years;
3. Valuation Report issued by the Valuer along with the related workings; and
4. Draft of the Proposed Scheme of arrangement between the Transferor Company and the Transferee Company.

We have also obtained necessary explanations and such other information, which we believed were relevant to the present exercise, from the representatives of the Company.

The Valuation Methodology Adopted By The Valuer:

Valuation Bases

The valuation bases may be as under:

- a. Fair Value;
- b. Participant Specific Value; and
- c. Liquidation Value

Since the valuation herein is being carried out for the purpose of amalgamation of companies and on going concern basis, the Participant Specific Value or Liquidation Value bases has not been adopted by the Valuer. The Valuer has considered the 'Fair Value' as an appropriate base for determination of share exchange ratio for the purpose of amalgamation of GLPL into GBL.

Valuation Approach

For the purpose of valuation, generally the following approaches can be considered, viz,

- a. the 'Income' approach
- b. the 'Market' approach
- c. the 'Cost' approach: Net Asset Value Method

Given the nature of the business in which GBL and GLPL are engaged and the purpose of valuation, the Valuer has thought fit to consider 'Income' approach and 'Market' approach for the valuation of equity shares of GBL and GLPL.

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Company Secretary



Income Approach

Under the 'Income' approach, equity shares of the Company have been valued by the Valuer using Discounted Cash Flow ("DCF") Method.

Market Approach

Under the 'Market' approach, the Valuer has thought fit to consider Market Price Method for valuation of equity shares of GBL.

Since the equity shares of GLPL are not listed on any stock exchanges, market value approach has not been adopted by the Valuer for valuation of the shares of GLPL.

In the absence of comparable companies in public domain, Comparable Companies Multiple ("CCM") method has not been adopted by the Valuer for valuation of shares of the Companies under the Market Approach.

Market Price Method

The equity shares of GBL are listed on recognized stock exchanges. The shares are 'frequently traded' in terms of SEBI Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2018, on the respective stock exchanges. Thus, under Market Price method, in line with SEBI ICDR Regulations, 2018 read with Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017 and Circular No. CFD/DIL3/CIR/2017/26 dated 23.03.2017, volume weighted average price of equity shares of GBL quoted on National Stock Exchange wherein highest trading volume in the shares of GBL has been recorded during the twenty six weeks preceding the date of board meeting (being higher than volume weighted average price during the two weeks preceding the date of board meeting), the value of INR.91/- (Rupees Ninety One) per share has been arrived at by the Valuer for valuation of equity shares of GBL.

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For GUFIC BIOSCIENCES LIMITED

[Signature]
Company Secretary



Cost Approach: Net Asset Value (NAV) Method

Since under the 'Cost' approach - NAV method, the intrinsic value of the operating business is not reflected, this method has not been adopted by the Valuer for valuation of GBL and GLPL.

Valuation of Preference Shares

As per the Scheme of Amalgamation, the preference shareholders of GLPL will be entitled to consideration in the form of equity shares of GBL.


The Preference Shares are non cumulative, non convertible, non participating redeemable shares of face value of INR 1/- each carrying a fixed coupon rate of 9.5%. There is no premium or discount either on issuance or redemption.

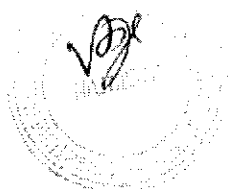
In the absence of any comparable quoted preference shares carrying the above characteristics in a market approach, the Preference Shares have been valued by the Valuer by application of discounted cash flow (DCF) method whereby the estimated cash flow of dividend payouts and the redemption amount is discounted at the expected rate of return.

After due consideration of dividend payout quantum and the timings and having regard to the projected profit and loss statement of the company, the Valuer has arrived at the value of preference shares as per DCF method at Rs.5,856/- (Rupees Five Thousand Eight Hundred and Fifty Six) for every 10,000 (Ten Thousand) Preference Shares.

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For GUFIC BIOSCIENCES LIMITED


Company Secretary

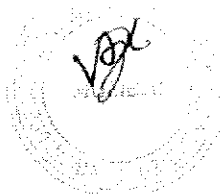


Recommendation of Fair Share Exchange Ratio:

To arrive at relative value of GBL, the Valuer has considered it appropriate to give equal weights to the value determined as per the DCF method and the Market Price method and arrived at the value of Rs 89.50/- per equity share of GBL. Since the said value of each equity share of GBL is less than the price of Rs 91/- arrived at by the Valuer pursuant to SEBI Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2018 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10.03.2017 and SEBI Circular No. CFD/DIL3/CIR/2017/26 dated 23.03.2017; the value per equity share of Rs. 91/- as per the Market price method has been adopted as value of each equity share of GBL by the Valuer.

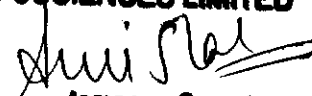
To arrive at relative value of GLPL, the Valuer has considered it appropriate to determine value as per the DCF method. Since the shares of the company are not listed on any stock exchange, the Market Price method has not been considered by the Valuer. Further, the value determined as per DCF method has been appropriately scaled down having regard to restriction on transfer of shares of GLPL, being a private limited company.

Basis above, the Valuer has arrived at a fair ratio of exchange of equity shares and preference shares as under:



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For GUFIC BIOSCIENCES LIMITED


Company Secretary

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Exchange Ratio of Equity Shares

Valuation Approach	GLPL		GBL	
	Value per share (INR)	Weights	Value per share (INR)	Weights
Asset Approach	Not Applied	N.A.*	Not Applied	N.A.*
Income Approach	259.94	100%	88	1
Market Approach	Not Applied	N.A.*	91	1
Relative Value per share	259.94		91	
Share Exchange Ratio (Rounded off)	2.86			

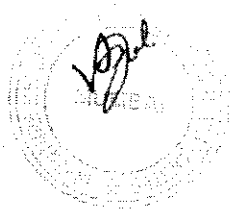
RATIO: 286 (Two Hundred and Eighty Six) equity shares of Gufic Biosciences Limited of INR 1/- each fully paid up for every 100 (One Hundred) equity shares of Gufic Lifesciences Private Limited of INR 1/- each fully paid.

**NA = Not Applicable/Not Adopted*

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For GUFIC BIOSCIENCES LIMITED

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Company Secretary



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Exchange Ratio of Preference Shares

Valuation Approach	Preference Shares of GLPL		Equity Shares of GBL	
	Value per Share	Weights	Value per share	Weights
Asset Approach	Not Applied	N.A.	Not Applied	N.A.
Income Approach	0.5856	100%	88	1
Market Approach	Not Applied	N.A.	91	1
Relative Value per share	0.5856		91	
Share Exchange Ratio (Rounded off)	0.0064			

RATIO: 64 (Sixty Four) Equity Shares of GBL of INR 1/- each fully paid for every 10,000 (Ten Thousand) Preference Shares of GLPL of INR 1/- each fully paid.

**NA = Not Applicable/Not Adopted*

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For GUFIC BIOSCIENCES LIMITED

[Signature]
Company Secretary



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Conclusion

Based on the facts, information and explanations relevant in the present case, our examination of the Valuation Report and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned herein below and to the best of our knowledge and belief, we are of the opinion that the share entitlement ratio of equity shares of the Transferee Company to be issued to the equity shareholders and the preference shareholders of the Transferor Company pursuant to the Proposed Scheme, is fair.



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For GUFIC BIOSCIENCES LIMITED

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Company Secretary

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Scope and Limitations

- 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 Company for the purposes of this Fairness 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.
- We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Company or the Transferor Company and neither express any opinion with respect thereto nor accept any responsibility therefore.
- We have not made any independent valuation or appraisal of the assets or liabilities of the Company or the Transferor Company, nor we have been furnished with any such appraisals.
- We have not made any independent valuation or appraisal of the rational of commercial arrangements already entered into by the Company or the Transferor Company which may have material impact on the share entitlement ratio.
- 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 the Company for the purposes of this Fairness Opinion.

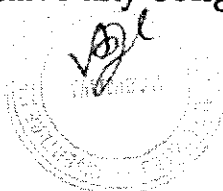


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For GUFIC BIOSCIENCES LIMITED

John Star
Company Secretary

- We are not experts in the evaluation of litigation or other actual or threatened claims and accordingly we have not evaluated any litigation or other actual or threatened claims.
- We have assumed that the Proposed Scheme 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.
- We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of Company or the Transferor Company, other than those disclosed in the information provided or considered in the Proposed Scheme.
- We understand that the management of Company and, during our discussion with them, 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 approval for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated.
- Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In



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For GUFIC BIOSCIENCES LIMITED

[Signature]
Company Secretary

arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving Company or any of its assets, nor did we negotiate with any other party in this regard.

- In the ordinary course of business, Inventure is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services, by itself or through its affiliates. In the ordinary course of its trading, brokerage and financing activities, any member of the Inventure group may, at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of any company that may be involved in the Proposed Scheme.
- We express no opinion whatever and make no recommendation at all as to Company's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors of Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of Company will trade following the announcement of the Proposed Scheme or as to the financial performance of Company following the consummation of the Proposed Scheme.

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For GUFIC BIOSCIENCES LIMITED

[Signature]
Company Secretary



- This Fairness Opinion is addressed to the Audit Committee and the Board of Directors Company solely for the purpose of providing them with an independent opinion on the fairness of the Valuation as determined by the Valuer.
- The Fairness Opinion shall not be disclosed or referred to publicly or to any other third party, other than as required by Indian law (in which case you would provide us a prior written intimation) without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Fairness Opinion nor its contents may be referred to or quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Yours Truly

For Inventure Merchant Banker Services Pvt. Ltd.

Arvind J. Gala

(Arvind J. Gala)
Principal Officer



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For GUFIC BIOSCIENCES LIMITED

Shri Sat
Company Secretary

Mumbai, March 25, 2019