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December 06, 2019

<b>The Board of Directors Lincoln Pharmaceuticals Ltd.</b> Lincoln House, B/H Satyam Complex Science City Road, Sola, Ahmedabad 380 060, Gujarat.	<b>The Board of Directors Lincoln Parenteral Ltd.</b> Lincoln House, B/H Satyam Complex Science City Road, Sola, Ahmedabad 380 060, Gujarat.
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Dear Members of the Board,

**Sub: Fairness opinion on the proposed Share Exchange Ratio for the proposed amalgamation of Lincoln Parenteral Limited into and with Lincoln Pharmaceuticals Limited under Sections 230 and 232 read with relevant provisions of the Companies Act, 2013.**

**Ref.: Our Engagement Letter dated September 16, 2019.**

The Board of Directors of Lincoln Pharmaceuticals Limited (hereinafter referred to as the “**Transferee Company**”) has appointed M/s Dhiren Shah & Co., Chartered Accountants (the “**Independent Valuer**”) in relation to valuation of Lincoln Parenteral Limited (hereinafter referred to as the “**Transferor Company**”) and determination of Share Exchange Ratio for the purpose of Transferor Company’s amalgamation into and with Transferee Company (the “**Amalgamation**”) with effect from the Appointed Date of April 1, 2019. Both Transferor and Transferee are jointly referred to as the “**Companies**”.

Systematix Corporate Services Limited (“**Systematix**”), a SEBI registered Category I Merchant Banker having permanent Registration Number INM000004224 and also BSE and NSE empanelled Independent Valuer, has been appointed by Transferee Company to provide a Fairness Opinion pursuant to Regulation 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) read with SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Circular CFD/DIL3/CIR/2017/26 dated March 23, 2017 as amended from time to time (both are jointly referred to as the “**SEBI Circulars**”).

Our opinion is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the opinion is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

#### **SOURCES OF INFORMATION**

The sources of information, which have been furnished to us by the Transferee Company, are as follows:

#### **Systematix Corporate Services Limited**



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- Valuation Report dated December 06, 2019 issued by the Independent Valuer containing the valuation of equity shares of Transferor Company, valuation of equity shares of Transferee Company and Share Exchange Ratio for the proposed Amalgamation;
- Draft Scheme of Amalgamation between Transferor Company and Transferee Company as certified by the management of Transferee Company;
- MOA & AOA of the Transferor and the Transferee Companies;
- Audited Financials for the FY 2018-19 of the Transferor and the Transferee Companies;
- Audited financial statements for the year-to-date period ended September 30, 2019 for the Transferor Company;
- Certified Copy of the Valuation Report on Plant & Machinery dated December 05, 2019;
- Certified Copy of the Valuation Report on Land & Building dated December 04, 2019;
- Shareholding pattern of the Companies as at 30 September 2019;
- BSE and NSE Websites ([www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com)) and
- Other information and explanations as provided by the Companies

In addition to the above, we have also obtained other necessary explanations and information, which we believed were relevant to the present exercise, from the management of Transferee Company.

**SCOPE LIMITATIONS, ASSUMPTIONS, EXCLUSIONS, LIMITATIONS AND DISCLAIMERS**

Our Opinion and analysis is limited to the extent of review of the documents as provided to us and described above.

We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to the Transferor Company and Transferee Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Transferor Company and Transferee Company. In particular, we do not express any opinion as to the value of any asset of Transferor Company and Transferee Company, whether at current prices or in the future.

We do not express any opinion as to the price at which shares of Transferor Company and Transferee Company may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the Scheme of Amalgamation will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme of Amalgamation, no delay, limitation, restriction or



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condition will be imposed that would have an adverse effect on Transferor Company and Transferee Company and their respective shareholders.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme of Amalgamation on Transferor Company and Transferee Company and their respective shareholders, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the merger as contemplated in the Scheme of Amalgamation provided to us and is not valid for any other purpose.

We may currently or in the future provide, investment banking services to Transferor Company and Transferee Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme of Amalgamation, for which services we have / may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Systematix may actively trade in the securities of the Transferor Company or its group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the opinion expressed herein are for the use of the Board of Directors of Transferor Company in connection with the consideration of the Scheme of Amalgamation and for none other. Neither Systematix, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Amalgamation or any matter related thereto.

This report may be submitted to the stock exchanges, SEBI, the National Company Law Tribunal and such other statutory authorities from whom approval is required under applicable law. The report may also be disclosed on the websites of the Transferee Company and made available to shareholders and creditors in connection with the approval process for the Scheme of Amalgamation.



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The fee for this engagement is not contingent upon the results of this report.

**BACKGROUND OF THE COMPANIES**

**Transferor Company**

The Transferor Company is a public limited company, and is engaged in the business of small Parenteral Injection Products. The Transferor Company is also carrying out the job work for other Pharmaceuticals Companies. The manufacturing facilities of the Transferor Company are located in

Gandhinagar district of Gujarat. The Transferee Company holds 98.58% of the total share capital of the Transferor Company and the balance holding is with public shareholders.

**The Transferee Company**

The Transferee Company is a public limited company and is engaged in the business of trading, manufacturing, marketing & exports of pharmaceuticals and healthcare products and provides more than 250 formulations, for domestic as well as international market. The manufacturing facilities of the Transferee Company are located in Gandhinagar district of Gujarat. The equity shares of the Transferee Company are listed on the BSE Limited and the National Exchange of India Limited.

**INDEPENDENT VALUER'S RECOMMENDATION**

As stated above, we have reviewed a copy of a valuation report dated December 06, 2019 from the Independent Valuer addressed to the Board of Directors of the Transferee Company proposing the following share exchange ratio:

“21 (Twenty-one) equity share of the face value of Rs. 10 each of the Transferee Company for every 100 (One Hundred) equity shares of the face value of Rs. 10 each, fully paid-up, held by a shareholder in the Transferor Company.” (the “**Share Exchange Ratio**”)

**OUR COMMENT ON THE INDEPENDENT VALUER'S REPORT**

The fairness opinion has been prepared based on the Independent Valuer's report and our exercise of the various qualitative factors relevant to Transferee Company and Transferor Company, having regard to information base, Management representations, key underlying assumptions and limitations.



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On consideration of all the relevant factors and circumstances, we believe that the Independent Valuer's proposed Share Exchange Ratio is fair including from a financial stand point.

Thanking you.

**For Systematix Corporate Services Limited**

  
Amit Kumar, SVP  
**Authorised Signatory**

