



D AND A FINANCIAL SERVICES (P) LIMITED
Merchant Banking Services

To,
The Board of Directors
Zenith Healthcare Limited
504, Iscon Elegance, Prahlad Nagar cross Road
Nr. Anand Dham Jain Derasar, S. G. Road
Ahmedabad – 380 051

September 25, 2018

The Board of Directors
Zenith Medicine Private Limited
504, Iscon Elegance, Prahlad Nagar cross Road
Nr. Anand Dham Jain Derasar, S. G. Road
Ahmedabad – 380 051

Sub : **Fairness Opinion in connection with the proposed merger of Zenith Medicine Private Limited (the "Transferor Company" or "ZMPL) into Zenith Healthcare Limited ("ZHL" or the "Transferee Company").**

Dear Sir/s,

D & A Financial Services Private Limited ("D & A" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the Board of Directors of Zenith Healthcare Limited ("ZHL" or the "Transferee Company") and Zenith Medicine Private Limited ("ZMPL" or the "Transferor Company") are contemplating a corporate restructuring wherein it is considering a scheme of Amalgamation ("Scheme") for the merger of Zenith Medicine Private Limited into Zenith Healthcare Limited ("ZHL" or the "Transferee Company"). The proposed restructuring is to be carried out pursuant to the Scheme of Amalgamation under Section 230 to 232 and other applicable provisions of the Companies Act, 2013.

In connection with the proposed Scheme, we have been requested by the Board of Directors of ZHL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Exchange Ratio to the Equity Shareholders of ZHL. We have perused the documents / information provided by you in respect of the said Scheme and the Valuation Report as issued by M/s. Biren Shah & Company, Chartered Accountants ("BS&C") dated 22nd September, 2018 and state as follows :-

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Branch Office: 30, Omkar House, S.G. Road, Navrangpura, Ahmedabad-380009, Ph.: (O) 079-26462539, Mob.: 09825014208
Fax: 079-26563388, E-mail: da.ahmedabad@gmail.com, opbca30@yahoo.co.in

Regd. Office: 13, Community Centre, 2nd Floor, East of Kailash, New Delhi-110065. Ph. : 26472557, 26419079, 26218274
Fax : 011-26219491 E-mail : dafspl@gmail.com, dafsl.investor@gmail.com

Company Profile:**(A) Zenith Healthcare Limited (ZHL)**

Zenith Healthcare Limited (ZHL) bearing Corporate Identification Number (CIN) L24231GJ1994PLC023574, is a listed Public Limited Company Incorporated on November 15, 1994 with Registrar of Companies, Gujarat, Ahmedabad and is having registered office at 504, Iscon Elegance, Nr. Ananddham Jain Derasar, Prahladnagar Cross Road, S.G. Road, Ahmedabad - 380 015, Gujarat, India ZHL is engaged in the business of manufacturing and supplies of wide range of pharmaceutical formulations, tablets, ointments, injectibles, capsules and oral liquid including exports.

(B) Zenith Medicine Private Limited (ZMPL)

Zenith Medicine Private Limited (ZMPL), bearing Corporate Identification Number (CIN) U85310GJ2008PTC053890, is an unlisted Private Limited Company Incorporated on May 15, 2008, registered with the Registrar of Companies, Gujarat, Ahmedabad and is having the Registered Office at 504, Iscon Elegance, Nr. Sapath - 5, S.G. Road, Ahmedabad - 380 015, Gujarat, India. ZMPL is a Company held wholly by the Promoter Group of ZHL, engaged in the export business of medicine, particularly, injectables, vaccines and ointments.

Rationale of the Amalgamation:

In order to rationalize, consolidate and effectively manage the Transferor Company and the Transferee Company as a single entity and to achieve inter-alia economies of scale and efficiency, the merger is being undertaken. The amalgamation of the Transferor Company with the Transferee Company would inter alia have the following benefits:

- (a) Amalgamation to be value accretive to the shareholders of the Transferee Company as the shareholders would have direct access to the core business of the Transferor Company;
- (b) Greater integration and greater financial strength and flexibility for the amalgamated entity. It will strengthen, consolidate and stabilize the business of these companies and will facilitate further expansion and growth of their business which would result in maximizing overall shareholder value;
- (c) Greater efficiency in cash management of the group and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value;



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- (d) Improved organizational capability and leadership, arising from the pooling of human capital having diverse skills, talent and vast experience to complete successfully in an increasingly competitive industry;
- (e) Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, and the elimination of duplication and rationalization of administrative expenses;
- (f) Reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the Transferor Company and the Transferee Company;
- (g) To optimally leverage the larger assets base and cash flow of the amalgamated entity;
- (h) The Proposed amalgamation will create enhanced value for shareholders and allow a focused strategy in operations, which would be in the best interest of all its shareholders, creditors and all persons connected with the companies.

Sources of Information:

For arriving at the fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by M/s. Biren Shah & Company, Chartered Accountants dated 22nd September, 2018.
- Audited Financials of ZHL & ZMPL for the year ended 31st March, 2018 and 31st March, 2017.
- Audited Financial Statements for the period ended 30th June, 2018 of ZHL & ZMPL.
- Valuation reports for the immovable properties held by ZHL issued by Parag Sheth, Govt. Registered Valuer dated 30/08/2018.
- Shareholding pattern of ZHL and ZMPL as at 31st March, 2018.
- Other relevant information/ documents regarding ZMPL & ZHL including information available through public domain.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.

OUR FINDINGS

The formation of fairness opinion is generally complex process involving careful consideration and review of valuation methods, associated financial and other analysis, performed by the Valuer.



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We have gone through the valuation report dated September 22, 2018 issued by Valuer for the purpose of ascertaining the reasonableness of the Share Allotment ratio determined by Valuer. We have taken into consideration the fairness on the Methods used by Valuer for the purpose of determining Share Allotment Ratio.

Based on the Valuation Report and explanations given to us by Valuer, following are the share valuation derived by the Valuer.

Share Valuation

The Valuer has considered a combination of three methods namely the Adjusted Net Asset Value (NAV Method), the Discounted Cash Flow (DCF) Method and Market Price Method and has assigned following weights to the methods to arrive at the average value of equity shares.

Fair Value of equity share derived by Valuer:-

Valuation Approach	ZHL		ZMPL	
	Value Per Share	Weight	Value Per Share	Weight
Adjusted Net Asset Value Method	1.14	1	513.78	1
Discounted Cash Flow Method	-	-	-	-
Market Price Method *	-	-	-	-
Relative Value Per Share	1.14		513.78	
Share Allotment Ratio			450	

* Infrequently traded shares

Our Recommendation:

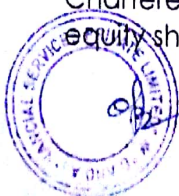
As stated in the Valuation Report by M/s. Biren Shah & Company, Chartered Accountants, they have recommended the following:

"450 equity share of ZHL of INR 1/- each fully paid up for every 1 equity shares of ZMPL of INR 10 each fully paid up".

The aforesaid Arrangement shall be pursuant to the scheme and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the arrangement are more fully set forth in the Scheme. D & A has issued the Fairness Opinion with the understanding that scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the Share Exchange Ratio as recommended by M/s. Biren Shah & Company, Chartered Accountants in relation to the proposed Scheme is fair to the equity shareholders of Zenith Healthcare Limited in our opinion.

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Exclusions and Limitations:

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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 ZHL and ZMPL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of ZHL and ZMPL. We have solely relied upon the information provided to us by ZHL and ZMPL. We have not reviewed and books or records of ZHL and ZMPL (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 ZHL and ZMPL 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 ZHL and ZMPL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by ZHL and ZMPL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of ZHL and ZMPL with respect to these matters. In addition, we have assumed that the Scheme will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Composite Scheme.

We understand that the management of ZHL 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 approvals for the Scheme, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that ZHL may have 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 arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving ZHL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to ZHL for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, D & A is engaged in providing investment banking and investment advisory services.

The Fairness Opinion is addressed only to the Board of Directors of ZHL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of ZHL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and / or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without D & A's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to ZHL underlying decision to give effect to the proposed Transaction or as to how the holders of equity shares of ZHL should vote at their respective meetings, if any, held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction.



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We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of ZHL will trade following the announcement of the Transaction or as to the financial performance of ZHL following the consummation of the Transaction.


In no circumstances however, will D & A Financial Services Private Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on D & A Financial Services Private Limited or its associates, directors or employees by any third party, ZHL and their affiliates shall indemnify them.

Thanking You

Yours faithfully

For, **D & A Financial Services Private Limited**




Authorized Signatory
SEBI Registration No. INM000011484