

Fairness Opinion

Scheme of Amalgamation and Arrangement

of

WOCKHARDT BIOPHARM LIMITED

AND

VINTON HEALTHCARE LIMITED

WITH

WOCKHARDT LIMITED

Prepared by:

ARIHANT Capital Markets Limited

Merchant Banking Division

Mumbai

September 12, 2014

The information contained herein is of a confidential nature and is intended for the exclusive use of the persons for whom it was prepared.

CERTIFIED TRUE COPY

For WOCKHARDT LIMITED

Nimesh S. Shah
Company Secretary

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1. Background

Wockhardt Limited is a company incorporated under the Companies Act, 1956 ("Companies Act" or "the Act") having its registered office at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra ("WL" or "Wockhardt" or "Transferee Company"). As per the information available, the equity shares of WL are listed at Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

Wockhardt is a technology intensive global pharmaceutical and biotechnology company. It has 3 research centers globally and manufacturing facilities across India, USA, UK and Ireland.

Wockhardt Biopharm Limited is a company incorporated under the provisions of Companies Act, 1956 having its registered office at Wockhardt Towers, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra ("WBL" or "Transferor Company 1") .

WBL is an unlisted wholly owned subsidiary ('WOS') of Wockhardt and its Main Objects include manufacturing, marketing, trading, packing of biotechnology products, pharmaceuticals and chemicals. Currently there are no operations / business in the company.

Vinton Healthcare Limited ("VHL" or "Transferor Company 2") is a company incorporated under the provisions of Companies Act, 1956 having its registered office at 26-D Khizrabad, New Friends Colony, Near Lions Hospital, New Delhi 110 065.

VHL is an unlisted wholly owned subsidiary ('WOS') of Wockhardt and its Main Objects include manufacturing, trading, packing, distribution of foods and other nutritional products. Currently there are no operations / business in the company.

Considering the present organization structure and the activities undertaken by the two WOS, the Board of Directors of Wockhardt, WBL and VHL thought it fit to consolidate the business activities of the two WOS with Wockhardt so as to achieve simplified corporate structure, improved management and saving of administrative costs. The combined operations are expected to give rise to capital efficiency and improved cash flows.

In order to give effect to the desired objective of amalgamation, the directors of Wockhardt, WBL and VHL decided to amalgamate WBL and VHL with Wockhardt through a scheme of amalgamation pursuant to Sections 391 to 394 of the Companies Act 1956.

Towards this purpose, the Board of Directors of Wockhardt have provided us with a certified copy of the proposed scheme of amalgamation of WBL and VHL with Wockhardt which is scheduled to be considered and approved at their board



meeting to be held on September 15, 2014. The proposed scheme of amalgamation will also be placed at the meeting of the Board of Directors of the Transferor Companies at the meeting to be held on September 15, 2014.

2. Reference & Context

As the equity shares of Wockhardt are listed on BSE and NSE it is bound by the listing agreement and the provisions thereof as amended from time to time.

We, Arihant Capital Markets Ltd., have been appointed to issue a fairness opinion as required under Clause 24(h) of the listing agreement (inserted vide SEBI circular no. SEBI/CFD/DIL/LA/2008/4/09 dated September 4, 2008) read with SEBI Circular no. CIR/CFD/DIL/5/2013 dated February 4, 2013 and SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013 on valuation of assets done by an independent valuer for the Transferor Company.

We are a SEBI registered merchant banker and are not associated with Wockhardt as merchant banker / consultant save for this fairness opinion and are not their associate.

We have applied ourselves towards formation and expression of the opinion on the valuation of assets done by the valuer Mr. Paras Savla, Partner of M/s. KPB & Associates (Firm Reg no. 114841W), Chartered Accountants Membership no: 105175, having their office at 1004, Level 10, Sunshine Tower, SenapatiBapat Marg, Elphinstone, Mumbai 400 013; Tel no. 022 3291 8397, ("valuer") in relation to this proposed scheme of amalgamation.

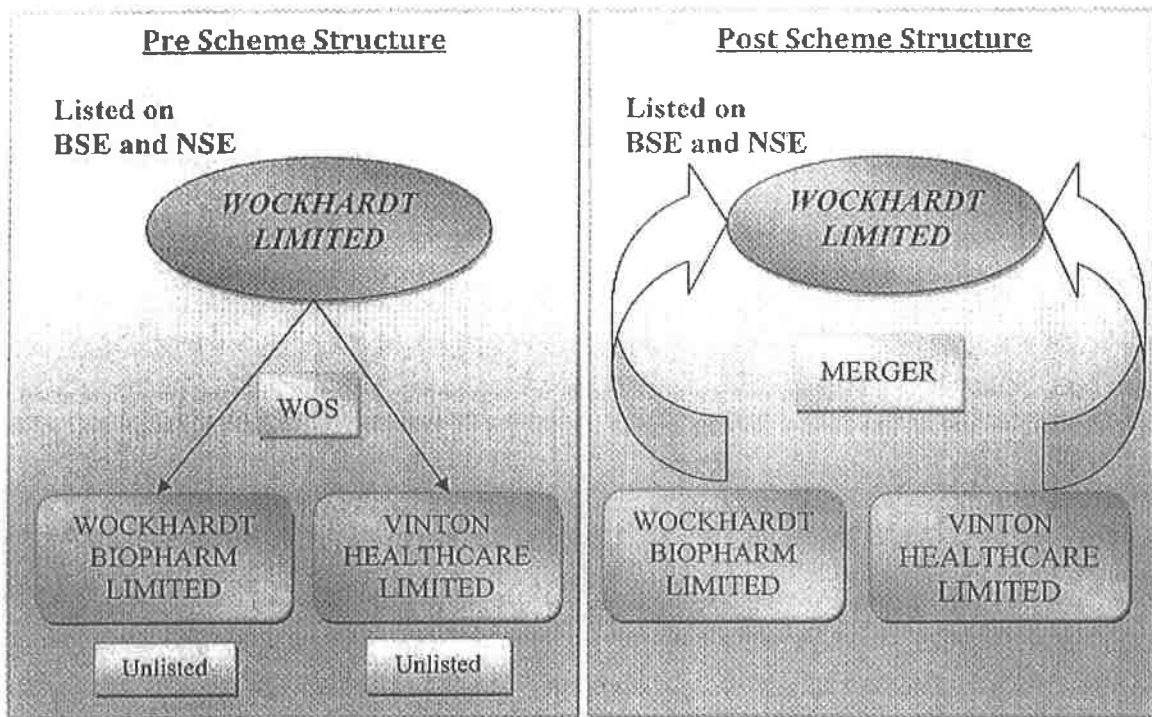
This Fairness Opinion is issued pursuant to Appointment Letter September 5, 2014 issued by Wockhardt requesting us to issue the Fairness Opinion.

3. Proposed Transaction

Wockhardt proposes to amalgamate its Wholly Owned Subsidiaries WBL and VHL with itself. The proposed structure is as per the draft scheme of amalgamation provided to us by Wockhardt.

As per the scheme, no shares are to be issued as consideration and accordingly there is no change in the management control of Wockhardt post approval of the scheme of amalgamation.





4. Engagement

The management of Wockhardt has requested ARIHANT Capital Markets Limited ("ARIHANT" or "We / Us / Our") to express an opinion about fairness of the valuation done by the valuer from a financial point of view in accordance with clause 24(h) of the listing agreement, to the Shareholders (the "Fairness Opinion").

This Fairness Opinion is expressed solely with reference to requirements under aforementioned purpose; and scope of this assignment is restricted to opine about fairness of valuation already done by the valuer in relation to the proposed amalgamation transaction.

This opinion does not in any way constitute a recommendation by ARIHANT to any Shareholder as to whether such shareholder should approve or reject the proposed transaction, in cases where voting by public shareholders is warranted. We urge you to read this Fairness Opinion carefully and entirely.

We have been engaged by Wockhardt to issue a Fairness Opinion and will receive a fixed fee for rendering this Fairness Opinion, which is independent of the happening or otherwise of the proposed transaction.

This Fairness Opinion may be reproduced in the explanatory statement sent to the shareholders along with the notice of general meeting / postal ballot form, conducted to get approval for the proposed transaction, so long as the form of reproduction of the Fairness Opinion in such report and any description of or reference in such report to ARIHANT, is in a form acceptable to us.



The Company has agreed to furnish a certified copy of the Board approved scheme of amalgamation and also notify us in case of any modifications carried out in the proposed scheme already furnished to us.

Our current opinion is based on the assumption that the proposed scheme of amalgamation shared with us will be adopted by all the concerned companies as such.

5. Basis of forming Opinion

5.1 Documents and Information Considered

For the purpose of providing our opinion, we have reviewed:

1. Certain publicly available business and financial information relating to Wockhardt, including the Annual Report for the financial year ending March 31, 2014.
2. Copy of the audited financials for the year ended on March 31, 2014 of WBL and VHL.
3. Copy of the proposed Scheme of Amalgamation to be approved by the Boards of Directors of the respective companies (certified to be true by Wockhardt).
4. Certified copy of the valuation report of the valuer M/s. KPB & Associates, Chartered Accountants, dated September 10, 2014 on the valuation for the proposed scheme.
5. Performed such other financial reviews and analyses as ARIHANT, in its absolute discretion, deemed appropriate.

5.2 Assumptions and Limiting Conditions

ARIHANT has been engaged to provide standard services for the issuance of the Fairness Opinion and therefore have not performed any due diligence or audit of the information provided to us, nor have we made any independent valuation or appraisal of the assets or liabilities.

ARIHANT has assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us, and has assumed that the same are not misleading and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or liabilities of Wockhardt or the subsidiary companies.



In preparing this opinion, ARIHANT has received specific confirmation from management of Wockhardt that all the information the Company has provided to ARIHANT in relation to the engagement of ARIHANT is correct and complete and no information has been withheld that could have influenced the purport of this Fairness Opinion.

This opinion exclusively focuses on the fairness, from a valuation point of view, of the shares / assets done by the valuer and does not address any other issues such as the underlying business decision to recommend the transaction or its commercial merits, which are matters solely for the Boards of Directors of Wockhardt, WBL and VHL to address and further to be confirmed by the shareholders of both the companies, as may be required.

ARIHANT's formation of fairness opinion is based on information supplied by Wockhardt, representations and confirmations of its management on various issues and we have relied upon them as such without any independent verification and as such we do not hold ourselves liable if our opinion becomes flawed as a result of any shortcomings in such information, representations and confirmations given by Wockhardt.

In rendering this opinion, ARIHANT has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly ARIHANT does not assume any responsibility or liability in respect thereof. Furthermore ARIHANT has assumed that the proposed transaction will be consummated on the terms and conditions as set out in the proposed Scheme of Amalgamation, without any material changes to, or waiver of, its terms or conditions.

6. Valuation Approaches and their Review

6.1. Overview

The formation of a fairness opinion is a complex process involving careful consideration and review of valuation methods, associated financial and other analyses, performed by the valuer. The selection and application of any or all of the generally accepted and commonly applied valuation methods to a particular circumstance is the discretion of the valuer, and hence, in arriving at its opinion, ARIHANT has made a qualitative assessment of the appropriateness of the method and subsequent application.

6.2 Valuation

ARIHANT has reviewed the method of valuation adopted by the valuer. Their report states that since the Transferor Company is a wholly owned subsidiary of the Transferee Company, no shares are proposed to be issued by the Transferee Company as consideration for the proposed merger.



The valuer has derived the Net Asset Value of the Transferor Companies on the basis of Book Value of each of the Transferor Companies, which pursuant to the scheme of amalgamation would be merged with the Transferee Company with effect from the appointed date.

Further, the Management Representation Letter dated 10 September, 2014 provided by Wockhardt states, *interalia*, the following

“that the recorded values of assets and liabilities stated in the Audited Balance Sheet of Transferor Companies as on 31.03.2014 reflect true and fair view of the state of affairs and no events have taken place after the Balance Sheet date which have a material impact on the said values.”

6.3 Analysis of the Valuation

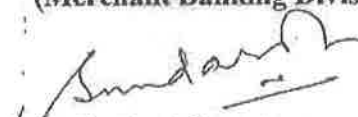
In the role of merchant banker giving an opinion about fairness of the valuation (mentioned above) done by the valuer, we had to examine whether the basis of arriving at the above value and the valuation conclusion was fair. In the instant case, we performed certain procedures and made certain enquiries with the valuer. Some of the procedures / activities performed and the findings are mentioned below:

- Noted that the scheme involves merger of two WOS with their holding company wherein no shares will be issued by the Transferor Companies.
- Noted the methodology of arriving at the Net Asset value on Book value basis of the Transferor Company and the same seems appropriate.
- Noted the fact that the historical values of assets and liabilities as appearing in the Balance Sheet of Transferor Companies as on March 31, 2014, reflect true and fair view of the state of affairs as on date.

7. Opinion

Based upon and subject to the foregoing, we are of the opinion on the date hereof, that the valuation done by the valuer for the proposed scheme of amalgamation is fair.

For Arihant Capital Markets Limited
(Merchant Banking Division)


Authorized Signatory.
(SEBI REGN. No. INM 000011070)

