Price Waterhouse & Co LLP

Chartered Accountants

PRIVATE & CONFIDENTIAL

The Board of Directors

SeQuent Scientific Limited
30, 1st Main Rd,
3rd Phase, JP Nagar,
Bengaluru,
Karnataka 560078

20 March 2017

Dear Sirs /Madam

We refer to our engagement letter dated 17 March 2017, please find attached the joint report prepared along with S.R. Batliboi & Co. LLP for recommendation of entitlement ratio in connection with the demerger of the respective human API businesses of Strides Shasun Limited and Sequent Scientific Limited into a new company, SSL Pharma Sciences Limited, through a single scheme of arrangement ("the Transaction").

The Valuers have been appointed separately and not jointly. We have worked independently in our analysis and after arriving at a consensus on fair entitlement ratios are issuing this Report. We owe responsibility to only the Board of Directors of Sequent Scientific Limited, who have appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, costs, expenses or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies, their Directors, employees or agents.

Yours faithfully

Rajan Wadhawan
Partner
Membership Number: 090172
For and on behalf of
Price Waterhouse & Co LLP
Firm Registration No 016844N

Price Waterhouse & Co. LLP, Building No. 10, 17th Floor, Tower C, DLF Cyber City, Gurgaon - 122 002, Haryana
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SEQUENT SCIENTIFIC LIMITED

S.R. Batliboi & Co. LLP The Ruby, 14th floor 29, Senapati Bapat Marg Tulsi Pipe Road, Dadar (West) Mumbai – 400028	**Price Waterhouse & Co. LLP** Building 10C, 17th & 18th floor, DLF Cybercity Gurgaon – 122002, Haryana India

Dated: 20 March 2017

To

The Board of Directors Strides Shasun Limited Strides House, Bilekhalli, Bannerghatta Road, Bengaluru, KA – 560076	**The Board of Directors** Sequent Scientific Limited 301, 3rd floor, Dosti Pinnacle, Plot No. E7, Road No.22 Wagle Industrial Estate Thane (W) - 560076, Maharashtra

Sub: Recommendation of fair entitlement ratios of equity shares for the proposed demerger of Commodity API business of Strides Shasun Limited and Human API business of Sequent Scientific Limited into SSL Pharma Sciences Limited ('Transaction')

Dear Sir / Madam,

We refer to

- the engagement letter whereby Strides Shasun Limited ('SSL') has requested S.R. Batliboi & Co. LLP (hereinafter referred to as 'SRBC'); and
- the engagement letter whereby Sequent Scientific Limited ('Sequent') has requested Price Waterhouse & Co LLP (hereinafter referred to as PW&Co)

for a recommendation on fair entitlement ratios of equity shares[1] for the proposed demerger of SSL's Commodity Active Pharmaceutical Ingredients ('Commodity API') business and Sequent's Human Active Pharmaceutical Ingredients ("Human API") business into a new company, SSL Pharma Sciences Limited (hereinafter referred to as 'SSL Pharma').

SSL and Sequent are together hereinafter referred to as the 'Companies'. SSL's Commodity API business and Sequent's Human API business are together referred to as the 'Businesses'.

The Human API business of Sequent operates out of 3 manufacturing plants, in Mangalore, Mahad and Mysore. In addition to the human API business carried out by Sequent, the Business also includes shares in 89% subsidiary Sequent Penems Private Limited. Further, we understand that the analytical business (which supports Sequent's human API business), which was housed in wholly owned subsidiary Sequent Research Limited (SRL) has been transferred to Sequent in March 2017.

[1] "Entitlement Ratio refers to Number of Equity Shares of SSL Pharma which a shareholder of each Company will be entitled to receive in proportion to his existing shareholding in the respective Companies"

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The Commodity API business of SSL operates out of 2 manufacturing facilities (in Pondicherry and Cuddalore). In addition to the above, the Business includes SSL's shareholding in a 49% subsidiary (Chemsynth Laboratories Private Limited), which has been allotted land in Naidupetta by the Andhra Pradesh Industrial Infrastructure Corporation. SSL has also made advances to acquire balance shareholding in Chemsynth. The Commodity API business also includes subsidiary, Shasun Inc USA.

SRBC and PW&Co has been hereafter referred to as "Valuers" or "we" or "us" and individually referred to as "Valuer" in this joint share entitlement ratios report ("Valuation Report" or "Report")

SCOPE AND PURPOSE OF THIS REPORT

SSL, headquartered in Bangalore, is engaged in the development and manufacture of pharmaceutical products. Strides is listed on BSE Limited and National Stock Exchange of India Limited.

Sequent produces human and animal health APIs. It also provides contract research services comprising analytical and bioanalytical services to support pharmaceutical, personal care and nutraceutical companies. Sequent is listed on BSE Limited and National Stock Exchange of India Limited.

SSL Pharma is a newly incorporated 100% subsidiary of Strides Shasun Limited.

We understand that the Management of Companies are contemplating a demerger of SSL's Commodity API business and Sequent's Human API business into the new company, SSL Pharma under a Scheme of Arrangement under the provisions of 230 to 232 of Companies Act, 2013 ('Scheme of Arrangement'). As consideration for the demerger, SSL Pharma would issue its shares to the shareholders of SSL and Sequent in consideration of transfer of their respective API businesses. These shares would be issued in addition to, and not in exchange of, the existing shares held by the shareholders in the respective entities. Simultaneously, the shares held by SSL in SSL Pharma would get cancelled. For the aforesaid purpose, Board of Directors of SSL and Sequent have appointed SRBC and PW&Co respectively to submit a joint report recommending the fair entitlement ratios to issue shares of SSL Pharma to the shareholders of Companies, to be placed before the Audit Committee of Companies.

We understand that the appointed date for the transaction will be 1 October 2017.

The scope of our services is to conduct a relative (and not absolute) valuation of Businesses and recommend fair entitlement ratios of issuing shares for the proposed demerger.

The Valuers have been appointed separately and not jointly. We have worked independently in our analysis and after arriving at a consensus on fair entitlement ratios are issuing this Valuation Report.

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

SEQUENT SCIENTIFIC LIMITED *

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We have been provided with carve out historical financial information of SSL and Sequent. We have considered the same in our analysis and made adjustments for further facts made known (past or future) to us for businesses/SSL Pharma till the date of our report.

This report is our deliverable for the above engagement. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information received from the Management/their representatives:

- Carved-out historical financials (comprising of profit & loss statements, balance sheet and schedules) of SSL's Commodity API business for financial years ended 31 March 2015 and 31 March 2016
- Carved-out historical financials of Sequent's Human API business for financial year ended 31 March 2016.
- Carved-out provisional profit & loss account for 9 months period between 1 April 2016 and 31 December 2016, and balance sheet as at 31 December 2016 for the Businesses
- Provisional profit & loss accounts for both the Businesses for the 3 months period ended 31 March 2016
- Projected financials (comprising of profit & loss statements and balance sheets) for 3 months ending 31 March 2017 and for 5 years thereafter ending 31 March up to FY22
- Provisional financials for Shasun USA (100% subsidiary of SSL), Chemsynth (49% subsidiary of SSL) and Sequent Penems (89% subsidiary of Sequent) for the 9 months period ended 31 December 2016
- Details of ESOPs outstanding as at Valuation date
- Details of surplus assets such as real estate and valuation reports/estimates thereof
- Draft scheme of arrangement dated18 March 2017;

During the discussions with the Management of the Companies, we have also obtained explanations and information considered reasonably necessary for our exercise. The Companies have been provided with the opportunity to review the draft report (without recommendation) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final report.

S.R. BATLIBOI & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

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SEQUENT SCIENTIFIC LIMITED

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are based on the unaudited balance sheet as at 31 December 2016 of the Businesses. The Management has represented that the business activities of SSL and Sequent have been carried out in the normal and ordinary course between 31 December 2016 and the report date and that no material adverse change has occurred in their respective operations and financial position between 31 December 2016 and the report date. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.

In the course of the valuation, we were provided with both written and verbal information, including financial, market, technical and operating data. In accordance with the terms of our engagement and as is customary in valuations, we have assumed and relied upon, without independent verification, the accuracy of information made available to us by the Companies. We have not audited, reviewed or otherwise investigated the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. However nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all their areas of operations. Further, except as specifically stated to the contrary,

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this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

We are not advisors with respect to legal, tax and regulatory matters for the Transaction.

This report does not look into the business/ commercial reasons behind the Transaction nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts.

We must emphasize that realisations of free cash flow forecast used in the analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results can be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the respective Board of Directors who have appointed us under the terms of our respective engagement letters and nobody else. We will not be liable for any losses, claims, damages, costs, expenses or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies, their Directors, employees or agents.

We do not accept any liability to any third party in relation to the issue of this Report. It is understood that this analysis does not represent a fairness opinion.

This valuation report is subject to the laws of India.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of Arrangement, without our prior written consent.

S.R. BATLIBOI & CO LLP
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Recommendation of share entitlement ratios for the proposed issue of equity shares of SSL Pharma to the shareholders of SSL and Sequent

SHARE CAPITAL

SSL Pharma Sciences Limited

The issued, subscribed and paid up equity share capital of SSL Pharma as at 23 February 2017 is ₹ 100,000, consisting of 10,000 equity shares of face value of ₹ 10 each. SSL Pharma is a 100% subsidiary of SSL. These shares would get cancelled on the demergers becoming effective.

Strides Shasun Limited

The issued, subscribed and paid up equity share capital of SSL as at 31 December 2016 is ₹ 893.7 million, consisting of 89,368,695 equity shares of face value of ₹ 10 each fully paid up. The shareholding pattern is as follows:

Shareholding pattern as at 31 December 2016	No. of shares	% Shareholding
Promoter & Group	2,78,26,184	31.1%
Public	6,15,42,511	68.9%
Total	**8,93,68,695**	100.0%

Source: BSE

Sequent Scientific Limited

The issued, subscribed and paid up equity share capital of Sequent as at 31 December 2016 is ₹ 487.5 million, consisting of 243,736,195 equity shares of face value of ₹ 2 each fully paid up. The shareholding pattern is as follows:

Shareholding pattern as at 31 December 2016	No. of shares	% Shareholding
Promoter & Group	13,95,02,830	57.2%
Public	10,23,30,865	42.0%
Non-promoter non-public	19,02,500	0.8%
Total	**24,37,36,195**	100.0%

Source: BSE

APPROACH - BASIS OF DEMERGER

We understand from the Management of the Companies that the proposed Scheme of Arrangement contemplates the demerger of the Businesses pursuant to the Scheme under sections 230 to 232 of the Companies Act, 2013. Arriving at the fair entitlement ratios for the proposed demerger of the Businesses into SSL Pharma, would require determining the relative fair values of the Businesses considering that SSL Pharma does have any operations as on date and the existing share capital would be cancelled in accordance with the Scheme of Arrangement. These values are to be determined independently on a relative basis without considering the current transaction.

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There are several commonly used and accepted methods for determining the fair value of the Businesses in order to arrive at the fair entitlement ratios for the Transaction which have been considered in the present case, to the extent relevant and applicable, including:

1. Comparable Companies Quoted Multiples method
2. Discounted Cash Flows method
3. Net Asset Value method

It should be understood that the valuation of any business / company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies, and other factors which generally influence the valuation of business / companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner, based on our previous experience of assignments of a similar nature.

Comparable Companies' Quoted Multiple (CCM) method

Under this method, values of the Businesses are arrived at by using multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and appropriately adjusted for differences between the comparable companies and Businesses.

We have considered pharmaceutical companies in India which are primarily focused in API drug manufacturing and are comparable to the Businesses and whose equity shares are trading on stock exchanges with reasonable volumes. Values arrived above under CCM method for the Businesses are adjusted for the value of debt, cash & cash equivalents, investments and surplus assets.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF method involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the Businesses that are available to all providers of the Businesses' capital – both debt and equity.

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Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the Businesses. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have been provided with forecasts of Businesses by Management of SSL and Sequent. We understand that the business plan captures the cash flows of respective Management's best estimates for the Businesses. Adjustments to the same have been effected for our analysis based on clarifications provided by/discussions with Management.

Values arrived above under DCF method for the Businesses are adjusted for debt, cash & cash equivalents, investments and surplus assets.

Net Asset Value (NAV) Methodology

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the 'going concern' criteria or in case where the assets base dominate earnings capability. A Scheme of Arrangement would normally be proceeded with, on the assumption that the Businesses will continue as going concern basis and an actual realization of the assets is not contemplated. In such a going concern scenario, the relative earning power is of importance, with the values arrived at on the net asset basis being of limited relevance.

BASIS OF DEMERGER

The fair basis of valuation would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different entitlement ratios have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single ratios for each company. It is important to note that in doing so we are not attempting to arrive at the absolute equity values of Commodity API business and Human API business but their relative values to facilitate the determination of fair entitlement ratios. For this purpose, it is necessary to give appropriate weights to the ratios arrived under each methodology. Considering the limited relevance of the NAV method, we have not considered the same. Appropriate weightages have been given to the CCM and DCF methods.

The fair entitlement ratios have been arrived at on the basis of a relative equity valuation of the Businesses based on the methodologies explained herein and various qualitative factors relevant to each Business.

Valuers have carried out an independent analysis, discussed the analysis, arrived at consensus and are issuing this report jointly.

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Recommendation of share entitlement ratios for the proposed issue of equity shares of SSL Pharma to the shareholders of SSL and Sequent

We understand that the Management of the Companies have taken a joint decision to keep the initial number of shares in the new entity around 25 million with a face value of INR 10 per share, i.e. paid up equity capital of around INR 250 million. Accordingly, for our recommendation, we have considered the paid of equity capital of SSL Pharma as INR 250 million. However, we have not analysed the appropriateness of the suggested initial number of equity shares and the consequential implied share premium/issue price.

In light of the above, and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the

- fair entitlement ratio for demerger of Commodity API Business should be 1 share of face value of INR 10/- each fully paid up of SSL Pharma for every 6 shares of SSL
- fair entitlement ratio for demerger of Human API business should be 1 share of face value of INR 10/- each fully paid up of SSL Pharma for every 25 shares of Sequent.

The aforesaid shares will be issued in addition to, and not in exchange of shares held in SSL and Sequent.

It should be noted that we have not examined any other matter including economic rationale for the Transaction per se or accounting, legal or tax matters involved in the Transaction.

Respectfully submitted,

S.R. Batliboi & Co. LLP Chartered Accountants ICAI Firm Registration Number: 301003E/E300005 per Ravi Bansal Partner Membership No: 49365 Place: Mumbai Date: 20 March 2017	Price Waterhouse & Co LLP Chartered Accountants Firm Registration No. AAC-2731 ICAI FRN 016844N/N-500015 per Rajan Wadhawan Partner Membership No: 090172 Place: New Delhi Date: 20 March 2017