

Valuation Annexure

February 2024



Private & Confidential

29 February 2024

**The Board of Directors,
Suven Pharmaceuticals Limited**
8-2-334, Sde Serene Chambers,
3rd Floor Avenue 7, Road No. 5,
Banjara Hills,
Hyderabad, Telangana, 500034, India

Dear Sirs/Madam,

We refer to our Share Exchange Ratio Report dated 29 February 2024, recommending fair equity share exchange ratio ("Share Exchange Ratio") for the proposed amalgamation of Cohance Lifesciences Limited ("Cohance") with Suven Pharmaceuticals Limited ("Suven") ("Proposed Amalgamation") through a Scheme of Amalgamation under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013.

We are a firm of registered valuers and are bound to keep the data provided by our client confidential. Having said this, based on the requirement of the Stock Exchanges, we are pleased to attach our summary workings for the Share Exchange Ratio for submission to Stock Exchanges/ Regional Director, Ministry of Corporate Affairs ('MCA') and regulatory authorities as per the terms of our engagement letter.

Yours faithfully,

For PwC Business Consulting Services LLP
IBBI Registered Valuer No.: IBBI/RV-E/02/2022/158

A handwritten signature in black ink that reads 'Neeraj'.

Neeraj Garg
Partner
IBBI Membership No.: IBBI/RV/02/2021/14036

Workings:

Amalgamation of Cohance with Suven

Approach	Share Exchange Ratio			
	Suven Value per share (INR)	Weight	Cohance Value per share (INR)	Weight
Asset Approach				
- Net Asset Value method	86.24	0%	3.84	0%
Income Approach				
- Discounted Cash Flow method	670.54	50%	25.86	50%
Market Approach				
- Comparable Company Multiple method (EV / EBITDA)	663.65	25%	23.90	50%
- Market Price method	665.02	25%	NA	0%
Weighted average relative value per share	667.44		24.88	
Relative value per share considered	667.44		24.88	
Share exchange ratio (rounded off)		11:295		

11 (Eleven) equity shares of Suven of (INR 1/- each fully paid up) for every 295 (Two Hundred and Ninety Five) equity shares of Cohance (INR 10/- each fully paid up).

Refer Appendix I for details on Suven and Appendix II for details on Cohance.



Appendix I – Valuation of Suven

(I) Income Approach

Discounted Cash Flows method

Discount rate	11.50%
Terminal growth rate	6.0%

Particulars for the period ended	INR crore						
	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	Terminal
No. of months	3	12	12	12	12	12	Year
Total revenue	297.8	1,240.0	1,496.2	1,923.0	2,288.3	2,700.2	2,862.2
Revenue growth (%)		13.1%	20.7%	28.5%	19.0%	18.0%	6.0%
EBITDA	128.0	495.0	592.4	782.7	947.6	1,142.2	1,210.7
EBITDA margins (%)	43.0%	39.9%	39.6%	40.7%	41.4%	42.3%	42.3%
Less: Depreciation	(12.6)	(58.3)	(61.9)	(66.2)	(70.8)	(75.0)	(79.5)
EBIT	115.5	436.7	530.5	716.5	876.8	1,067.2	1,131.2
EBIT margins (%)	38.8%	35.2%	35.5%	37.3%	38.3%	39.5%	39.5%
Less: Tax	(14.2)	(108.3)	(131.1)	(177.3)	(217.3)	(265.0)	(284.7)
EBIT less tax	101.3	328.4	399.4	539.2	659.5	802.2	846.5
Add: Depreciation	12.6	58.3	61.9	66.2	70.8	75.0	79.5
Less: Capital expenditure	(46.3)	(110.0)	(125.0)	(125.0)	(125.0)	(125.0)	(79.5)
(Increase)/ decrease in working capital	10.9	(27.6)	(74.0)	(120.1)	(93.9)	(122.6)	(48.3)
Free cash flows to firm	78.4	249.1	262.2	360.3	511.4	629.6	798.3
Discount factor	0.99	0.92	0.83	0.74	0.66	0.60	
Present value of cash flow	77.3	229.6	216.8	267.1	340.0	375.4	

Particulars	INR crore
Cash flows for terminal year	798.3
Cash flows <last year of horizon period>	753.1
WACC	11.5%
Growth rate - high	18.0%
Growth rate - normal	6.0%
High growth period (years)	12.0
Terminal value	24,372.0
PV factor for terminal value	0.60
Present value of terminal value	14,532.3

Particulars	INR crore
Net Present value of horizon period	1,506.2
Present value of terminal value	14,532.3
Enterprise Value	16,038.5
Add: Surplus assets	884.3
Less: Debt & debt like	(62.2)
Less: Contingent liabilities	(1.5)
Add: Cash to be received on exercise of ESOPs	261.1
Equity value as at 31 December 2023	17,120.2
Roll forward factor to 28 February 2024	1.02
Equity value as at 28 February 2024	17,423.3
No. of diluted equity shares (in crore)	26.0
Value per share (INR)	670.54



(II) Market Approach

(A) Comparable Companies Multiple method

Particulars	INR crore
EV/EBITDA multiple	27.3
adjustment: higher margins of Suven	15.0%
EV/EBITDA multiple (adjusted)	31.41
December 2023 TTM EBITDA	510.7
Enterprise value	16,043.8
Add: Surplus assets	1,068.9
Less: Debt & debt like items	(62.2)
Less: Contingent liabilities	(1.5)
Less: Deferred tax liabilities (net)	(65.8)
Add: Cash to be received on exercise of ESOPs	261.1
Equity value	17,244.4
No. of diluted equity shares (in crore)	26.0
Value per share (INR)	663.65

EV/EBITDA Multiple

We have considered companies operating in CDMO space

Peer Company	Enterprise Value #	EBITDA ^	EV / EBITDA	EBITDA Margin	Weights
Neuland Laboratories Limited	7,510.4	475.5	15.8x	30.1%	100.0%
Divi's Laboratories Limited*	95,848.3	1,963.0	48.8x	26.2%	50.0%
Syngene International Limited	27,511.0	1,011.6	27.2x	28.4%	100.0%
Laurus Labs Limited	23,172.6	821.5	28.2x	16.5%	100.0%
Weighted average multiple of peer companies			27.3x		

#3 months VWAP has been used to arrive at Market Capitalization as of 27 February 2024

^EBITDA is based on trailing twelve months 31 December 2023

* Divi's assigned a lower weight as higher EV/EBITDA multiple versus comparables and historicals.

(B) Market Price method

Particulars	Per share
10 trading days VWAP	665.02
90 trading days VWAP	644.80
Higher of 10 & 90 trading days VWAP	665.02

Source: NSE; VWAP as on 28 February 2024





(III) Asset Approach	INR crore
Net Assets of Suven Consolidated	1,981.4
Less: Contingent liabilities	(1.5)
Add: Cash to be received on exercise of ESOPs	261.1
Adjusted Net Assets Value of Suven	2,241.0
Number of diluted equity shares (in crore)	26.0
Value per share of Suven (INR)	86.24



Appendix I – Valuation of Cohance
(I) Income Approach

Discounted Cash Flows method

Discount rate	12.75%
Terminal growth rate	6.0%

Particulars for the period ended	INR crore						
	31-Mar-24	31-Mar-25	31-Mar-26	31-Mar-27	31-Mar-28	31-Mar-29	Terminal
No. of months	3	12	12	12	12	12	Year
Total revenue	458.0	1,471.1	1,682.8	1,946.1	2,294.8	2,691.3	2,852.8
<i>Revenue growth (%)</i>		9.0%	14.4%	15.6%	17.9%	17.3%	6.0%
EBITDA	174.6	464.0	539.5	633.9	764.5	917.2	972.2
<i>EBITDA margins (%)</i>	38.1%	31.5%	32.1%	32.6%	33.3%	34.1%	34.1%
Less: Depreciation	(16.5)	(89.6)	(94.2)	(97.2)	(99.6)	(99.8)	(105.7)
EBIT	158.1	374.4	445.3	536.6	665.0	817.5	866.5
<i>EBIT margins (%)</i>	34.5%	25.5%	26.5%	27.6%	29.0%	30.4%	30.4%
Less: Tax	(47.0)	(94.0)	(112.0)	(135.3)	(167.9)	(206.1)	(218.1)
EBIT less tax	111.0	280.4	333.3	401.3	497.0	611.4	648.4
Add: Depreciation	16.5	89.6	94.2	97.2	99.6	99.8	105.7
Less: Capital expenditure	(82.6)	(140.8)	(115.0)	(110.0)	(110.0)	(110.0)	(105.7)
(Increase)/ decrease in working capital	37.5	9.9	(47.3)	(83.0)	(113.9)	(149.4)	(69.5)
Free cash flows to firm	82.4	239.2	265.3	305.5	372.7	451.7	578.9
Discount factor	0.99	0.91	0.81	0.72	0.64	0.57	
Present value of cash flow	81.2	218.6	215.0	219.6	237.7	255.5	

Particulars	INR crore
Cash flows for terminal year	578.9
Cash flows <last year of horizon period>	546.1
WACC	12.75%
Growth rate - high	17.3%
Growth rate - normal	6.0%
High growth period (years)	12.0
Terminal value	14,049.9
PV factor for terminal value	0.57
Present value of terminal value	7,945.4

(I) Income Approach

Particulars	INR crore
Net Present value of horizon period	1,227.5
Present value of terminal value	7,945.4
Enterprise Value	9,173.0
Add: Surplus assets	187.3
Less: Debt & debt like	(534.5)
Less: Contingent liabilities	(10.8)
Less: Additional debt-like items*	(125.0)
Add: Cash to be received on exercise of ESOPs	59.3
Equity value as at 31 December 2023	8,749.4
Roll forward factor to 28 February 2024	1.02
Equity value as at 28 February 2024	8,920.3
No. of diluted equity shares (in crore)	345.0
Value per share (INR)	25.86

* Source: Management information



(II) Market Approach

Comparable Companies Multiple method

Particulars	INR crore
EV/EBITDA multiple	26.0
Adjustment: illiquidity discount	-10.0%
EV/EBITDA adjusted multiple	23.4
December 2023 TTM EBITDA	359.0
Enterprise value	8,415.3
Add: Surplus assets	385.1
Less: Debt & debt like	(534.5)
Less: Contingent liabilities	(10.8)
Less: Additional debt-like items*	(125.0)
Add: Deferred tax assets (net)	53.7
Add: Cash to be received on exercise of ESOPs	59.3
Equity value	8,243.1
No. of diluted equity shares (in crore)	345.0
Value per share (INR)	23.90

* Source: Management information

EV/EBITDA Multiple

We have considered companies operating in API and/ or CDMO space

Peer Company	Enterprise Value #	EBITDA ^	EV / EBITDA	EBITDA Margin	Weights
Neuland Laboratories Limited	7,510.4	475.5	15.8x	30.1%	100.0%
Divi's Laboratories Limited*	95,848.3	1,963.0	48.8x	26.2%	50.0%
Syngene International Limited	27,511.0	1,011.6	27.2x	28.4%	100.0%
Laurus Labs Limited	23,172.6	821.5	28.2x	16.5%	100.0%
Glenmark Life Sciences Limited	8,948.6	739.2	12.1x	31.2%	100.0%
Concord Biotech Limited**	14,474.7	426.3	34.0x	43.9%	50.0%
Suven Pharmaceuticals Limited	16,134.4	510.7	31.6x	43.7%	100.0%
Weighted average multiple of peer companies			26.0x		

#3 months VWAP has been used to arrive at Market Capitalization as of 27 February 2024

^EBITDA is based on trailing twelve months 31 December 2023

* Divi's assigned a lower weight as higher EV/EBITDA multiple versus comparables and historical.

** Concord assigned a lower weight as it produces high value niche APIs using fermentation route, resulting in higher EBITDA margins versus comparables.





(III) Asset Approach	INR crore
Net Assets of Cohance	1,399.5
Less: Contingent liabilities	(10.8)
Add: Cash to be received on exercise of ESOPs	59.3
Less: Additional debt-like items*	(125.0)
Adjusted Net Assets Value of Cohance	1,323.1
No. of diluted equity shares (in crore)	345.0
Value per share of Cohance (INR)	3.84

*Source: Management information





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Mumbai 400028, India

Ref. No.: LM/Feb29-110/2024

February 29, 2024

To,

The Board of Directors

Cohance Lifesciences Limited

215 Atrium, C Wing, 8th Floor, 819-821, Andheri
Kurla Road, Chakala, Andheri East, Chakala
Mumbai, Maharashtra, 400093, India

Dear Sir(s)/ Madam(s),

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Cohance Lifesciences Limited with Suvén Pharmaceuticals Limited

This is with reference to BDO Valuation Advisory LLP (“BDO” or “Us” or “Our”) report dated February 29, 2024 (**‘Report’**). Please find enclosed relevant computations based on which our recommendation of fair equity share exchange ratio (“**Share Exchange Ratio**”) pursuant to Scheme of Amalgamation between Cohance Lifesciences Limited (“**Cohance**”) and Suvén Pharmaceuticals Limited (“**Suvén**”) for the proposed amalgamation of Cohance with Suvén, under the provisions of Sections 230 to 232 of the Companies Act, 2013. In this connection, we have been requested to render our professional services by way of carrying out a fair equity valuation of Cohance and Suvén (**together referred as the “the Companies”**) to recommend fair equity share exchange ratio for the Proposed Amalgamation.

In this connection, we mention that the computations enclosed herewith need to be viewed in conjunction with the Report and the documents referred to in the Report. The recommendation of the fair equity share exchange ratio for the Proposed Amalgamation is arrived on by the approach and methodology detailed in the Report and various qualitative factors relevant to each specific company having regard to the information, management representations, key underlying assumptions and limitations as referred to in the Report.

Regards,

For BDO Valuation Advisory LLP

IBBI No.: IBBI/RV-E/02/2019/103

Lata Gujar More

Partner

IBBI No.: IBBI/RV/06/2018/10488

VRN No.: IOVRVF/BDO/2023-2024/2931



Annexure 1: Working

Amalgamation of Cohance with Suven

Valuation Approach	Suven Value per Share (INR)	Weight	Cohance Value per Share (INR)	Weight
Income Approach	694.25	50%	25.92	50%
Market Approach				
Market Price Method	665.02	25%	NA	NA
CCM Method	669.06	25%	24.89	50%
Asset Approach	NA	NA	NA	NA
Value per Share	680.64	100%	25.40	100%
Exchange Ratio (Rounded off)		11:295		

11 (Eleven Only) fully paid-up Equity Shares of Rs. 1 each of Suven for every 295 (Two hundred Ninety Five Only) equity share of Rs 10 each of Cohance.





Annexure 2: Valuation of Suven as per Discounted Cash Flow Method

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Valuation as per Discounted Cash Flow Method as on February 28, 2024								(INR Mn)
WACC	11.4%							
Terminal Growth Rate (TVG)	7.0%							
Year Ending	FY24(3M)	FY25	FY26	FY27	FY28	FY29	TV	
Net Revenue	2,977.8	12,400.0	14,962.0	19,230.4	22,882.6	27,001.5	28,891.6	
EBITDA	1,280.1	4,949.5	5,924.2	7,827.3	9,476.2	11,421.7	12,221.2	
Less : Outflows								
Capital Expenditure	(590.2)	(1,100.0)	(1,250.0)	(1,250.0)	(1,250.0)	(1,250.0)	(749.8)	
Incremental Working Capital	98.4	(275.8)	(740.4)	(1,201.0)	(938.8)	(1,225.6)	(563.0)	
Taxation	(253.8)	(1,074.2)	(1,307.2)	(1,770.7)	(2,170.9)	(2,647.7)	(2,887.1)	
Free Cash Flows to Firm (FCFF)	534.5	2,499.5	2,626.6	3,605.6	5,116.5	6,298.4	8,021.2	
Terminal Value	2,53,157.1							
Present Value Factor	0.987	0.922	0.828	0.743	0.667	0.599	0.60	
Present Value of Cash Flows	527.4	2,305.1	2,174.4	2,679.5	3,413.1	3,771.6	1,51,595.2	
NPV of Explicit Period	14,871.1							
Present Value of TV	1,51,595.2							
Enterprise Value	1,66,466.3							
Other Adjustments as on Valuation Date								
Add:								
Investments	7,953.4							
Income Tax Assets	136.8							
Cash and Cash Equivalents	730.6							
Cash Proceeds from Esop	2,611.3							
Less:								
Borrowings and Lease Liabilities	601.0							
Contingent Liabilities	15.1							
Adjusted Equity Value	1,77,282.4							
Rollforward up to February 28, 2024	1.018							
Equity Value- Rolled forward to February 28, 2024	1,80,394.6							
Diluted Number of Shares	259.84							
Equity Value Per Share	694.25							

INR Mn

Terminal Value using H-Model	Details
Most Recent Cashflow - FY29	6,298.4
Terminal period cash flow	8,021.2
High Growth Period (Years)	10.0
High Growth Rate	16.9%
Terminal Growth Rate	7.0%
Rate - WACC	11.4%
High Growth Period Value	70,856.8
Terminal Period Value	1,82,300.2
Total Value Post Explicit Period	2,53,157.1
Present Value Factor	0.6
Present Value of Terminal Value	1,51,595.2



Annexure 3: Valuation of Suven as per CCM Method

INR Mn	
Particulars	Details
EBITDA (TTM Dec 23)	5,107.2
EV/EBITDA Multiple	31.6
Enterprise Value	1,61,197.8
Other Adjustments as on Valuation Date	
Add:	
Investment	7,953.4
Surplus Assets	136.8
Cash and Cash Equivalents	730.6
Cash Proceeds from Esop	2,611.3
Capital WIP	1,813.3
Capital Good Net off Liabilities	21.6
Less:	
Debt and Including lease liabilities	601.0
Contingent Liabilities	15.1
Equity Value	1,73,848.8
Diluted Number of Shares	259.8
Equity Value Per Share	669.06

Particulars	
Divi's Laboratories Limited	47.7x
Laurus Labs Limited	27.6x
Neuland Laboratories Limited	14.8x
Syngene International Limited	27.3x
Median	27.4x
Premium	15.0%
Median Considered	31.6x

Annexure 4: Valuation of Suven as per CCM Method

Particulars	Value Per Share
10 Trading Day's VWAP	665.02
90 Trading Day's VWAP	644.80
Higher of Above	665.02





Annexure 5: Valuation of Cohance as per Discounted Cash Flow Method

Valuation as per Discounted Cash Flow Method as on February 28 , 2024								(INR Mn)
WACC								12.7%
Terminal Growth Rate (TVG)								7.0%
Year Ending	FY24(3M)	FY25	FY26	FY27	FY28	FY29	TV	
Net Revenue	4,580.3	14,710.8	16,827.9	19,460.8	22,948.5	26,913.0	28,797.0	
EBITDA	1,745.4	4,640.3	5,395.5	6,338.5	7,645.3	9,172.2	9,814.2	
Less : Outflows								
Capital Expenditure	(1,073.4)	(1,407.6)	(1,150.0)	(1,100.0)	(1,100.0)	(1,100.0)	(997.5)	
Incremental Working Capital	359.9	99.5	(473.1)	(830.3)	(1,138.6)	(1,493.9)	(706.2)	
Taxation	(175.9)	(899.2)	(1,087.9)	(1,327.0)	(1,657.2)	(2,042.1)	(2,219.0)	
Free Cash Flows to Firm (FCFF)	855.9	2,433.0	2,684.5	3,081.2	3,749.5	4,536.2	5,891.5	
Terminal Value								1,40,160.2
Partial Period Factor	0.25	1.00	1.00	1.00	1.00	1.00		
Midpoint	0.13	0.75	1.75	2.75	3.75	4.75		
Present Value Factor	0.99	0.91	0.81	0.72	0.64	0.57	0.57	
Present Value of Cash Flows	843.3	2,224.3	2,177.7	2,217.8	2,394.7	2,570.7	79,430.3	
NPV of Explicit Period								12,428.5
Present Value of TV								79,430.3
Enterprise Value								91,858.8
Other Adjustments as on Valuation Date								
Add:								
Investments								2.2
Cash and Cash Equivalents								1,408.6
ESOP Proceeds								593.2
Surplus Assets								462.2
Less:								
Borrowings and Lease Liabilities								5,246.4
Debt Like Item								21.0
Contingent Liabilities								103.2
Other Liabilities								1,250.0
Adjusted Equity Value								87,704.4
Rollforward up to February 28 , 2024								1.019
Equity Value- Rolled forward to February 28 , 2024								89,411.1
Diluted Number of Shares								3,449.5
Equity Value Per Share								25.92

INR Mn

Terminal Value using H-Model	
Most Recent Cashflow - FY29	4,536
Terminal period cash flow	5,892
High Growth Period (Years)	10
High Growth Rate	16.2%
Terminal Growth Rate	7.0%
Rate - WACC	12.7%
High Growth Period Value	36,800.0
Terminal Period Value	1,03,360.1
Total Value Post Explicit Period	1,40,160.2
Present Value Factor	0.57
Equity Value Per Share	79,430.3



Annexure 6: Valuation of Cohance as per CCM Method

Particulars	Details
EBITDA (TTM Dec 23)	3,589.8
EV/EBITDA Multiple	24.5
Enterprise Value	88,124.4
Other Adjustments as on Valuation Date	
Add:	
Investments	2.2
Cash and Cash Equivalents	1,408.6
ESOP Proceeds	593.2
Surplus Assets	462.2
CWIP	1,727.9
Intangible Assets under Development	13.3
Capital Good net off advances	148.6
Less:	
Borrowings and Lease Liabilities	5,246.4
Debt Like Item	21.0
Contingent Liabilities	103.2
Other Liabilities	1,250.0
Equity Value	85,859.8
Diluted Number of Shares	3,449.5
Equity Value Per Share	24.89

Particulars	EV/EBITDA
Divi's Laboratories Limited	47.7x
Laurus Labs Limited	27.6x
Neuland Laboratories Limited	14.8x
Suven Pharmaceuticals Limited	30.2x
Median	28.9x
Discount	15.0%
Median Considered	24.5x

