

QUINTESSENCE ENTERPRISES PVT. LTD.

SEBI Registered Category-I Merchant Banker



The Board of Directors,
Ortin Laboratories Limited (OLL)
D. No: 3-4-512/35 (43/4RT),
Opp: Barkatpura Park,
Barkatpura Hyderabad -500027, Telangana

26.04.2019.

The Board of Directors
Vineet Laboratories Limited
Sy.No. 11/A3, Saheb Nagar, KurduVill,
ChintalKunta, EshwarammaNilayam,
L B Nagar, Hyderabad Telangana – 500074

Re: Fairness opinion on the Equity Share Exchange ratio pursuant to the scheme of arrangement in the matter of de-merger and transfer of Demerged undertaking between Ortin laboratories limited (demerged company) and Vineet laboratories limited (resulting company) and their respective shareholders and creditors for the proposed Demerger of OLL into two unit and reduction of paid up equity share capital of Ortin Laboratories Limited under Sections 230 to 232 read with Sections 66 of the Companies Act, 2013 and applicable SEBI Guidelines, Regulations including LODR Regulations, SCRR and the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, any subsequent amendments thereof (“SEBI Circular”).

Dear Sirs,

We, **Quintessence Enterprises Pvt. Ltd., ('QEPL')**, refer to our offer letter dated 18th April, 2019 which has been duly accepted by you by your mandate letter dated 20.04.2019, whereby you have appointed us as an Independent Merchant Banker for furnishing a 'Fairness Opinion' as per SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, for the proposed demerger as per the Companies Act, 2013 as applicable to the company and shall include any statutory modifications, re-enactment or amendment thereof from time to time.



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Merchant Banker – Quintessence Enterprises Private Limited (QEPL)

QEPL formed in 1999, is a Category I, Merchant Banking Company, based in Hyderabad, Telangana, having its registered office and Corporate office at 6-3-542/1 ,Flat No.502, 5th Floor, Golden Green Apartments, Erramanzil Colony, Hyderabad – 500 082. Phone: 040 – 23398744

It is SEBI registered Merchant Banker with Registration Code INM000011997 in terms of Regulation 8 of SEBI (Merchant Bankers) Regulations, 1992

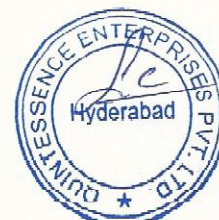
Sources of Information

1. A copy of the Incorporation Certificate, Memorandum and Articles of Association of OLL.
2. A copy of the Incorporation Certificate, Memorandum and Articles of Association of VLL
3. Audited financial statements of OLL for the years ended March 31, 2016, 2017, 2018 and audited financials upto 31stDecember, 2018
4. Audited Financial Statements of Vineet Laboratories Limited for the years 2016-17 and 2017-18
5. Projections of both Units of the Company including profit & loss account, balance sheet and cash flow analysis for the financial years ending March 31, 2019 to 2023.
6. Valuation Report dated 13thApril, 2019 by CA. M Madhusudhana Reddy Registered Valuer Reg. No. IBBI/RV/05/2019/10954 G-8, Amrutha Ville, opposite Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-82.

Background of the companies

ORTIN LABORATORIES LIMITED

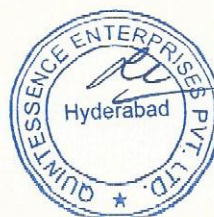
- (i) Ortin Laboratories Limited (“Demerged Company”) was originally incorporated as a private limited company in the name and style “Ortin Laboratories Private Limited” on 27th day of October, 1986 under the provisions of the Companies Act, 1956 and subsequently converted into a Public Limited Company and the word “private” was deleted from the name of the Company on 23rd January, 1995. The



Registered Office of the company is situated at D. No: 3-4-512/35 (43/4RT), Opp: Barkatpura Park, Barkatpura Hyderabad -500027, Telangana. The demerged company is engaged in the business of manufacturing complete range of pharmaceutical formulations, API Intermediates, trading of chemicals, surgical and medicines. The Equity Shares of Demerged Company are listed and traded on BSE Limited ('BSE') having Security Code "539287" and National Stock Exchange of India Limited ('NSE') having Symbol "ORTINLABSS". The Corporate Identity Number of the Company is L24110TG1986PLC006885. The PAN of the Company is AAACO2401L.

The Demerged Company has presently 2 (two) Divisions namely Formulations Division and API Intermediates Division. The formulations division is being operated through the Unit I located at Plot No.275 & 278, I.D.A Pashamylaram, Medak Dist. Telangana and the API Intermediates division is being operated through the Unit II located at Sy. No. 300, Malkapur Village, Choutuppal Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and streamlining its current structure, the Demerged Company proposes to Demerge the API Intermediates Division currently operating through the Unit II (to the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.

In the year 2011, Vineet Laboratories Private Limited (CIN U24239TG2003PTC040719 - transferor company) headed by Mr. G. Venkata Ramana, with all its assets and liabilities was merged with Ortin Laboratories Limited (CIN L24110TG1986PLC006885 - transferee company) headed by Mr. S. Murali Krishna Murthy, with a swap ratio 17:10, i.e., for every 10 equity shares held by a shareholder in Vineet Laboratories Private Limited, the shareholder of Vineet Laboratories Private Limited got 17 equity shares of Ortin Laboratories Limited. Now, the same set of promoters of Vineet Laboratories Private Limited headed by Mr. G. VenkataRamana who became promoters of Ortin Laboratories Limited by virtue of merger of Vineet Laboratories Private Limited with Ortin



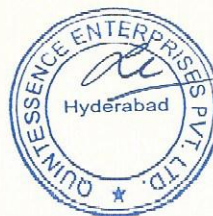
Laboratories Limited are becoming promoters of the resulting Company, i.e., Vineet Laboratories Limited. Post proposed demerger of the undertaking by Ortin Laboratories Limited and transfer of the undertaking to Vineet Laboratories Limited (resulting company) would be nothing but by and large the status quo ante prior to the earlier merger of Vineet Laboratories Private Limited (transferor company) with Ortin Laboratories Limited (transferee company) is maintained. After the amalgamation, Vineet Laboratories Limited was merged into Ortin Laboratories Limited and was struck off from the Register of Companies by the Registrar of Companies at Hyderabad.

VINEET LABORATORIES LIMITED

- ii) Vineet Laboratories Limited (“Resulting Company”) is a public limited company incorporated under the provisions of the Companies Act, 2013, on 10th day of November, 2016 (the promoters of the Company were able to get the same name which was merged with Ortin Laboratories Limited in 2011) and its registered office is situated at Sy.No. 11/A3, Saheb Nagar, KurduVill, Chintal Kunta, Eshwaramma Nilayam, L B Nagar, Hyderabad Telangana – 500074. The Corporate Identity Number of Resulting Company is U24304TG2016PLC112888. The objects of the Resulting Company enable it to carry on the business of manufacturing of bulk drugs intermediates and API Intermediates. The PAN of the Company is AAFCV6694P. The promoters of the Company are the same individuals and their family members of Vineet Laboratories Limited which was merged with Ortin Laboratories Limited in the year 2011.

Rationale of the Scheme

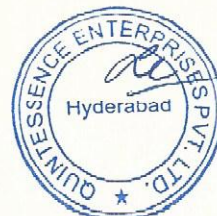
- (i) This Scheme is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 for transfer by way of Demerger of the API Intermediates Division of the Demerged Company (defined as demerged undertaking) of the Demerged Company as a going concern to the Resulting Company, and consequential restructure of its share capital.



- (ii) The Demerged Company has presently 2 (two) Divisions namely Formulations Division and API Intermediates Division. The formulations division is being operated through the Unit I located at Plot No.275 & 278, I.D.A Pashamylaram, Medak Dist. Telangana and the API Intermediates division is being operated through the Unit II located at Sy. No.300, Malkapur Village, Choutuppall Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and streamlining its current structure, the Demerged Company proposes to Demerge the API Intermediates Division currently operating through the Unit II (to the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.
- (iii) In order to achieve efficiency of operations and management and with the intent of realigning the business operations undertaken by the Demerged Company, the management of Demerged Company has decided to concentrate on, and strengthen its core competencies and have greater focus and create more value for the Formulations Division (as defined hereinafter), in the interest of maximizing the overall shareholder value by demerging the API Intermediates Division to the Resulting Company. The objectives that are intended to be achieved by undertaking the Demerger of the API Intermediates Division and the consequential advantages that would ensure are, inter alia, as follows:
- a) The nature of risk and return involved in the business of API Intermediates Division is distinct from the Formulations Division. Hence, transfer of API Intermediates Division would enable both the divisions to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Resulting Company as well as the Demerged Company.
 - b) The transfer and vesting of the demerged undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to unlock the economic value of both the Companies.
 - c) The said transfer of Undertaking would provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.

Fairness Opinion:

As per the valuation report of the Registered Valuer CA M Madhusudana Reddy registered number,IBBI/RV/05/2019/10954(having his office at G-8, Amrutha Ville, opposite Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-82) a shareholder of 100 equity shares of the nominal value of Rs. 10/- each in OLL will get 48 equity shares of nominal value of Rs.10/- each in OLL (Demerged Company/Unit-I) and 52 equity shares of the nominal value of



Rs.10/- each in ((Resulting Company/Unit-II) (API Intermediaries & Bulk Drug Manufacturing Unit)).

We **Quintessence Enterprises Private Limited** have reviewed the Valuation Report and **believe it to be fair and reasonable** from financial and commercial point of view to the holders of the equity shares of the Company subject to our caveats and disclaimers.

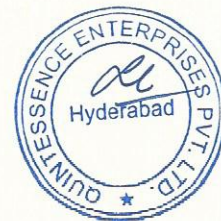
Limitation and Caveats of the Fairness Opinion

1. It is the responsibility of the Board of Directors of the company for ensuring compliances in connection with the proposed proposal. Our role is to examine the Valuation carried out by the Registered Valuer and comment on the Fairness of the same.
2. Our fairness opinion is based on the information made available to us by the management of OLL. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report. We have reviewed the information made available to us for over all consistency but have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company. Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
3. The information contained in this report is selective and is subject to updations expansions, revisions and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide ~~additional information as to present and~~ inaccuracies which might become apparent.
4. In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the proposal will be implemented on the terms and conditions as set out without any material changes to or waiver of its terms and conditions.



5. We further declare that we do not have any direct or indirect interest in the Companies / assets valued.
6. This report is intended only for the sole use and information of the company and its shareholders only in connection with the Demerger including for the purpose of obtaining judicial and regulatory approvals for the same.
7. We are not responsible in any way to any other person/party for any decision of such person or party based on this report. Any person /party intending to provide finance / invest in the shares / business of any of the companies or their subsidiaries / joint venture / associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedure to ensure that they are making an informed decision.
8. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, other than in connection with the proposal as aforesaid can be done only with our prior permission in writing.
9. Our analysis and results are also specific to the date of this report and based on information as at 31stDecember, 2018. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses. and any other matter, which may have an impact on our opinion, on the Equity Share Exchange Ratio for the Proposed demerger, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Appointed Date for the proposal.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.



It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

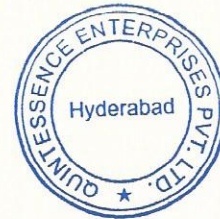
Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited



Lavanya Chandra
Executive Director
Hyderabad.
26.04.2019



Encl (1): Valuation Report by the Registered Valuer.