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Strictly Private & Confidential

The Board of Directors,
Alembic Limited
Alembic Road, Vadodara,
Gujarat – 390 003

Dear Members of the Board:

Engagement Background

We understand that the Board of Directors of Alembic Limited (**"Alembic"** or "the **Company"** or **"First Demerged Company"**) is proposing to undertake demerger of the Identified Real Estate Undertaking (as defined in the Scheme), including the investments in shares and other securities, if any, held by Alembic pertaining to the Identified Real Estate Undertaking (hereinafter referred to as **"Demerged Undertaking 1"**) into Shreno Limited (**"Shreno" or "First Transferee Company"**) and the demerger of Engineering Division and Investment Division (as defined in the Scheme) of Shreno into Nirayu Private Limited (**"Nirayu"** or **"Second Transferee Company"**) pursuant to a Composite Scheme of Arrangement between Alembic Limited and Shreno Limited and Nirayu Private Limited and their respective Shareholders under Sections 230-232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules made thereunder, as may be applicable (**"Scheme"**).

Alembic Limited, Shreno Limited and Nirayu Private Limited has jointly appointed Chaturvedi & Shah, Chartered Accountants (**"CA Firm"** or the **"Valuer"**) to prepare a report (**"Valuation Report" / "Share Entitlement Report"**) and recommend the fair value of the Demerged Undertaking 1 and consequently the share entitlement ratio. As per the Valuation Report dated 3rd November, 2018, the Valuer has recommended the fair value of the Demerged Undertaking 1 and has therefore recommended the share entitlement ratio as follows:

> *"1 (one) fully paid up 7% Non-Convertible Cumulative Redeemable Preference Shares - I or Shreno Preference Shares of Rs. 2/- each at a premium of Rs. 14.37/- per share of Shreno, the First Transferee Company for every 1 (one) fully paid up equity shares of Rs. 2/- each held in Alembic, the First Demerged Company". **

** the term 7% Non-Convertible Cumulative Redeemable Preference Shares - I or Shreno Preference Shares is defined in the Scheme*

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In connection with the aforesaid, you requested our Fairness Opinion (the "Opinion") as of the date hereof, as to the fairness of the Share Entitlement Ratio to the Equity Shareholders of Alembic. The scope of this Opinion includes commenting on the fairness of the Share Entitlement Ratio recommended by the Valuer and not on the fairness or the economic rationale of the Scheme per se or the valuation methods used by the Valuer or the historical and projected financial statements relied upon for the same by the Valuer.

This Opinion is addressed to the Board of Directors of the Company. Further, this Opinion is subject to the scope, limitations, assumptions, exclusions and disclaimers detailed herein. This Opinion has been issued as per the requirements of Securities & Exchange Board of India (**"SEBI"**) circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with SEBI circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018 (together referred to as **"SEBI Circulars"**) read with applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) as amended from time to time. As such the Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This Opinion has been issued only for the purpose of facilitating the Scheme in terms of the abovementioned SEBI Circulars and should not be used for any other purpose.

Company Background

Alembic, was originally incorporated as Alembic Chemical Works Company Limited on 30th July, 1907 under the Indian Companies Act, VI of 1882 in the State of Gujarat. The name of Alembic was changed to Alembic Limited w.e.f. 31st May, 1999 pursuant to the fresh certificate of incorporation obtained from the Registrar of Companies, Gujarat (CIN L26100GJ1907PLC000033). The Registered Office of Alembic is situated at Alembic Road, Vadodara - 390003 in the State of Gujarat.

Alembic is engaged in the business of manufacturing and trading of active pharmaceutical ingredients and real estate development of residential and commercial construction, holding of land, sale and leasing of properties, project management and marketing consultancy. The equity shares of Alembic are listed on BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE').

Shreno, was originally incorporated under the Companies Act, 1913 on 19th December, 1944 at Vadodara in erstwhile Vadodara State, in the name and style of Alembic Glass Industries Limited. Pursuant to an earlier scheme of merger of erstwhile Shreno Limited with erstwhile Alembic Glass Industries Limited, approved by Hon'ble High Court of Gujarat vide its order dated 21st July 2006, changed its name to Shreno Limited and obtained fresh certificate of incorporation dated 19th September, 2006 (CIN U26100GJ1944PLC000345). The Registered Office of Shreno is situated at Alembic Road, Vadodara - 390003 in the State of Gujarat.

Shreno, is engaged in the business of manufacturing and trading of machinery & equipment required for various industries, manufacturing and trading of glassware items, making investments and real estate development. Broadly, the business can be classified into Engineering Division, Glass Division, Investment Division and Real Estate Division. The equity shares of Shreno are not listed.

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Nirayu, was incorporated on 17th November 1971 under the provisions of Companies Act, 1956 in the State of Karnataka. The Registered Office of Nirayu was shifted to the State of Gujarat vide order passed by the Hon'ble Regional Director (SER) Hyderabad vide its Order dated 22nd June 2017 (CIN U51909GJ1971PTC098778). At present, the Registered Office of Nirayu is situated at FF-54, Avishkar Complex, Old Padra Road, Vadodara – 390015 in the State of Gujarat.

Nirayu, is currently holding investments in shares and securities of various entities. Its shares are not listed.

Alembic, Shreno and Nirayu are group companies and controlled by the same promoters.

Brief Background of the Proposed Scheme

The Scheme provides for demerger of the Demerged Undertaking 1 of Alembic Limited (**"Alembic"** or **"Company"** or **"First Demerged Company"**) into Shreno Limited (**"Shreno"** or **"First Transferee Company"** or **"Second Demerged Company"**) and the demerger of the Demerged Undertaking 2 of Shreno into Nirayu Private Limited (**"Nirayu"** or **"Second Transferee Company"**). Upon the effective date of the Scheme, pursuant to the demerger of the Demerged Undertaking 1 into Shreno as contemplated in the Scheme, Shreno will issue 7% Non-Convertible Redeemable Cumulative Preference Shares to the shareholders (as on the Record Date) of Alembic. The terms of the 7% Non-Convertible Redeemable Cumulative Preference Shares as per mentioned in draft of the Scheme provided to us at **Annexure 1**.

Further, the 7% Non-Convertible Redeemable Cumulative Preference Shares so issued would not be listed on any recognized Stock Exchange in India (i.e. BSE and NSE).

Source of Information

In arriving at the Opinion set forth below, we have relied upon the accuracy and completeness of all information and documents provided to us by the Company and/or their other advisors, including:

1. Valuation Report dated 3rd November, 2018 prepared by the Valuer (a draft was shared with us before issuance of the final Valuation Report);
2. Draft Composite Scheme of Arrangement between Alembic Limited and Shreno Limited and Nirayu Private and their respective shareholders (**"Scheme"**);
3. Memorandum & Articles of Association of Alembic and Shreno;
4. The current shareholding pattern of Alembic, Shreno, Nirayu Private Limited, Rakshak Services Private Limited, Shreno Publications Limited, Viramya Packlight LLP and Paushak Limited (Nirayu Private Limited, Rakshak Services Private Limited, Shreno Publications Limited, Viramya Packlight LLP and Paushak Limited herein after collectively referred to as **"Related Entities"**);
5. Audited financial statements of Alembic, Shreno and Related Entities for FY 2017-18;
6. Management certified provisional financial statements of Alembic for the 3 months period ending 30 June 2018;
7. Management certified position of assets and liabilities of Alembic, Shreno and Related Entities as on 30 June 2018;

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8. Management projections of Demerged Undertaking 1, Shreno, Shreno Publications Limited and Rakshak Services Private Limited for FY 2018-19 to FY 2022-23; and
9. Necessary explanations, information and representations provided by the management of the Company and/or its advisors.

Distribution of this Fairness Opinion

The Fairness Opinion is addressed to the Board of Directors of Company (in its capacity as such) solely for the purpose of providing them with an independent opinion on the fairness of the Share Entitlement Ratio as determined by the Valuer and for the purpose of submission to the Stock Exchanges, National Company Law Tribunal along with the petition for the Draft Scheme and such other regulatory authorities under Listing Regulations, SEBI Circular and /or Companies Act, 2013. The Fairness Opinion shall not be disclosed or referred to publicly or to any third party, other than as required by Indian law (in which case you would provide us a prior written intimation) without our prior written consent. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then we will not be liable for any consequences thereof. Neither this Opinion nor its contents may be referred to quoted to/by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. The receipt of this Opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, not to constitute such person our client.

In no circumstances however, will Fedex or its directors, officers, employees and controlling persons of Fedex accept any responsibility or liability including any pecuniary or financial liability to any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

Conclusion

Based on our examination of the Valuation Report, such other information / undertakings / representations provided to us by the Company and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned herein Annexure 1 and to the best of our knowledge and belief, we are of the opinion that the Share Entitlement Ratio is fair for the shareholders of the Company.

Yours truly,

For **Fedex Securities Limited**

Vaibhav

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Authorised Signatory

Date: 03 November 2018

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ANNEXURE -1

Limitation of Scope and Review

Our Opinion and analysis are limited to the extent of review of documents as provided to us by the Company including the Valuation Report and the Draft Scheme. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final opinion.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all financial and other information and data that was publicly available or provided to or otherwise made available to us or discussed with us by the Company, and upon the understanding that the management of Alembic and its advisors are not aware of any relevant information relating to Alembic, Shreno and Related Entities that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by or discussed with us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion.

We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have conducted any physical inspection or title verification of the properties or facilities of the Company, Shreno and Related Entities (collectively **"Companies"**) and neither express any opinion with respect thereto nor accept any responsibility therefore. Our work does not constitute an audit, due diligence or certification of the historical or projected financial statements including the working results of the Companies or their businesses referred to in this Opinion. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report. We assume no responsibility whatsoever for any errors in the information furnished by the Companies and/or their other advisors and their impact on the present exercise. It is hereby clarified that we have not undertaken the valuation exercise for Part III of the Scheme.

We have not made any independent valuation or appraisal of the assets or liabilities of the Company, Shreno and Related Entities, nor have we been furnished with any such appraisals. We have not conducted or prepared a model for any asset valuation or provided an analysis of due diligence or appraisal of the assets and liabilities of the Companies and have wholly relied on information provided by the Companies in that regard.

We have not received any internal management information statement or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Company, Shreno and Related Entities for the purposes of this Fairness Opinion.

We are not experts in evaluation of litigation or other actual or threatened claims or any tax implication connected with the Draft Scheme and accordingly we have not evaluated any litigation or other actual or threatened claims. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which the Company is or may be a party or are or may be a subject, or of any government investigation of any possible unasserted claims

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or other contingent liabilities to which the Companies are or may be a party or are or may be a subject. No investigation as to the Companies' claim to title of assets has been made for the purpose of this exercise and the Companies' claim to such rights has been assumed to be valid. We have not evaluated the solvency or fair value of the Alembic, Shreno and/or Related Entities under either the laws of India or other laws relating to bankruptcy, insolvency or similar matters.

Our Opinion should not be construed as certifying the compliance with the provisions of any law including company or taxation laws or any legal, regulatory including all SEBI regulations, accounting or taxation implications or issues. We understand that the Company would obtain such advice as deemed necessary from qualified professionals.

We express no opinion whatever and make no recommendation at all as to Company's underlying decision to effect the Draft Scheme or as to how the holders of equity shares or secured or unsecured creditors of the Company should vote at their respective meetings held in connection with the Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Draft Scheme. We also express no opinion and accordingly accept no responsibility for or as to the price at which the equity shares of the Company will trade following the announcement of the Draft Scheme or as to the financial performance of the Company following the consummation of the Draft Scheme. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or other consents or approvals for the Proposed Scheme, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated.

We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of the Company, other than those disclosed in the information provided or considered in the Draft Scheme.

We understand that the management of the Company and, 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.

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 understand that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorised to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Company or any of its assets, nor did we negotiate with any other party in this regard.

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Our Opinion also does not address any matters other than expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. We were not requested to, and we did not, participate in the negotiation of the terms of the Scheme, its feasibility or otherwise and we did not provide any advice or services in connection with the Scheme other than the delivery of this Opinion. We express no view or opinion as to any such matters. We also express no view as to, and our Opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees to any parties of the Scheme, or any class of such persons, relative to the Share Entitlement Ratio. We express herein no view or opinion as to any terms or other aspects of the Scheme (other than the Share Entitlement Ratio to the extent expressly stated herein).

Fedex and/or our affiliates in the past may have provided, and may currently or in the future provide, investment banking, commercial banking and other financial services to the Companies and/or their affiliates unrelated to the Proposed Scheme. We may have received or in the future may receive compensation for the rendering of the aforementioned services. In the ordinary course of our businesses, we and our affiliates may invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in debt, equity or other securities or financial instruments (including derivatives or other obligations) of the Company and/or the Resulting Company and/or their respective affiliates, holding companies and group companies.

Fedex will receive a fee in connection with the delivery of this Fairness Opinion. The fee is not contingent upon the nature of the opinion provided to the Company. The fee for our service is not subject to the outcome of the Proposed Scheme. In addition, the Company has agreed to reimburse certain of our expenses and to indemnify us against liabilities arising out of our engagement. This Fairness Opinion is subject to the laws of India.

In no circumstances shall the liability of Fedex, its directors or employees related to the service provided in connection with this opinion, exceed the amount paid to Fedex as fees for this Fairness Opinion.

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