

Fairness Opinion

Piramal Enterprises Limited and Piramal Phytocare Limited

May 28, 2018

Asit C. Mehta
INVESTMENT INTERMEDIATES LTD.

Asit C. Mehta Investment Intermediates Limited
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Certified True Copy
For **Piramal Enterprises Limited**


Leonard D'Souza
Company Secretary

Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

Corporate Member: BSE Ltd, National Stock Exchange of India Limited & Metropolitan Stock Exchange of India Ltd.

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May 28, 2018

The Board of Directors,

Piramal Enterprises Limited

Piramal Ananta,
Agastya Corporate Park,
Opp. Fire Brigade, Kamani Junction,
LBS Marg, Kurla (West),
Mumbai-400070

The Board of Directors,

Piramal Phytocare Limited

Piramal Tower,
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai- 400013

Subject: Fairness opinion on Share Entitlement and Share Exchange Ratio pursuant to the Composite Scheme of Arrangement

Dear Members of the Board,

1. We refer to the request made by the management of **Piramal Enterprises Limited** (PEL) and **Piramal Phytocare Limited** (PPL) to Asit C. Mehta Investment Intermediates Limited ("ACMIL") to provide a fairness opinion to the Board of Directors of PEL and PPL ("Fairness Opinion"). The appointment is to provide a fairness opinion on the Valuation Report dated May 28, 2018 issued by M/s Bansi S. Mehta & Co. ("Valuation Report"), an Independent Chartered Accountant firm, with respect to the Composite Scheme of Arrangement in accordance with the provisions of the Securities and Exchange Board of India ("SEBI") circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with circular CFD/DIL3/CIR/2018/2 dated January 3, 2018 ("SEBI Circulars") for the proposed composite scheme of arrangement under the provisions of sections 230 to 234 of the Companies Act, 2013 and the other applicable provisions of

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the Companies Act 2013 between Piramal Phytocare Limited ("PPL"/ "The Target Company"), Piramal Enterprises Limited ("PEL"/ "The Acquirer") and their respective shareholders and creditors ("Proposed Scheme").

BACKGROUND

2. Piramal Enterprises Limited: PEL is a public company limited by shares that is listed on both Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). PEL is a diversified company. The company has presence in the pharmaceutical, financial services and information management sectors. The issued, subscribed and paid up equity share capital of PEL as on March 31, 2018 was Rs. 36,05,47,348 divided into 18,02,73,674 equity shares of face value Rs. 2 each.
3. Piramal Phytocare Limited: PPL is a public company limited by shares that is listed on both Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company is presently engaged, inter-alia, in the business of manufacturing (on loan license basis) and marketing of herbal products. It is also the exclusive licensee for using specific trademarks and the distribution network of PEL against payment of royalty and distribution margin. The marketing of PPL's products is done through country specific marketing & distribution partners and manufacturing is outsourced on Loan License basis. The issued, subscribed and paid up equity share capital of PPL as on March 31, 2018 was Rs. 25,96,03,400 divided into 2,59,60,340 equity shares of face value Rs. 10 each.

Background of the Proposed Scheme:

4. We understand that the Proposed Scheme, inter alia, provides for the amalgamation of PPL in and with PEL ("Amalgamation") in accordance with the terms and conditions mentioned in the Proposed Scheme.
5. Pursuant to the Amalgamation, equity shareholders of PPL other than PEL will be issued fully paid up equity shares of PEL which will be listed on the Stock Exchanges. As specified in the Proposed Scheme, the existing shareholding of PEL in PPL shall be cancelled pursuant to the Amalgamation and thus no equity shares shall be issued to PEL in respect of the equity shares held by it in PPL.



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SCOPE AND PURPOSE

6. PEL and PPL have appointed the Valuer to recommend a fair and equitable Share Exchange Ratio for the Amalgamation pursuant to which Valuer has issued a report dated May 28, 2018. The Valuation Report recommended that:

"For every 70(Seventy) Equity shares of face and paid up value of Rs10/- (Ten) held in PPL, 1 (One) Equity shares of face and paid up value of Rs. 2/- (Two) in PEL to be issued to the equity shareholders of PPL"

In this connection, the management of PEL and PPL engaged Asit C. Mehta Investment Intermediates Limited to submit an independent opinion to the Board of Directors of PEL and PPL on the fairness of the Share Exchange Ratio recommended by the Valuer.

SOURCE INFORMATION

7. For the said examination and for arriving at the opinion set forth below, we have:
- a) perused the Valuation Report issued by the Valuer;
 - b) reviewed the draft of the Proposed Scheme
 - c) reviewed information provided by the Company through its management representation letter(s) as sent to the Valuer.

LIMITATION OF SCOPE AND REVIEW

8. The Fairness Opinion only aims to represent that the Share Exchange Ratio as contained in the Opinion is fair and further that the Fairness Opinion shall be valid only for a limited period of time post ACMIL's assessment of the relevant information. The Fairness Opinion may not be valid for any other purpose or as at any other date.
9. Scope of work of this Fairness Opinion includes commenting only on the fairness of the Share Exchange Ratio and not on the fairness or economic rationale of the Amalgamation per se.
10. This Fairness Opinion is addressed to the Board of Directors of PEL and PPL. This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and disclaimers mentioned in this letter. This Fairness Opinion has been issued only for the purpose of opining on fairness of the Share Exchange Ratio and should not be used for any other purpose.

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11. Our conclusion is based on the information furnished to us assuming it to be complete, adequate, relevant and completely accurate in all material respects. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Companies. Our work excludes all verification of historical financials, including the working results of the Companies referred to in this report. Accordingly, our opinion excludes any views on the fairness or accuracy of any financial information referred to in this report.
12. Our opinion is not intended to and does not constitute a recommendation to any directors as to how such directors should vote or act in connection with the Scheme or any matter related therein. We do not express and should not be deemed to have expressed any views or recommendations on any other term of the Proposed Scheme.
13. We also express no opinion and accordingly accept no responsibility with respect to the prices at which equity shares of PEL or PPL will trade following the announcement of the Proposed Scheme or as to the financial performance of PEL or PPL following the announcement of the proposed Scheme or as to the financial performance of PEL following the consummation of the proposed Scheme.
14. Our Liability (Statutory or otherwise) for any economic loss or damage, actual or notional, arising out of the rendering this opinion shall be limited to amount of fees received for rendering this opinion as per our engagement with PEL. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provision of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising thereon. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
15. We acknowledge that this Fairness Opinion will be shared to the extent as may be required, with relevant High Court/ Tribunal, Stock Exchanges, advisors of the companies as well as with the statutory authorities in relation to the Proposed Scheme. Neither this Fairness Opinion nor its contents may be referred to or 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.



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VALUER'S RECOMMENDATION

16. The Valuer has stated that:

"The fair ratio of exchange would be as follows:

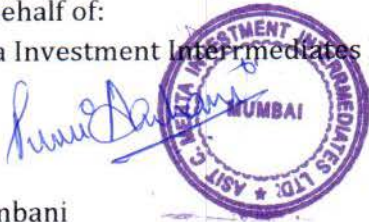
"For every **70** (Seventy) Equity shares of face and paid up value of Rs 10/- (Ten) held in PPL, **1** (One) Equity share of face value and paid up value of Rs. 2/- (Two) in PEL to be issued to the equity shareholders of PPL"

OPINION

17. In the light of the above, and based on our examination of the Proposed Scheme, Valuation Report, such other information provided and represented to us by PEL and PPL, and our independent analysis and evaluation of such information, subject to the limitations mentioned in this report, we are of the opinion that the Ratio of PEL shares to be exchanged for shares of PPL as recommended by the Valuer under the Proposed Scheme is reasonable and fair.

For and on behalf of:

Asit C. Mehta Investment Intermediates Limited



Ms. Purvi Ambani

Senior Vice President- Investment Banking and Corporate Advisory

Mumbai,

May 28, 2018.

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