

QUINTESSENCE ENTERPRISES PVT. LTD.

SEBI Registered Category-I Merchant Banker



Annexure - IV

The Board of Directors,
Ortin Laboratories Limited (OLL)
D.No:1-2-593/29, Ground Floor,
Street No.4, Gagan Mahal Colony,
Near BalaSai Temple, Domalguda
Hyderabad, Telangana - 500029.

28.08.2017.

Re: Fairness opinion on the Equity Exchange ratio for the proposed Demerger of OLL into two unit 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 1st July, 2017 which has been duly accepted by you by your mandate letter dated 06.07.2017, 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 and 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.

Merchant Banker - Quintessence Enterprises Private Limited (QEPL)

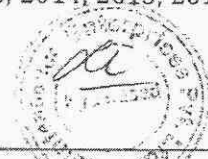
QEPL formed in 1999, is a Category - I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500034, and Administrative office at 8-2-603/B/33/A/9, B-201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2022, as Category I Merchant Banker.

Sources of Information

1. A copy of the Memorandum and Articles of Association of OLL.
2. Audited financial statements of OLL for the years ended March 31, 2013, 2014, 2015, 2016 and 2017

Admin Office : 8-2-603/B/33/A/9, B-201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034
Phone : 040 65528262. Mobile : +91 9949270707, +91 9885099661, CIN No. U72200TG1999PTC032411
Regd. Office : #8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad - 500 034.
E-mail : quintessence@qeplindia.com, Website : www.qeplindia.com

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3. Projections of both Units of the Company including profit & loss account, balance sheet and cash flow analysis for the financial years ending March 31, 2018 to 2022.
4. Valuation Report dated 19th June, 2017, by Independent Valuer Mr. M. Madhusudan Reddy of MM Reddy & Co, Chartered Accountants, firm registration no. 010371S, G-8, Amrutha Ville Apartments, Right wing, opposite Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-82.

Background of the company

Ortin Laboratories Limited (OLL)

Ortin Laboratories Limited (OLL or Company) was originally incorporated in India under the Companies Act, 1956 with Registration No.L24110AP1986PLC006885 as M/s. Ortin Laboratories Limited on October 27, 1986 with Registrar of Companies, Telangana at Hyderabad. The Registered Office of Company is situated at D. No: 1-2-593/29, Ground Floor, Street No.4, Gagan Mahal Colony, Near BalaSai Temple, Domalguda, Hyderabad, Telangana, 500029.

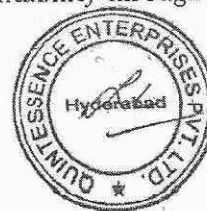
The Equity Shares of Demerged Company are listed and traded on BSE Limited ('BSE') having Security Code "539287" and National Stock Exchange of India Limited ('NSE') having Symbol "ORTINLABSS". The Corporate Identity Number of the Company is L24110TG1986PLC006885. The PAN of the Company is AAACO2401L.

Ortin Laboratories Limited (OLL), offer Quality Drugs and Medicines to the suffering mankind. Company's Formulations unit is located in a spacious area of 25000 sq feet with necessary infrastructures as per the WHO GMP Standards to manufacture the Pharmaceutical Formulations of TABLETS, CAPSULES, SYRUPS, and DRY POWDERS.

The Company's Drug Intermediates manufacturing unit, majorly involved in the preparations of intermediates for ANTI-RETRO VIRALS and LIPID LOWERING AGENTS which is located in Choutuppal, Nalgonda District. The manufacturing unit is a complex of Production Blocks, Quality Control, R & D and Quality Assurance. The production blocks are well equipped with multipurpose SS and GLASS-LINED REACTORS.

The Company's Drug API Intermediates manufacturing unit has been certified as an ISO 9001: 2008 companies by Det Norske VERITAS, Netherlands, for the company's quality systems management which shows the quality consciousness to deliver best quality products.

The Company's Formulations unit has been certified as a WHO - GMP certified company and an ISO 9001: 2008 Company by the Internationally Recognized Quality Management Certification Body, the BMQR & Accredited by AIAO-BAR, USA in pursuance of its focus towards Quality with its Policy to enhance customer satisfaction by providing Quality Pharmaceutical Formulations at optimum cost and maintain profitability through continual improvement of Quality Management Systems and cGMP.



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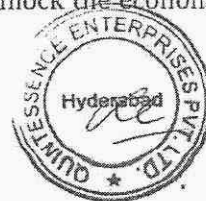


The Company is marketing its formulations all over India and its products have been well accepted by the medical profession. Company is honored as a registered Supplier of Drugs & Medicines with the most reputed Central, State & Quasi-Government Organizations & Institutions all over the Country.

Considering the business opportunities and market regulations prevalent in the Pharma Industry, the company now intends to demerge the both units and run under two separate entities. It will give focus on both quality and compliance and enable to fulfill the market regulatory compliances for its products effectively. Accordingly we are now valuing the both units to demerge into separate entities.

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, 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.
- (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.



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- 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:

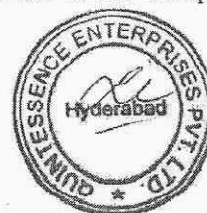
As per the valuation report of the Chartered Accountants M/s M M Reddy and Co, a shareholder of 100 equity shares of the nominal value of Rs. 10/- each in OLL will get 48 equity shares of nominal value of Rs.10/- each in OLL (Demerged Company/Unit-I) and 52 equity shares of the nominal value of Rs.10/- 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

The assignment did not include the following:

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 Chartered Accountant 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 and 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 recipients with access to any additional information or to correct any 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.



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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 31st March, 2017. 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 Amalgamation, 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

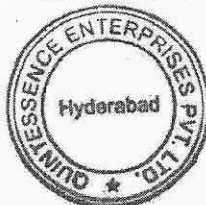
Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited

Lavanya Chandra

Lavanya Chandra
Executive Director
Hyderabad.
28.08.2017



Encl (1) : Valuation Report by the Valuer.

