



## Investment Banking

October 8, 2015

**Torrent Pharmaceuticals Limited**  
 Torrent House,  
 Off Ashram Road,  
 Ahmedabad,  
 Gujarat – 380 009

Dear Sirs,

**Sub: Proposed amalgamation of Zyg Pharma Private Limited ("ZPPL" or the "Transferor Company") a wholly owned subsidiary of Torrent Pharmaceuticals Limited ("Torrent Pharma" or "Transferee Company") with the Company ("Proposed Transaction")**

Torrent Pharma has requested us to issue a fairness opinion ("Opinion") from a financial point of view in relation to the Proposed Transaction.

In arriving at our Opinion, we have reviewed historical financial and business information and certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have reviewed the certificate dated October 8, 2015, issued by Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No 117365W), the statutory auditors of the Company.

In addition to above, we have had discussions with members of the management of Torrent Pharma on the past and current business operations of the concerned businesses, their future prospects and operations, and have received a management representation letter from Torrent Pharma and ZPPL dated October 8, 2015 ("Management Representation Letters").

Based on our examination and according to the information and explanation provided to us, we note that the Proposed Transaction entails amalgamation of ZPPL, a wholly owned subsidiary of Torrent Pharma, with Torrent Pharma, with consequent dissolution without winding up of ZPPL.

We further note that, as a result of the amalgamation, the shares of ZPPL held by Torrent Pharma will stand cancelled, with no issuance or payment of other consideration by Torrent Pharma ("Consideration"). Accordingly, no valuation process is applicable to the Proposed Transaction and the same is mentioned in the auditor's report dated October 8, 2015 issued by Deloitte Haskins & Sells.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of Torrent Pharma or ZPPL nor have we evaluated the solvency or fair value of Torrent Pharma or ZPPL, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of



Torrent Pharma or ZPPL. We have also assumed that the final Scheme of Amalgamation will be substantially the same as the scheme discussed with and reviewed by us.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of ZPPL and Torrent Pharma in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of ZPPL and Torrent Pharma to effect the Proposed Transaction or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of Torrent Pharma or ZPPL as to how such shareholder or creditor should vote on the Proposed Transaction or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of ZPPL and Torrent Pharma. We are not expressing any opinion herein as to the prices at which the shares of the Torrent Pharma or ZPPL will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of Torrent Pharma or ZPPL may be transacted.

Our Opinion is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and are not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of, the date hereof, including the capital structure of Torrent Pharma and ZPPL. It should be understood that subsequent developments may affect this Opinion and that we do not have any obligation to update, revise, or reaffirm this Opinion.

We will receive a fee for our services in connection with the delivery of this Opinion from Torrent Pharma. In addition, Torrent Pharma has agreed to indemnify us for certain potential liabilities arising out of our engagement.

We and our affiliates in the past have provided, and currently provide, services to Torrent Pharma and ZPPL and their affiliates unrelated to the Proposed Transaction for which services we and such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors and as financial advisors for the purchase/sale of assets/businesses by/to Torrent Pharma and ZPPL (as the case may be) and as lead managers / underwriters in securities offerings of Torrent Pharma.

In the ordinary course of business, we and our affiliates may actively trade or hold securities companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with Torrent Pharma and ZPPL and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of Torrent Pharma, and shall not confer rights or remedies upon, any shareholder of Torrent Pharma, or any other person other than the members of the Board of Directors of Torrent Pharma, or be used for any other purpose, except to the extent required by law or by the request or requirement of any, judicial, statutory, regulatory, legislative, administrative or other governmental body. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose





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whatsoever or disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of Torrent Pharma, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed Consideration in the Proposed Transaction is fair and reasonable from a financial point of view.

Yours faithfully,  
For Kotak Mahindra Capital Company Limited

A handwritten signature in black ink, appearing to read "Ajayesh", written over a horizontal line.

Authorised Signatory

