

Jefferies

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29 September 2014
 The Board of Directors
 Strides Arcolab Limited
 Strides House
 Bilekahalli
 Bannerghatta Road
 Bangalore – 560076
 India

The Board of Directors:

I. Engagement Background:

We understand that Strides Arcolab Limited, an Indian public limited company, incorporated in India (the “Company”) is proposing to enter into a transaction with Shasun Pharmaceuticals Limited, (“Shasun”) through a composite scheme of arrangement pursuant to sections 391 to 394 of the Companies Act 1956 and the provisions of the Companies Act 2013, as may be applicable (the “Scheme”), with the Company as the surviving entity after the coming into effect of the Scheme (the “Transaction”). Pursuant to the Scheme, each shareholder of Shasun will be entitled to receive 5 equity shares of the Company in exchange for every 16 equity shares of Shasun held by such Shareholder (the “Share Exchange Ratio”). The Share Exchange Ratio is based on the draft valuation report dated 28 September 2014, jointly submitted by Price Waterhouse & Co. LLP. and S. R. Batliboi & Co. LLP, being independent professional valuers (the “Valuers”) appointed by the Boards of Directors of the Company and Shasun respectively for recommending an Share Exchange Ratio for the Scheme (the “Valuation Report”). The terms and conditions of the Transaction are more fully set out in the Scheme to be placed before the Company’s Board of Directors for their approval.

We have been informed by the Company’s Board of Directors that the Company will make certain funds available for distribution to shareholders (the “Special Dividend”) subject to the approval of the Company’s Board of Directors. In rendering our opinion, we have taken into account, with your consent, the effect of the payment of the Special Dividend by the Company. We further understand that apart from the Special Dividend mentioned hereinabove, no other future dividend announcement has been factored for by both the Company and Shasun.

We understand that the appointed date for the Transaction is fixed as 1 April 2015.

For the avoidance of doubt, in rendering our opinion (the “Opinion”), we have not taken into account, with your consent, the effect of any other corporate actions as part of the Scheme or the Transaction and this Opinion is only in respect of the Share Exchange Ratio in respect of the amalgamation of Shasun with the Company.

You have asked for our Opinion as of the date hereof, as to whether the Share Exchange Ratio pursuant to the Scheme is fair, from a financial point of view, to the public shareholders of the Company.

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This Opinion is accordingly being provided solely for the use and benefit of the Company's Board of Directors (in its capacity as such), in connection with and for the purposes of the requirement under Clause 24(h) of the Listing Agreement between the Company and BSE Limited and the National Stock Exchange of India Limited and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Company's Board of Directors.

II. Basis of Opinion:

In arriving at our Opinion, we have, among other things:

- reviewed a draft dated 28 September 2014 of implementation agreement proposed to be entered into between the Company and Shasun (the "Agreement");
- reviewed a draft dated 28 September 2014 of the Scheme document (the "Scheme Document" and "Agreement" collectively referred to herein as the "Transaction Documents");
- reviewed a draft dated 28 September 2014 of the Valuation Report;
- reviewed certain publicly available financial and other information about the Company and Shasun, respectively;
- reviewed certain information furnished to us by the Company's and Shasun's management, including financial forecasts and analyses, relating to the business, operations and prospects of both businesses;
- held discussions with members of senior management of the Company and Shasun concerning the matters described in clauses (c) and (d) above
- reviewed the share trading price and liquidity history and valuation multiples for the Company's and Shasun's equity shares and compared them with those of certain publicly traded companies that we deemed relevant;
- compared the proposed financial terms of the Transaction with the financial terms of certain other transactions that we deemed relevant;
- considered the potential pro forma impact of the Transaction; and
- conducted such other financial studies, analyses and investigations and considered such other information as we deemed appropriate.

III. Scope and Review, Limitations and Qualifications:

Our Opinion and analysis is limited to the extent of review of documents as mentioned above. Whilst we have reviewed the above information, neither Jefferies India Private Limited, nor its affiliates, officers, partners, directors, shareholders, managers, employees or agents of any of them makes any representation or warranty, express or implied, as to the information or documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or resulting to any such information contained therein.

We have not undertaken a detailed analysis of the Transaction Documents or the conditions, rights and obligations thereunder, since our Opinion is limited to the fairness of the Share Exchange Ratio, from a financial point of view, to the public shareholders of the Company.

In our review and analysis and in rendering this Opinion, we have assumed and relied upon, but have not assumed any responsibility to independently investigate or verify and have not independently investigated or verified, the accuracy, sufficiency and completeness of all financial and other information including, without limitation, assumptions, operations and forecasts that was supplied or



STRIDES ARCOLAB LIMITED

discussed with us or otherwise made available by the Company and/or Shasun or that was publicly available to us (including, without limitation, the information described above), or that was otherwise reviewed by us. We have not assumed and do not assume any responsibility or liability for any such information and have relied on assurances of the management of the Company and Shasun that (i) they are not aware of any facts and/ or circumstances that would make such information inaccurate or misleading and (ii) they are not aware of any material information 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. With respect to the Valuation Report, we have assume, with your consent, that it has been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the Valuers. In our review, we did not independently carry out any due diligence or obtain any independent evaluation or valuation or appraisal of any of the assets or liabilities of, the Company or Shasun. We have not conducted a physical inspection of any of the assets or properties or facilities of, the Company and Shasun, nor have we been furnished with any evaluations or appraisals of such physical inspections, nor do we assume any responsibility to obtain any such evaluations or appraisals. We have also not evaluated the solvency or fair value of the Company or Shasun under any laws relating to bankruptcy, insolvency or similar matters.

In our Opinion, we have assumed with your consent that the Scheme shall be implemented in accordance with the terms therein without any waiver, modification or amendment of any terms or condition.

With respect to the financial forecasts provided to and examined by us, we note that projecting future results of any company is inherently subject to uncertainty. The Company and Shasun have informed us, however, and we have assumed, that such financial forecasts were reasonably prepared on bases reflecting (and continuing to reflect) the best currently available estimates and good faith judgments of the management of the Company and Shasun as to their respective future financial performance of the Company and Shasun. We express no opinion as to the Company's or Shasun's financial forecasts or the respective assumptions on which they are made. It may be noted that actual results during the forecast period often differ from the forecasts.

Our Opinion is based on economic, monetary, regulatory, market and other conditions existing and which can be evaluated and the information made available to us as of, the date hereof. Financial and stock markets can be volatile and we express no opinion or view as to any potential effects of such volatility on the Transaction. It should be understood that subsequent developments including in relation to any contingent liabilities, change in share capital and any effect on market prices of trading volumes of shares in the Company or shares in Shasun after announcement of the Scheme and other information that becomes available after this date may affect our Opinion and we do not have any obligation to update, revise or reaffirm our Opinion. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on us (including, without limitation, any duty of trust or confidence). Accordingly, we expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our Opinion of which we become aware after the date hereof and we have not assumed any responsibility to update, revise or reaffirm our Opinion.

Our Opinion does not address any legal, regulatory, tax or accounting matters. We have made no independent investigation of, and assume no responsibility or liability in connection with, any legal, regulatory, tax or accounting matters affecting the Company and/or Shasun or any of their respective affiliates, and we have assumed the correctness in all respects material to our analysis of all legal, regulatory, tax and accounting advice given to Company, Shasun and their respective affiliates and



the Company and its Board of Directors or Shasun and its Board of Directors, including, without limitation, advice as to the legal, regulatory, accounting and tax consequences of the terms of, and transactions contemplated by, the Transaction Documents to the Company, Shasun and their respective affiliates. We understand that the Company and Shasun have obtained such advice as they deemed necessary from qualified professionals with respect to the Transaction, and otherwise. Further, 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 or Shasun is or may be a party or is or may be subject, or of any government investigation of any possible unasserted claims or other contingent liabilities to which the Company or Shasun is or may be a party or is or may be subject.

We have had discussions with the management of the Company and/or Shasun on certain contingent liabilities in relation to Company or Shasun. Some of these liabilities include tax related and legal matters. Further, we have had discussions with the management of the Company on certain contingent assets/payments due in relation to Company. We are not tax or legal experts and have relied upon our discussions with the management with respect to the impact of these issues on the Share Exchange Ratio in giving our Opinion.

We have assumed, and have been informed by the Company, that the Transaction will not trigger an obligation to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, and accordingly we have not considered the consequences or impact on the Company and Shasun, if any such open offers are mandated, and we have also assumed that the Transaction will not result in any adverse effect on Shasun and the Company or their respective businesses, whether under tax or other laws or under the terms of any license or approval. We also have assumed, with your consent, that the Transaction will be treated as a tax-free reorganization for Indian income tax purposes.

In addition, in preparing this Opinion, we have not taken into account any accounting or tax consequences of the transaction to the Company, Shasun and their shareholders or any of their respective affiliates. Our Opinion also does not address any matters other than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. Our Opinion also does not cover any aspects pertaining to any specific shareholders of the Company or Shasun. To the extent that there may be existing, directly or indirectly, any common ownership of shares of the Company and Shasun, we have not considered any aspects pertaining to the same, since our Opinion is only limited to the fairness, from a financial point of view, of the Share Exchange Ratio arrived at by the Valuers.

We have not expressed any opinion on the impact of any contractual terms under the Transactional Documents on the valuation of the Company or Shasun. We have assumed that the final forms of the Transaction Documents and the Valuation Report will be substantially similar to the last drafts reviewed by us and that the Scheme will be consummated in accordance with, and on the basis of, the terms of the Transaction Documents without any waiver, amendment or breach of any term or condition thereof. We have also assumed that in the course of obtaining the necessary regulatory or shareholder or third party (including creditor) approvals, consents and releases for the Scheme, or in the implementation of the same, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on any party to the Transaction, the Company, or Shasun or the contemplated benefits of the Transaction. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the Scheme or the Transaction as contemplated.



In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the consideration to be offered, or any other aspects of the Transaction or the Scheme, or to provide services other than the delivery of this Opinion. In light of the nature of the Scheme, we were not authorised to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction and we did not participate in the structuring or any negotiations with respect to the terms of the Scheme and related transactions. Consequently, we have assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be achieved, and no opinion is expressed whether any alternative transaction might result in consideration more favourable to the Company than that contemplated by the Transaction Documents.

It is understood that our Opinion is for the use and benefit of the Board of Directors of the Company in its consideration of the Share Exchange Ratio, and shall not be used for any other purpose and our Opinion does not address the relative merits of the Transaction contemplated by the Transaction Documents as compared to any alternative transaction or opportunity that might be available to the Company nor does it address the underlying business decision by the Company to engage in the Transaction or the terms of the Transaction Documents or the documents referred to therein. Our Opinion should not be construed as an investment proposition to buy or sell shares in the context of the Scheme, or any business or commercial decision to vote in favour of, or against, the Scheme. Our Opinion does not constitute an opinion or recommendation as to whether any holder of shares or securities in the Company should vote in favour of, or against, the Scheme or any matter related thereto. Furthermore, our Opinion does not address any term (other than the Share Exchange Ratio to the extent expressly specified herein) or other aspects or implication of the Scheme, including without limitation, the form or structure of the Scheme, any voting agreement, indemnification agreement or any other agreement, arrangement or understanding to be entered into in connection with or contemplated by the Scheme. In addition, you have not asked us to address, and this Opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company. Our Opinion addresses only the fairness, from a financial point of view, of the Share Exchange Ratio to the public shareholders of the Company and does not address any other aspect or implication of the Transaction (including the likelihood of the consummation of the Transaction). We express no opinion as to the price at which shares of the Company will trade at any time. Specifically, we are expressing no opinion herein as to the value of the equity shares of the Company when actually issued or the price at which the equity shares of Shasun or the Company will trade following the announcement or consummation of the Transaction (including the Scheme). Furthermore, we do not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any consideration to be paid in connection with the Transaction to the holders of any other class of securities, creditors or other constituencies of any party to the Transaction. Further, we express no opinion or view with respect to the fairness (financial or otherwise) of the amount or nature of any compensation payable or to be received by any of the Company's or its affiliates' respective officers, directors or employees, or any class of such persons, in connection with the Transaction. As you are aware, the credit, financial and stock markets have experienced volatility and we express no opinion or view as to any potential effects of such volatility on the shares of the Company or shares of Shasun or the Scheme (including the contemplated benefits thereof). Our Opinion is not to be treated as a valuation of shares in the Company or shares in Shasun under any law.

We have been engaged by the Company's Board of Directors to provide a fairness opinion as to whether the Share Exchange Ratio pursuant to the Scheme is fair, from a financial point of view, to



the public shareholders of the Company and will receive a fee for the delivery of this Opinion, which shall be payable upon delivery of this Opinion. The fee for our services is not contingent upon the results of the Transaction. We also will be reimbursed for expenses incurred. The Company has agreed to reimburse some of our actual expenses and to indemnify us against liabilities arising out of or in connection with the services rendered and to be rendered by us under such engagement. We have, in the past, provided financial advisory and financing services to the Company and may continue to do so and have received, and may receive, fees for the rendering of such services. In the ordinary course of our business, we and our affiliates may trade or hold securities of the Company and Shasun and/or their respective affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold long or short positions in those securities. In addition, we may seek to, in the future, provide financial advisory and financing services to the Company or Shasun or entities that are affiliated with either the Company or Shasun for which we would expect to receive compensation.

We express herein no view or opinion as to any terms or other aspects of the Transaction or the Transaction Documents and any documents pertaining to the Transaction or the Scheme (other than the Share Exchange Ratio to the extent expressly specified herein).

This Opinion is to be read in totality, and not in parts, and should also be read in conjunction with the relevant documents referred to herein.

Except as otherwise expressly provided herein or in our engagement letter with the Company, our Opinion shall not be used or referred to by the Company or any of its affiliates, or quoted or disclosed or reproduced, referred to, or communicated (in whole or in part) to any person in any manner or for any purpose whatsoever, in whole or in part, without our prior written consent. We accept no responsibility to any person other than the Company's Board of Directors in relation to the contents of this Opinion even if it is disclosed to such person with our consent.

IV. Conclusion:

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof, the Share Exchange Ratio is fair, from a financial point of view, to the public shareholders of the Company.

Sincerely,

JEFFERIES INDIA PRIVATE LIMITED

By

Probir Rao

Name: Probir Rao

Title: Managing Director

