Arihant Capital Markets Ltd.

Fairness Opinion

SCHEME OF AMALGAMATION AMONGST

KREBS BIOCHEMICALS & INDUSTRIES LIMITED
(Transferor Company)

AND

IPCA LABORATORIES LIMITED
(Transferee Company)

Prepared by:
Arihant Capital Markets Limited Merchant Banking Division Mumbai

June 26, 2026

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1. Background

i. **Krebs Biochemicals And Industries Limited** is a public limited company, incorporated under the Companies Act, 1956 on December 02, 1991, in the State of Andhra Pradesh. The Registered office of the Transferor Company is situated at Kothapalli Village, Kasimkota Mandal, Anakapalli, Vishakapatnam, Andhra Pradesh – 531031 (hereinafter referred to as "**KREBS**" or the "**Transferor Company**"),.

ii. **Ipca Laboratories Limited** is a public limited company, incorporated under the Companies Act, 1913 on October 19, 1949, in the State of Maharashtra. The registered office of the Transferee Company is situated at 48, Kandivli Industrial Estate, Kandivli (West), Kandivali West, Mumbai, Kandivali West, Maharashtra, India, 400067 (hereinafter referred to as "**IPCA**" or the "**Transferee Company"**).

The Transferor Company is an associate company of the Transferee Company. The Transferee Company holds 49.65% of the equity share capital of the Transferor Company.

Management of Transferor and Transferee Company have decided to enter into a Proposed scheme of amalgamation which provides for:

a) The amalgamation of the Transferor Company with and into the Transferee Company pursuant to Section 230 read with Section 232 and other relevant provisions of the Companies Act 2013 read with the Rules therein.
b) Dissolution without winding up of the Transferor Company ('Scheme")
c) Issuance of 7 Equity Shares of Re.1/- each in the Transferee Company credited as fully paid up for every 200 Equity Share of Rs.10/- each fully paid up held by such member in the Transferor, as per the terms set out under this Scheme.

The Appointed Date of the Scheme is April 01, 2026, as envisaged in the draft Scheme.

The Scheme envisages the amalgamation of KREBS into IPCA, resulting in consolidation of the business in one entity and strengthening the position of the merged entity, by enabling it to harness and optimize the synergies of the two companies.

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The Board of directors of the Transferor Company and the Transferee Company anticipate, interalia, the following benefits pursuant to the amalgamation of the Transferor Company into the Transferee Company:

a) The amalgamation of the Transferor Company with the Transferee Company is expected to result in operational synergies, improved efficiencies and optimization of costs across the combined entity.
b) The amalgamation will facilitate consolidation of the businesses of the Transferor Company and the Transferee Company, thereby enhancing the scale of operations, market presence and overall business prospects of the combined entity.
c) The amalgamation will lead to rationalization of administrative functions and reduction in duplication of records, processes and statutory, legal and regulatory compliance requirements.
d) The Transferor Company possesses specialized capabilities and manufacturing facilities for fermentation-based Active Pharmaceutical Ingredients (APIs), which are currently not available with the Transferee Company. The amalgamation will enable the Transferee Company to leverage these capabilities for the research, development and commercialization of new fermentation-based APIs, thereby expanding its product portfolio and business opportunities.
e) The Transferor Company manufactures a fermentation-based API that serves as a key therapeutic ingredient in one of the largest-selling formulations of the Transferee Company. Given the limited number of manufacturers of this API globally, the amalgamation will help secure an uninterrupted and reliable supply of this critical raw material to the Transferee Company.
f) The Transferor Company has been incurring losses and has limited financial resources to invest in research and development activities for the development of new fermentation-based APIs and optimal utilization of its manufacturing infrastructure. The amalgamation will enable the Transferor Company's operations to benefit from the financial strength, technical expertise and marketing capabilities of the Transferee Company.
g) The Transferor Company manufactures certain drug intermediates that are utilized by the Transferee Company in the production of its key Active Pharmaceutical Ingredients (APIs). The amalgamation will ensure continuity and security of supply of such critical intermediates, thereby strengthening the overall supply chain of the Transferee Company.

Towards this purpose, the Boad of Directors of the Transferee Company has provided us with a draft copy of the proposed Scheme of Amalgamation of Transferor and Transferee Company, which is scheduled to be considered at Transferee Company's Board Meeting. The proposed Scheme is also slated to be placed and approved at the meeting of the Board of Directors of the Transferor Company.

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2. Reference & Context

The equity shares of the Transferor Company and the Transferee Company are listed on National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). Accordingly, both companies are governed by the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), and the amendments thereto, as applicable from time to time.

We, Arihant Capital Markets Limited, have been appointed to issue a fairness opinion in terms of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, on valuation of assets/shares done by independent Valuers for the Transferor Companies and Transferee Company pursuant to the proposed Scheme of Amalgamation

We are a SEBI registered merchant banker and are not associates of the Transferor or the Transferee.

We have applied ourselves towards formation and expression of the opinion on the valuation of equity shares of Transferors and Transferee company done by Insolvency and Bankruptcy Board of India ("**IBBI**") registered Valuers Mr. Senthil Kumar S (IBBI Registration no. IBBI/RV/06/2022/14652) and Mr. Nataraja Nanjundaiah (IBBI Registration no. IBBI/RV/05/2021/13891) ["**Valuers**"] for Securities and Financial Assets in relation to this proposed Scheme of Amalgamation.

This Fairness Opinion is issued pursuant to our appointment as Merchant Bankers by Transferee Company for issuing the Fairness Opinion.

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3. Proposed Transaction

KREBS will amalgamate with IPCA through the proposed Scheme of Amalgamation. Below mentioned structure is as per the proposed Scheme provided to us by IPCA.

The Transferor Company is an associate company of the Transferee Company. The Transferee Company holds 49.65% of the equity share capital of the Transferor Company.

On amalgamation of the Transferor Company with the Transferee Company, no shares (whether equity or preference shares) of the Transferee shall be issued or allotted in respect of the equity shares held by the Transferee Company in the Transferor Company.

In consideration of the amalgamation, the Transferee Company shall, issue and allot 7 equity shares of Re. 1/- each of the Transferee Company for every 200 equity shares of Rs 10/- each held by shareholders other than Transferee company in the Transferor Company , as per the terms set out under the draft Scheme

Pursuant to the allotment of equity shares under the scheme, there will be change in the current equity shareholding pattern of Transferee company as the scheme envisages a share swap structure.

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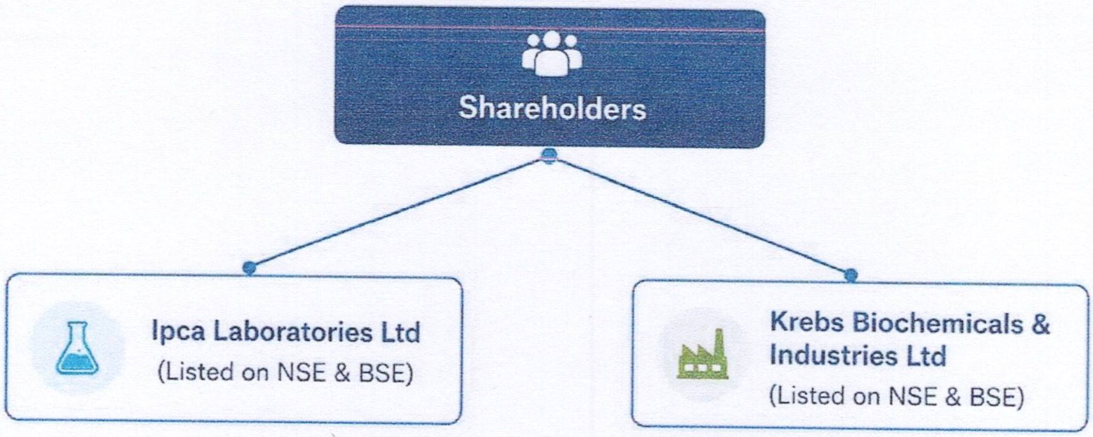
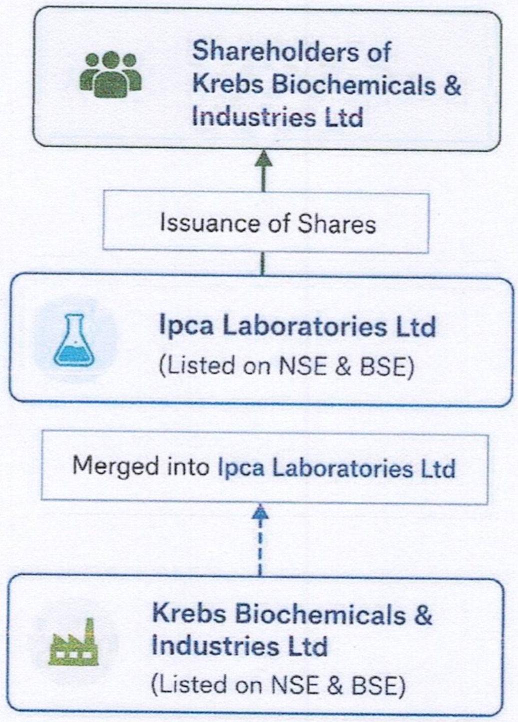
PROPOSED TRANSACTION



POST-SCHEME STRUCTURE



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4. Engagement Context

The management of Transferee Company has requested Arihant Capital Markets Limited ("Arihant" or "We / Us / Our") to express an opinion about fairness of the valuation done by the Valuers from a financial point of view in accordance with SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 issued by SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Shareholders transferee and transferor company (the "Fairness Opinion")

This Fairness Opinion is expressed solely with reference to requirements under aforementioned purpose; and scope of this assignment is restricted to opine about fairness of valuation already done by the Valuers and recommendation of share exchange ratio in relation to the proposed Scheme.

This opinion does not in any way constitute a recommendation by Arihant to any party including Shareholders as to whether such shareholders should approve or reject the proposed transaction, in cases where voting by public shareholders is warranted. We urge you to read this Fairness Opinion carefully and entirely.

We have been engaged by IPCA to issue a Fairness Opinion and will receive a fixed fee for rendering this Fairness Opinion, which is independent of the happening or otherwise of the proposed transaction.

This Fairness Opinion may be reproduced in the explanatory statement sent to the shareholders of IPCA and KREBS along with the notice of general meeting / postal ballot form, conducted to get approval for the proposed transaction, so long as the form of reproduction of the Fairness Opinion in such report and any description of or reference in such report to Arihant, is in a form acceptable to us.

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5. Basis of forming Opinion

5.1 *Documents and Information Considered*

For the purpose of providing our opinion, we have reviewed:

1. Certain publicly available business and financial information relating to Transferor and Transferee Company.
2. Audited financials of IPCA as on March 31, 2026 and Audited Financials for KREBS for the financial year ending March 31, 2026.
3. Certified draft of the proposed Scheme of Amalgamation to be approved by the Boards of Directors of the respective Companies.
4. Undertakings / Management Representations issued by IPCA and KREBS in relation to valuation of respective Companies.
5. Copy of the valuation reports of the Valuers Mr. Senthil Kumar S and Mr. Nataraja Nanjundaiah dated June 26, 2026, on the valuation of Transferor and Transferee Company and recommending Fair Share Exchange ratio for the proposed scheme.
6. Performed such other reviews and analyses as Arihant, in its absolute discretion, deemed appropriate.

5.2 *Assumptions and Limiting Conditions*

Arihant has been engaged to provide standard services for the issuance of the Fairness Opinion and therefore have not performed any due diligence or audit of the information provided to us, nor have we made any independent valuation or appraisal of the assets or liabilities. IPCA has provided us with the copy of valuation report done by the Valuers and have asked us to peruse and opine on the said report. IPCA has confirmed that as the issuance of Fairness Opinion is in relation to proposed amalgamation, the said valuers report may also be reproduced / quoted by us.

Arihant has assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us by IPCA, KREBS or their authorized representatives or used by us, and has assumed that the same are factually correct and does not assume or accept any liability or responsibility for any independent verification or checking of such information or any independent valuation or appraisal of any of the assets, operations or liabilities of Transferor Company and Transferee Company.

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In preparing this opinion, Arihant has received specific confirmation from management of transferee company and transferor Company that all the information the Company has provided to Arihant in relation to the engagement of Arihant is correct and complete and no information has been withheld that could have influenced the purpose of this Fairness Opinion.

This opinion exclusively focuses on the fairness, from a valuation point of view, of the shares / assets done by the Valuers and does not address any other issues such as the underlying business decision to recommend the transaction or its commercial merits, which are matters solely for the Boards of Directors of Transferee Company and Transferor Company to address and further to be confirmed by the shareholders of both the Company, as may be required.

It is specifically noted that the Valuers are independent Valuers registered with IBBI, for asset class 'Securities and Financial Assets' and as such possesses requisite qualification, competence and experience to conduct the valuation and are solely responsible for selection of valuation methods and calculations thereunder and the Valuers' competence has been fully relied upon. We are required to assess the fairness of the valuation and the resulting swap ratio / share exchange ratio.

The Opinion assumes that both the Companies comply fully with relevant laws and regulations applicable in all their areas of operations unless otherwise stated, and they are managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this fairness opinion has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

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Arihant's formation of fairness opinion is based on the Valuation Report, information supplied by Transferee Company and Transferor Company, representations and confirmations of its management on various issues and we have relied upon them as such without any independent verification and as such we do not hold ourselves liable if our opinion becomes flawed as a result of any shortcomings in such information, representations and confirmations given by Transferee Company and Transferor Company.

In rendering this opinion, Arihant has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly Arihant does not assume any responsibility or liability in respect thereof. Furthermore, Arihant has assumed that the proposed transaction will be consummated on the terms and conditions as set out in the proposed Scheme of Amalgamation, without any material changes to, or waiver of, its terms or conditions.

6. Valuation Approaches and their Review

6.1. *Overview*

The formation of a fairness opinion is generally a complex process involving careful consideration and review of valuation methods and associated financial and other analyses performed by the Valuers. Arihant has made a qualitative assessment of the appropriateness of the method and subsequent application.

6.2. *Valuation*

Arihant has reviewed the method of valuation adopted by the Valuers. The valuation Analysis is focused on Valuer's assessment of IPCA's and KREBS's equity shares. We note that the Valuer has considered Indian Valuation Standards as issued by the Institute of Chartered Accountants of India in carrying out the valuation exercise.

In the present case, both the Transferor Company and the Transferee Company are publicly listed companies. For the purpose of valuation of the Transferor Company and Transferee Company, the Valuers have considered four broadly accepted valuation methodologies, namely the Asset Approach - Net Asset Value (NAV) Method, Market Price Method, Income Approach (Discounted Cash Flow ("DCF") Method) and Comparable Companies Multiple ("CCM") Method.

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Both the Valuers have independently evaluated the suitability of each methodology having regard to the nature of the business, availability of information and prevailing market conditions, and has arrived at the valuation after assigning suitable weights to the methodologies considered relevant.

a) **Asset Approach** - Net Asset Value (NAV) Method:- The NAV / Asset Approach has not been adopted by both Valuers since IPCA and KREBS are mature and operating businesses where value lies in their ongoing earning capacity and not in the underlying book value of net assets. We specifically noted that the valuation is carried on by the Valuers on a going concern basis for both the Transferor and Transferee Companies.

b) **Market Price Approach**:- We note that the Valuers have adopted the Market Price Method for valuation of the equity shares of IPCA and KREBS. Since the equity shares of both companies are listed on BSE and NSE and are frequently traded with adequate liquidity, this method has been considered appropriate.

c) For the purpose of valuation, the market price has been considered as the higher of the 90 trading days' Volume Weighted Average Price or the 10 trading days' Volume Weighted Average Price (**"WVAP"**) of the equity shares quoted on the recognised stock exchange preceding the relevant date. NSE, being the exchange with higher trading volumes and liquidity, has been considered for computing the VWAP. This approach provides a representative measure of the prevailing market value of the equity shares.

d) **Income Approach: -** We note that the Valuers have used Discounted Cash Flow (DCF) under this approach, as the same was found to be appropriate given the nature of the business and the fact that projected financials of both the Companies were provided to Valuers.

e) **Comparable Companies Multiple ("CCM") Method:** We note that the Valuers have adopted the Comparable Companies Multiple ("CCM") Method under the Market Approach for valuation of both the Companies. Under this method, the value of a business is estimated by applying appropriate valuation multiples derived from publicly traded comparable companies possessing business characteristics similar to those of the company being valued, after making appropriate adjustments due to dissimilarities in terms of size, profitability etc. The methodology is based on the premise that market valuations of comparable listed companies reflect the collective assessment of informed market participants and incorporate factors relevant to valuation.

The Valuers have independently arrived at the valuation of both the Companies considering above methods and for the purpose of arriving at consensus on the swap ratios for the Proposed Transaction, appropriate minor adjustments/rounding off have been done by the Valuers.

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The Scheme envisages Issuance of 7 Shares of Re. 1/- each in the Transferee Company credited as fully paid up for every 200 Equity Share of Rs. 10/- each fully paid up held by such member in the Transferor, as per the terms set out under this Scheme.

The Scheme states that existing shareholding of Transferee Company in Transferor Company shall be cancelled and no shares will be issued to the extent of such holding.

6.3. *Analysis of the Valuation*

While forming our opinion, we performed certain procedures and made certain enquiries with Transferee company and Transferor Company. Some of the procedures / activities performed and the findings are mentioned below:

- Noted that the scheme involves amalgamation of Krebs Biochemicals and Industries Limited with and into Ipca Laboratories Ltd and upon implementation will lead to dissolution without winding up of the Transferor Company.
- Noted that the appointed date for the proposed scheme of Amalgamation is April 01, 2026, and the valuation of KREBS is carried out as at the date of approval of the Scheme by the Board of Directors of IPCA and KREBS considering latest available financial data based on normal operating business scenario.
- Since both the companies are listed and actively traded, market price method has been duly considered while arriving at the respective valuation.
- The valuation of IPCA and KREBS is based on the broadly accepted valuation methodologies and the approach seems reasonable.

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7. Opinion

Based upon and subject to the foregoing, we are of the opinion on the date hereof, that the valuation including the Share Exchange ratio of 7 (seven) Equity shares of IPCA of Re. 1/- (Rupee One) each fully paid up for every 200 equity shares of KREBS of Rs. 10/- (Rupees Ten Only) each fully paid up as recommended by the Valuers for the proposed Scheme of Amalgamation is fair.

For Arihant Capital Markets Limited
(Merchant Banking Division)

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Authorised Signatory
(SEBI Regn. No. INM000011070)