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REPORT OF THE MEETING OF AUDIT COMMITTEE OF J.B. CHEMICALS & PHARMACEUTICALS LIMITED RELATING TO THE SCHEME OF AMALGAMATION OF J.B. CHEMICALS & PHARMACEUTICALS LIMITED WITH TORRENT PHARMACEUTICALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS PURSUANT TO ITS MEETING HELD ON SATURDAY, JUNE 28, 2025 AT 4.45 P.M.

The following members of Audit Committee were present:

1. Ms. Padmini Khare Kaicker, Chairperson
2. Mr. Arun Duggal, Member
3. Mr. Sumit Bose, Member
4. Mr. Prashant Kumar, Member

By invitation:

1. Mr. Ashwani Kumar Puri, Non - Executive Independent Director
2. Mr. Nikhil Chopra, CEO
3. Mr. Narayan Saraf, CFO
4. Mr. Kunal Khanna, President, Operations
5. Mr. Devarajan Nambakam, Managing Director, Investment Banking, Goldman Sachs, India
6. Mr. Sujay Pai, Director, BDO LLP, and Ms. Lata More, Partner, BDO Valuation Advisory LLP
7. Mr. Raghavan Subramanian, Head, Structured Products, ICICI Securities Limited
8. Mr. Raghubir Menon, Sr. Partner, Shardul Amarchand Mangaldas & Co
9. Mr. Vaidhyananadhan Iyer, Sr. Partner, AZB & Partners

In attendance:

1. Mr. Sandeep Phadnis, Company Secretary & Compliance Officer

1. Background

- 1.1. A meeting of the Audit Committee ("**Committee**") of J.B. Chemicals & Pharmaceuticals Limited ("**Company**" or "**Transferor Company**") was held on June 28, 2025 to *inter alia* consider and recommend to the Board of Directors of the Company ("**Board**") the draft Scheme of Amalgamation of the Company with Torrent Pharmaceuticals Limited ("**Transferee Company**") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**"). The Management Team (*as defined hereinafter*) informed the Committee that the primary reason for the proposed merger of the Company with the Transferee Company is the execution of binding agreements amongst the Transferee Company, the Company and Tau Investment Holdings Pte. Ltd. ("**TIPL**") whereby the Transferee Company will acquire from TIPL, the promoter of the Company 46.39% of the equity share capital of the Company.

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Corporate Office:

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- 1.2. The Company and the Transferee Company are public companies, both incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). BSE and NSE are collectively referred to as the "Stock Exchanges".
- 1.3. This report of the Committee is made in order to comply with the requirements of the Paragraph A.2.(c) of Part I of SEBI Master Circular on Scheme of Arrangement dated June 20, 2023 bearing reference no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 ("SEBI Scheme Circular") read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Capitalised terms used herein but not defined shall have the meaning ascribed to them in the Scheme.
- 1.4. During the meeting, presentations were made by the representatives of the following advisors and experts:
- (a) Mr. Devarajan Nambakam, Goldman Sachs India, regarding the transaction;
 - (b) Ms. Lata More, BDO Valuation Advisory LLP on the valuation approach and methodology under the Valuation Report (defined below);
 - (c) Mr. Raghavan Subramanian, ICICI Securities Limited on the Fairness Opinion (defined below);
 - (d) Mr. Raghubir Menon, Shardul Amarchand Mangaldas & Co, on the terms of the transaction; and
 - (e) Mr. Vaidhyadnan Iyer, AZB & Partners, on the terms of the transaction.
- Mr. Sandeep Phadnis informed the Committee that the details of the presentations made by the advisors and experts will be included in the minutes of the Meeting of the Committee held on June 28, 2025.
- 1.5. The Committee has considered the following documents:
- (a) Scheme;
 - (b) Merger Implementation Agreement amongst the Company, the Transferee Company and Tau Investment Holdings Pte. Ltd.;
 - (c) compliance report as per the format specified in SEBI Scheme Circular;

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- (d) joint valuation report dated 29 June 2025 issued by BDO Valuation Advisory LLP (Registration No. IBBI/RV-E/02/2019/103), and Ernst & Young Merchant Banking Services LLP (Registration No. IBBI/RV-E/05/2021/155) being the registered valuers, recommending the fair equity share exchange ratio ("**Valuation Report**");
- (e) fairness opinion dated 29 June 2025 issued by ICICI Securities Limited, Independent Merchant Banker, opining on the fairness of the share exchange ratio as set out in the Valuation Report ("**Fairness Opinion**"); and
- (f) presentation made by the financial advisors, Goldman Sachs (India) Securities Private Limited on the transaction.

2. Proposed Scheme

2.1. The Committee noted the salient features of the Scheme, summarised as under:

- (a) The Scheme provides for amalgamation of the Company with the Transferee Company in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;
- (b) As a consideration for the merger, the Scheme provides for issuance and allotment of Transferee Company New Equity Shares by the Transferee Company to the shareholders of the Company as on the Record Date, based on the share exchange ratio provided in the Valuation Report. The Transferee Company New Equity Shares shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* with the then existing equity shares of the Transferee Company;
- (c) The Transferee Company New Equity Shares issued in terms of the Scheme will be listed and admitted to trading on the Stock Exchanges, in compliance of the SEBI Circulars and other relevant provisions as may be applicable;
- (d) The effectiveness of the Scheme is conditional upon fulfilment of certain conditions precedent provided in Clause 18 of the Scheme which include regulatory and statutory approvals such as the approvals of CCI, Tribunal, Stock Exchanges and filing of order of the Tribunal, sanctioning the Scheme, with the registrar of companies.

2.2. Mr. Nikhil Chopra, CEO, Mr. Narayan Saraf, CFO, and Mr. Kunal Khanna, President Operations ("**Management Team**") of the Company made a detailed presentation to the Committee covering inter alia, the Scheme, need for the amalgamation and rationale of the Scheme,

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synergies of businesses of both the companies involved in the Scheme, impact of the Scheme on the Company and its shareholders and others concerned and cost benefit analysis. The Management Team presented their rationale on the reason the Scheme, in their best judgement, is in the interest of the shareholders and employees of the Company.

2.3. Synergies of business of the Companies involved in the Scheme

The Management Team informed the Committee that the background and information of the Company and the Transferee Company is, *inter alia* as under:

- (a) The Company is engaged in the business of manufacturing and marketing diverse range of pharmaceutical formulations and active pharmaceutical ingredients.
- (b) The Transferee Company is engaged in the business of research and development, manufacturing, marketing, promotion and sale of pharmaceutical products.
- (c) Both the companies majorly into the same line of business. Upon amalgamation, the benefits and synergies as mentioned in Para 2.4 below shall be derived.

2.4. Need for the merger and rationale of the Scheme

The Management Team informed the Committee that, the primary reason for the merger of the Company with the Transferee Company is the execution of binding agreements amongst the Transferee Company, the Company and TIPL whereby the Transferee Company will acquire from TIPL, the promoter of the Company, 74,481,519 fully paid-up equity shares of the Company aggregating to 46.39% of the equity share capital of the Company on a fully diluted basis. The Transferee Company in addition to the above has announced a mandatory open offer under the Applicable Law and has the intention to acquire a maximum of additional shares upto 44,99,782 fully paid-up equity shares of the Company, aggregating to 2.80% from the employees of the Company, following the exercise of their vested employee stock options.

In addition to the rationale set out above, the Management Team informed the Committee that, since the Parties operate in related businesses, as per the Scheme, the amalgamation will consolidate the businesses of the Parties into a single entity and will *inter alia* result in the following benefits:

- (a) enhance the product offerings of the combined entity and more effectively meets the customer needs by leveraging the combined portfolio of products with enhanced marketing capabilities of both companies;
- (b) unlock new market opportunities and expand access to customer coverage through more comprehensive and synergistic product portfolio;

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- (c) enhance operational, organizational and financial efficiencies, and achieve economies of scale by pooling of resources;
- (d) an integrated and coordinated approach will allow for a more efficient allocation of capital and cash management;
- (e) reduction in multiple entities and regulatory compliances will further reduce the overall compliance and overhead costs;
- (f) consolidation of administrative and managerial functions and elimination of multiple record-keeping, inter alia other expenditure and optimal utilization of resources;
- (g) improve organizational capability and leadership, arising from the pooling of human capital that has diverse skills, talent, and vast experience to compete in an increasingly competitive industry; and
- (h) diversified and consolidated portfolio of branded products that will strengthen existing base in focus segment and will help to strategize the business for long term sustainable growth.

The Committee has also noted the presentation made by the Management Team on synergies which is expected to arise out of the merger.

2.5. Impact of the Scheme on the Company and its shareholders

- (a) Upon the effectiveness of the Scheme, the Company will merge into the Transferee Company;
- (b) In consideration of the effectiveness of the merger of the Company, the Transferee Company shall, issue and allot to the shareholders of the Company, whose name is recorded in the register of members and/ or records of the depository on the Record Date, as follows:

"51 (Fifty One) equity shares of the Transferee Company of INR 5/- each fully paid up for every 100 (Hundred) equity shares of Transferor Company of INR 1/- each fully paid up"

- (c) Per the presentation on the Fairness Opinion, the share exchange ratio set out in the Valuation Report is fair to the shareholders of the Company. Upon the effectiveness of the Scheme, the Company shall be dissolved without being wound up. The equity

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shares that will be issued to the shareholders of the Transferor Company pursuant to the Scheme are proposed to be listed on the Stock Exchanges.

2.6. Cost benefit analysis of the Scheme

According to the Management Team, although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc., the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

3. Recommendation of the Audit Committee

After taking into consideration the Scheme, Valuation Report, Fairness Opinion and after considering and relying on the presentations made and guidance given by, the Valuer, Independent Merchant Banker, Financial Advisor, legal advisors and the Management Team, the Audit Committee is of the view that (a) the Scheme is not detrimental to the shareholders of the Company, and (b) the share exchange ratio set out in the Valuation Report is fair to the shareholders of the Company. Accordingly, the Audit Committee recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of J.B. Chemicals & Pharmaceuticals Limited


Ms. Padmini Khare Kaicker

Chairperson of the Audit Committee

DIN: 00296388



Place: Mumbai

Date of recommendation: June 29, 2025

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