

<b>Ernst &amp; Young Merchant Banking Services LLP</b> Registered Valuer Registration No. IBBI/RV-E/05/2021/155 LLPIN: AAO 2287 14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400028.	<b>BDO Valuation Advisory LLP</b> Registered Valuer Registration No. IBBI/RV-E/02/2019/103 LLPIN: AAN 9463 Level 9, North East Wing, The Ruby, Senapati Bapat Marg, Dadar (West), Mumbai – 400028.
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Date: 29 June 2025

To,

<b>The Audit Committee/The Board of Directors,  Torrent Pharmaceuticals Limited</b> Torrent House, Off. Ashram Road, Ahmedabad – 380 009, Gujarat	<b>The Audit Committee/The Board of Directors,  J.B. Chemicals and Pharmaceuticals Limited</b> Neelam Centre, 'B' Wing, 4 <sup>th</sup> floor, Hind Cycle Road, Worli, Mumbai – 400 030, Maharashtra
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**Sub: Fair equity share exchange ratio for the proposed amalgamation of J.B. Chemicals and Pharmaceuticals Limited into Torrent Pharmaceuticals Limited**

Dear Sir / Madam,

We refer to respective engagement letters of Ernst & Young Merchant Banking Services LLP (“EY”) and BDO Valuation Advisory LLP (“BDO”), whereby EY and BDO are appointed by Torrent Pharmaceuticals Limited (“TPL”) and J.B. Chemicals and Pharmaceuticals Limited (“JCPL”) respectively, for valuation services in connection with the proposed amalgamation of JCPL into TPL.

TPL and JCPL are hereinafter collectively referred to as “Companies” or “Clients” or “Valuation Subjects”.

EY and BDO are hereinafter collectively referred to as “Valuers” or “we” or “us” in this report.

This fair equity share exchange ratio report (“Report”) is our deliverable for this engagement.

For the purpose of this Report, we have considered the Valuation Date as 28 June 2025 (“Valuation Date”).

For the purpose of this valuation, the valuation is based on ‘Going Concern’ premise.

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## SCOPE AND PURPOSE OF THIS REPORT

Torrent Pharmaceuticals Limited, has its registered office in Gujarat. TPL is inter alia engaged in the business of research and development, manufacturing, marketing, promoting and sale of pharmaceutical products. The equity shares of TPL are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Non-Convertible Debentures ("NCDs") and Commercial Papers issued by TPL are listed on NSE. For the financial year ended 31 March 2025, TPL reported consolidated revenue of INR 115,161 mn and consolidated profit after tax of INR 19,113 mn.

J. B. Chemicals & Pharmaceuticals Limited, has its registered office in Maharashtra. JCPL is inter alia engaged in the business of manufacturing and marketing of diverse range of pharmaceutical formulations, herbal remedies and Active Pharmaceutical Ingredients (APIs). The equity shares of JCPL are listed on the BSE and NSE. For the financial year ended 31 March 2025, JCPL reported consolidated revenue of INR 39,175 mn and consolidated profit after tax of INR 6,596 mn.

We have been informed by the management of the Companies ("Management") on the following transactions ("Proposed Transaction"):

- i. TPL has entered into a binding agreement with the promoters of JCPL for acquiring 74,481,519 equity shares of JCPL held by Tau Investment Holdings Pte. Ltd. ("KKR") at an agreed consideration of INR 1,600 per equity share ("Share Acquisition").
- ii. Thereafter, amalgamation of JCPL into TPL under the provisions of Sections 230-232 and the other applicable provisions of the Companies Act, 2013 read with Section 2(1B) and applicable provisions of Income Tax Act and other applicable laws ("Proposed Amalgamation").

In this connection, the Audit Committee and the Board of Directors of TPL and JCPL have appointed EY and BDO respectively, Registered Valuers, to estimate a fair equity share exchange ratio i.e., number of equity shares of TPL of face value of INR 5/- each fully paid up, which would be issued to the equity shareholders of JCPL in lieu of number of equity shares of JCPL of face value of INR 1/- each fully paid up held by them, pursuant to the proposed amalgamation of JCPL into TPL ("Fair Equity Share Exchange Ratio" or "Ratio") to comply with requirements under SEBI regulations.

It maybe noted that the equity shares of TPL will be issued to shareholders of JCPL other than shares held by TPL in exchange of shares of JCPL held by them for the proposed amalgamation of JCPL into TPL.

We understand that the appointed date for the Proposed Amalgamation as per the draft scheme shall be date on which the Share Acquisition is completed.

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a Ratio for the Proposed Amalgamation in accordance with International Valuation Standards (IVS).

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The Valuers have independently arrived at different values per share of the Companies. However, to arrive at the consensus on the Ratio for the Proposed Amalgamation, appropriate minor adjustments/rounding off have been done by the Valuers.

We have been provided with the consolidated audited financials of the Companies for the period ended 31 March 2025. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information impacting the Companies has been disclosed to us.

We have been informed by the Management that:

- a) there would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective, except issuance of Employee Stock Options in normal course of the business of the Companies. In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the Ratio in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
- b) till the Proposed Amalgamation becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.
- c) there are no unusual/abnormal events in the Companies materially impacting their operating/financial performance after 31 March 2025 till the Report date.

We have relied on the above while arriving at the Ratio for the Proposed Amalgamation.

We have been informed by the Management that the NCDs of TPL are listed on the debt segment of the NSE. As per the Draft Scheme of Amalgamation for the Proposed Amalgamation ("Scheme"), the NCD holders of TPL as on the effective date will continue to hold NCDs of TPL, without any interruption and on same terms, including the coupon rate, tenure, redemption price, quantum, and nature of security, ISIN, etc. The NCDs of TPL will continue to be freely tradeable and listed on NSE.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

#### SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Companies from the Management:

- Draft Scheme of Amalgamation for the Proposed Amalgamation.
- Annual reports of the Companies for years ended 31 March 2020 to 31 March 2024.
- Audited consolidated financials (balance sheet and profit and loss account along with schedules) of TPL and JCPL for the period ended 31 March 2025.



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- Consideration for purchase of all the equity shares held by KKR in JCPL agreed independently between buyer and seller.
- Financial projections of the Companies on a consolidated basis from 1 April 2025 to 31 March 2030 (It includes forecasts of profit and loss statements, capital expenditure and working capital requirements).
- Number of equity shares of the Companies as on the Valuation Date on a fully diluted basis.
- Details of Employee Stock Options (“ESOPs”) of JCPL outstanding as at the Valuation Date and expected payoff/settlements.
- Details of contingent liabilities for the Companies.
- Other relevant information and documents for the purpose of this engagement provided through emails or during discussion.

In addition, we have obtained information from public sources/proprietary databases including quarterly results.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft Report (excluding the Ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

#### PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past and future financial performance.
- Considered data available in public domain related to the Companies and its peers.
- Discussions (physical/over call) with the Management to:
  - Understand the business and fundamental factors that affect its earning-generating capability and historical financial performance, as available in public domain.
  - Understand the assumptions and the basis of key assumption used by the management of the Companies in developing projections.
  - Consider all valuation benchmarks to the extent relevant, including but not limited to information shared by the client on the Proposed Transaction.
- Undertook Industry Analysis:
  - Researched publicly available market data including economic factors and industry trends that may impact the valuation.
  - Analysed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the International Valuation standards (effective January 31, 2025) published by the International Valuation Standards Council.
- Arrived at valuation of Companies in order to estimate the Ratio for the Proposed Amalgamation.



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**SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS**

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this valuation Report can only be regarded as relevant as at the Valuation Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this Report and use of the Report is restricted for the purpose indicated in the respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials for period ended 31 March 2025 and (iv) other information obtained by us from time to time. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between 31 March 2025 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 March 2025 and the Report date.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients or Companies, their directors, employees or agents.

The Clients/owners and its management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the owners/Clients, their management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the



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Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

Valuers are not aware of any contingency, commitment or material issue which could materially affect the Companies' economic environment and future performance and therefore, the fair value of the Companies.

We do not provide assurance on the achievability of the results forecast by the management/owners as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report 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 disclosed in the audited / unaudited balance sheets of the Companies, if any provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and result are governed by concept of materiality.

We are not responsible for choice of the Valuation Date and we have not looked at the appropriateness of the same.

It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

The fee for the engagement is not contingent upon the results reported.

The said valuation shall be considered to be in non-binding in nature and should not be used to take buy or sell decisions, for which specific advice/opinion needs to be taken expert advisors. We understand that JCPL has appointed an independent investment banker for the Proposed Transaction. The actual equity share exchange ratio may be higher or lower than our Ratio depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the exchange ratio finally achieved. Accordingly, our Ratio will not necessarily be the equity share exchange ratio at which actual transaction will take place.

We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates



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furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Clients) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

Though the Valuers are issuing a joint report, EY will owe the responsibility only to the Board of Directors of TPL and BDO will owe the responsibility only to the Board of Directors of JCPL who have been appointed under the terms of their respective engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.

Valuation is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single value. While we have provided an assessment of the value based on the information available, application of certain formulae and within the scope and constraints of our engagement, others may place a different value to the same.

**DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS**

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

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## SHAREHOLDING PATTERN

### Torrent Pharmaceuticals Limited

The issued and subscribed equity share capital of TPL as at Valuation Date is INR 1,692.3 mn consisting of 338,445,440 equity shares of face value of INR 5/- each. The shareholding pattern is as follows:

Shareholding Pattern as on Valuation Date	No. of Shares	% Shareholding
Promoter	231,185,400	68.31%
Public	107,260,040	31.69%
<b>Grand Total</b>	<b>338,445,440</b>	<b>100.00 %</b>

Source: Management

### J.B. Chemicals and Pharmaceuticals Limited

The issued and subscribed equity share capital of JCPL as at Valuation Date is INR 156.1 mn consisting of 156,058,924 equity shares of face value of INR 1/- each. The shareholding pattern is as follows:

Shareholding Pattern as on Valuation Date	No. of Shares	% Shareholding
Promoter	74,481,519	47.73%
Public	81,577,405	52.27%
<b>Grand Total</b>	<b>156,058,924</b>	<b>100.00 %</b>

In addition to above, as on Valuation Date, JCPL has 4,499,782 ESOPs granted and outstanding which are dilutive in nature. Considering the same, the total number of shares on a fully dilutive basis is 160,558,706.

Source: Management

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Torrent Pharmaceuticals Limited

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### APPROACH FOR FAIR EQUITY SHARE EXCHANGE RATIO

The Scheme contemplates the amalgamation of JCPL into TPL. Arriving at the Ratio for the Proposed Amalgamation of JCPL into TPL would require estimating the relative value of equity shares of TPL and JCPL. These values are to be estimated independently, but on a relative basis for the Companies, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers and our reasonable judgment, in an independent and bona fide manner.

The valuation approach adopted by EY and BDO is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

### BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The basis of the amalgamation of JCPL into TPL would have to be estimated after taking into consideration all the factors and methods mentioned herein after. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purposes of the Ratio it is necessary to arrive at a final value for each Companies. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach / method.

The Ratio has been arrived at on the basis of value of equity shares of the Companies based on the various approaches/methods explained herein after considering various qualitative factors relevant to each company, business dynamics and growth potentials of the businesses of the Companies, information base and key underlying assumptions and limitations.

While we have provided Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Ratio. The final responsibility for the determination of the Ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

We have independently applied approaches/methods discussed in the Annexures, as considered appropriate, and arrived at the value per share of the Companies. To arrive at the consensus on the Ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done.

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In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we estimate the following Fair Equity Share Exchange Ratio for the Proposed Amalgamation of JCPL into TPL

51 (Fifty One) equity share of TPL of INR 5/- each fully paid up for every 100 (Hundred) equity shares of JCPL of INR 1/- each fully paid up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.

<p>Respectfully submitted,</p> <p><b>Ernst &amp; Young Merchant Banking Services LLP</b> Registered Valuer Registration No. IBBI/RV-E/05/2021/155</p>   <p><b>Amish Mehta</b> Partner IBBI Membership No.: IBBI/RV/05/2019/11654 Date: 29 June 2025 EYMBS/RV/2025-26/72</p>	<p>Respectfully submitted,</p> <p><b>BDO Valuation Advisory LLP</b> Registered Valuer Registration No. IBBI/RV-E/02/2019/103</p>   <p><b>Lata Gujar More</b> Partner IBBI Membership No.: IBBI/RV/06/2018/10488 Date: 29 June 2025 VRN : IOVRVF/BDO/2025-2026/5363</p>
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### Annexure 1A- Approach to Valuation – EY

There are primarily three approaches in valuation (viz., Cost/Asset Approach, Market Approach and Income Approach). For any valuation, all the approaches may not be relevant and therefore will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

According to IVS 102 “Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have adapted internationally accepted valuation standards and approaches in delivering our valuation conclusion. There are several principal valuation approaches under International Valuation Standard of which we have considered only those approaches to the extent, it is applicable and relevant.

The various approaches generally adopted in valuation are as under:

1. Cost/Asset Approach: Net Asset Value method
2. Income Approach: Discounted Cash Flows (DCF) method
3. Market Approach: Comparable Companies’ Market Multiple (CCM) method, Comparable Transactions’ Multiple (CTM) method and Market Price (“MP”) method

We have used the Market Approach (MP method) and Income Approach (i.e., DCF method) for valuation of both the Companies.

Fair valuation of the Companies factors various intangible assets whether or not recorded in the financials of the respective companies.

**Cost/ Asset Approach – Net Asset Value (NAV) method:** Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities. Cost approach is not considered suitable for pharmaceuticals companies since it does not capture the earnings potential or value of intangibles in the business. Hence, in the present valuation analysis, we have not considered NAV method.

**Income Approach - Discounted Cash Flow (DCF) method:** Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm. Such DCF analysis involves determining the following:

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company’s capital – both debt and equity.

- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*



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This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used Discounted Cash Flow method based on the business plan of the Companies provided to us by the Management.

**Market Approach - Multiples method:** Under this method, one attempts to measure the value of the shares / business of a company by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business. This valuation is based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the instant case, both the Companies are frequently traded on the stock exchanges. Hence, we deemed it appropriate that the MP Method would adequately represent value under Market Approach without the need to rely on Comparable Multiples.

**Market Approach - MP method:** Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

The equity shares of Companies are listed on NSE and BSE and are traded frequently. In these circumstances the share prices observed on NSE over a reasonable period have been considered for arriving at the value per equity share of the Companies under the Market Price method. For arriving at the market price, we have considered prices over appropriate period up to 27 June 2025.

Additionally, we have also considered the price of Share Acquisition of JCPL.

**Fair Valuation:**

We have arrived at the fair value of equity shares of both Companies by applying below mentioned weights to the value derived under various methods.

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The computation of Ratio for Proposed Amalgamation of JCPL into TPL by EY is tabulated below:

Valuation Approach	TPL		JCPL	
	Value per equity Share of TPL (INR)	Weight	Value per equity Share of JCPL (INR)	Weight
Cost/Asset Approach	224.3	0.0%	221.1	0.0%
Income Approach – DCF method (i)	3,738.3	50.0%	1,851.8	50.0%
Market Approach				
Market Price method (ii)	3,255.0	25.0%	1,772.5	25.0%
Market Price method/Price of Recent Transaction (iii)	3,255.0	25.0%	1,600.0	25.0%
Relative value per equity share (Weighted Average of (i),(ii) and (iii))	<b>3,496.7</b>		<b>1,769.0</b>	
<b>Fair Equity Share Exchange Ratio (Rounded)</b>	<b>0.51</b>			



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**Annexure 1B- Approach to Valuation – BDO****Basis Of Value**

The Report has been prepared on the basis of “Fair Value” as at Valuation Date. The generally accepted definition of “Fair Value” is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

**Premise Of Value**

The Report has adopted “Going Concern Value” as the premise of value in the given circumstances. The generally accepted definition of Going concern value is the value of a business enterprise that is expected to continue to operate in the future.

We have carried out the valuation in accordance with the principles laid in the International Valuation Standards, as applicable to the purpose and terms of this engagement.

The three main valuation approaches are the asset approach, market approach, income approach and asset approach. There are several commonly used and accepted methods within the market approach, income approach and asset approach, for determining the value of equity shares of a company, which can be considered in the present valuation exercise, to the extent relevant and applicable, to arrive at the Share Swap Ratio(s) for the purpose of the Proposed Transaction, such as:

- Asset Approach - Net Asset Value (NAV) Method/ Summation method
- Income Approach - Discounted Cash Flow (DCF) Method
- Market Approach - Market Price Method; Comparable Companies Multiples (CCM) Method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies/ businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

**Asset Approach:**Net Asset Value Method

Under the asset approach, the net asset value (NAV) method is considered, which is based on the underlying net assets and liabilities of the company, taking into account operating assets and liabilities on a book value basis and appropriate adjustments for, inter alia, value of surplus/ non-operating assets.





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#### Summation Method

The summation method, also referred to as the underlying asset method, is typically used for investment companies or other types of assets or entities for which value is primarily a factor of the values of their holdings.

#### **Income Approach:**

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalised) amount. The value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.

#### DCF Method

Under DCF method, the projected free cash flows from business operations available to all providers of capital are discounted at the weighted average cost of capital to such capital providers, on a market participant basis, and the sum of such discounted free cash flows is the value of the business from which value of debt and other capital is deducted, and other relevant adjustments made to arrive at the value of the equity – Free Cash Flows to Firm (FCFF) technique; This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

#### **Market Approach:**

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

#### Comparable Companies Multiples (CCM) Method:

Under this method, one attempts to measure the value of the shares/ business of company by applying the derived market multiple based on market quotations of comparable public/ listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company/ business (based on past and/ or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

#### Market Price Method

Under this method, the value of shares of a company is determined by taking the average of the market capitalisation of the equity shares of such company as quoted on a recognised stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share, especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger/ demerger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard. This



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method would also cover any other transactions in the shares of the company including primary/ preferential issues/ open offer in the shares of the company available in the public domain.

The equity shares of TPL & JCPL are listed on National stock exchange Limited (“NSE”) and BSE Limited (BSE”), and shares are frequently traded under regulation 2(1)(j) of Chapter I of Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011, therefore we have considered the Market Price Method under Market Approach for the valuation.

Under market price method, the market price as per Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 (“SAST”) and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR”).

#### SAST

*As per the regulation 8(2)(d) of Chapter II of Securities And Exchange Board Of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011 (last amended on November 28, 2024), the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded.*

Therefore, we have considered sixty days of volume weighted average price as market price for computation.  
ICDR

*As per the regulation 164(1) of Chapter V of Securities And Exchange Board Of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (last amended on March 8, 2025) as amended from time to time (“ICDR”), If the equity shares of the issuer have been listed on a recognised stock exchange for a period of 90 trading days or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:*

- a. *the 90 trading days’ volume weighted average price of the related equity shares quoted on the recognised stock exchange preceding the relevant date; or*
- b. *the 10 trading days’ volume weighted average prices of the related equity shares quoted on a recognised stock exchange preceding the relevant date*

Therefore, we have considered the higher of 90 days or 10 days as of volume weighted average price market price for computation.

Further, the values arrived have been appropriately adjusted for the Share Acquisition by TPL.





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The valuation approaches/ methods used, and the values arrived at using such approaches/ methods have been tabled below in the next section of this Report.

Valuation Approach	Valuation Method	TPL		JCPL	
		Value Share (INR)	Per Weights	Value Share (INR)	Per Weights
Cost/Asset Approach	NAV Method	224.3	NA	221.1	NA
Income Approach	DCF Method	3,805.0	50%	1,885.7	50%
Market Approach	MP Method - SAST	3,246.8	25%	1,639.2	25%
	MP Method - ICDR	3,293.0	25%	1,772.5	25%
<b>Value Per Share</b>		3,537.4		1,795.8	
<b>Share Swap Ratio</b>		0.51			
<b>Fifty-one (51) equity shares of TPL for every One Hundred (100) shares of JCPL.</b>					

**Valuer Notes:**

TPL & JCPL have future earnings potential, hence we have not considered the summation method/cost approach and applied DCF Method under Income Approach and Market Price Method under Market Approach for its valuation.

