

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE OF
TORRENT PHARMACEUTICALS LIMITED

Members Present

1. Shri Shailesh Haribhakti.....Chairman
2. Shri Pradeep Bhargava
3. Smt Renu Challu

1. Background

The Company has placed before the Audit and Risk Management Committee draft scheme of Amalgamation of Zyg Pharma Private Limited ('Zyg Pharma' or 'Transferor Company'), a wholly owned subsidiary of the Company with between Torrent Pharmaceuticals Limited ('the Company' or 'Transferee Company') and their respective Shareholders and Creditors for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with CIR/CFD/DIL/8/2013 dated 21st May, 2013(Circular).

This report is made in order to comply with the requirements of the Circular after considering the followings:

- a) Draft Scheme of Amalgamation
- b) Certificate dated 8th October, 2015 issued by Deloitte Haskins & Sells, Ahmedabad, Statutory Auditors of the Company confirming that Valuation report is not required;
- c) Fairness opinion report dated 8th October, 2015 issued by Kotak Mahindra Capital Company Ltd;
- d) Draft Certificate dated 8th October, 2015 issued by Deloitte Haskins & Sells, Ahmedabad, Statutory Auditors of the Company in relation to the Accounting treatment specified in the Draft Scheme;



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- e) An Undertaking dated 8th October, 2015 issued by the Company and certified by Deloitte Haskins & Sells, Ahmedabad, Statutory Auditors of the Company in relation to non – applicability of the provisions of Para 5.16 (a) of the Circular;
- f) Pre Scheme and Post Scheme Net- worth Certificate of the Company dated 8th October, 2015 issued by Deloitte Haskins & Sells, Ahmedabad, Statutory Auditors of the Company;
- g) Audited financial statements of Zyg for the financial year ended on 31st March, 2015, 31st March, 2014 and 31st March, 2013 AND for the period 1st April, 2015 to 17th July, 2015; and
- h) Unaudited Financial Statements of the Company for the period 1st April, 2015 to 30th June, 2015;

2. Proposed Scheme

The Salient features of the draft Scheme are as under:

A. Rationale For Amalgamation

- (a) The Transferor Company is a wholly owned subsidiary of the Transferee Company. In view of similar business of the Transferor Company and the Transferee Company, it is proposed to consolidate the activities of these Companies by way of amalgamation of the Transferor Company with the Transferee Company.
- (b) The proposed amalgamation would result in:
 - Concentrated management focus and synergies of operations
 - Facilitating inter transfer of resources and optimum utilisation of assets;
 - Reduction in multiplicity of legal and regulatory compliances;
 - Uniform corporate policies
 - Effectively addressing emerging challenges of enhanced competitive scenario in the markets in which the company is operating.



thereby enhancing shareholders' value and would be in the long term interest of all the stakeholders.

B. Appointed Date: It is proposed to keep the Appointed Date for the amalgamation as 1st October 2015.

C. Tax implication: This Scheme complies and comes within the definition and conditions relating to "Amalgamation" as specified under Section 2(1B), Section 47 and other relevant sections of the Income Tax Act, 1961.

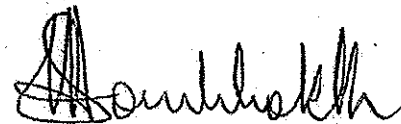
The amount of goodwill, if any, arising on merger of Zyg Pharma's assets with the Company shall be available for tax break.

D. Accounting treatment: On the Scheme becoming effective, the Company shall account for the amalgamation in its books as on the Appointed Date, as per the "Purchase Method" under Accounting Standard 14 – "Accounting for Amalgamation".

3. Recommendation of the Audit Committee

The Audit Committee after considering the rationale and the fact that the scheme would not affect the interest of the stakeholders, recommends the draft Scheme for favorable consideration by the Board of Directors of the Company, and subject to approval by the Board of Directors, for favorable consideration by the Stock Exchange(s) and SEBI.

Date : 8th October, 2015
Place : Ahmedabad



Shri Shailesh Haribhakti
(Chairman of the Audit &
Risk Management Committee)
Torrent Pharmaceuticals Limited



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