

DRAFT REPORT OF THE AUDIT COMMITTEE OF THEMIS MEDICARE LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF GUJARAT THEMIS BIOSYN LIMITED WITH THEMIS MEDICARE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS AT ITS MEETING HELD ON 18TH NOVEMBER, 2024 AT SYMPHONY, THE CLUB, D. N. NAGAR, ANDHERI WEST, MUMBAI - 400053.

The following Audit Committee Members were present:

1. Mr. Shishir Dalal : Chairman
2. Mr. Nikunt Raval : Member
3. Dr. Sachin Patel : Member

In attendance:

Mr. Pradeep Chandan : Company Secretary

By invitation:

1. Mr. Tushar Dalal
2. Mr. Vineet Gawankar
3. Mr. Sujal Shah
4. Mr. Sagar Mehta
5. Ms. Darshana Kadakia
6. Mr. Arpit Thakkar

1. Background

- 1.1.** A meeting of the Audit Committee of Themis Medicare Limited ("**Company**" or **Amalgamated Company**") was held on 18th November 2024 to consider and recommend the proposed draft Scheme of Amalgamation of Gujarat Themis Biosyn Limited ("**Amalgamating Company**") with the Company and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").
- 1.2.** The Amalgamating Company and the Amalgamated Company are public limited companies incorporated under the provisions of the Companies Act, 1956. The equity shares of the Amalgamating Company are listed on BSE Limited. The equity shares of the Amalgamated Company are listed on BSE Limited and National Stock Exchange of India Limited.
- 1.3.** This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 23 June, 2023 ("**SEBI Master Circular**"), including amendments thereto.
- 1.4.** The following documents were placed before the Audit Committee of the Company:
 - (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;

- (b) Joint share exchange ratio report dated 18th November 2024 issued by SSPA & Co. (Registration No. IBBI/RV-E/06/2020/126), Registered Valuer and GT Valuation Advisors Private Limited (Registration No. IBBI/RV-E/05/2020/134), Registered Valuer ("**Share Exchange Ratio Report**"), describing the methodology adopted by them in arriving at the share exchange ratio;
- (c) Fairness opinion dated 18th November, 2024 issued by Kunvarji Finstock Private Limited (Registration No. INM000012564), an Independent SEBI registered Merchant Banker ("**Fairness Opinion**"), providing an opinion on the share exchange ratio specified in the Share Exchange Ratio Report; and
- (d) Certificate dated 18th November, 2024, issued by Krishnaan & Co. (Firm Registration No. 001453S) the Statutory Auditors of the Company, confirming the accounting treatment prescribed in the Scheme.

2. Proposed Scheme of Amalgamation

2.1. NEED FOR THE AMALGAMATION AND RATIONALE OF THE SCHEME

The proposed amalgamation of the Amalgamating Company with the Amalgamated Company in accordance with this Scheme would enable realization of the following benefits:

- a. integration of the entire product value chain under a consolidated entity;
- b. this consolidation will lead to synergies of operations and facilitate long-term sustainable growth to enhance value for all stakeholders concerned;
- c. optimal utilisation of resources to derive operating efficiencies and business synergies;
- d. ability to sell products through the expanded distribution channels;
- e. efficient utilization of capital to drive growth of the consolidated business under a single entity;
- f. elimination of multiple entities and reduction of costs;
- g. optimising research and development activities; and
- h. strengthening the financial position of the consolidated entity.

The Scheme is in the interests of the Amalgamating Company, the Amalgamated Company and their respective stakeholders.

2.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

The background and information of the Amalgamating Company and the Amalgamated Company is, *inter-alia*, as under:

- (a) The Amalgamated Company is, *inter alia*, engaged in the business of manufacturing of finished formulations and synthetic Active Pharmaceutical Ingredients ("APIs").

- (b) The Amalgamating Company is, inter alia, engaged in the business of manufacturing of fermentation-based pharmaceutical intermediates and APIs.
- (c) The proposed Scheme would enable a combined entity to realize benefits of greater synergies between their similar businesses and avail of the financial, managerial, technical, distribution and marketing resources of each other towards maximizing stakeholder value;
- (d) Synergy of operations will result in incremental benefits through sustained availability and better procurement terms of components, pooling of resources in manufacturing, engineering, manpower and other infrastructure, thus leading to better utilization and avoidance of duplication;
- (e) Creation of focused platform for future growth of the business;
- (f) Opportunities for employees of the Amalgamating Company and the Amalgamated Company to grow in a wider field of business; and
- (g) Improvement in competitive position as a combined entity and also achieving economies of scale including enhanced access to marketing networks/ customers.

2.3. IMPACT OF THE SCHEME ON THE SHAREHOLDERS OF THE COMPANY

- (a) In consideration for the amalgamation of the Amalgamating Company with the Amalgamated Company, the shareholders of the Amalgamating Company, except for the Amalgamated Company itself, as on the Record Date (*as defined in the Scheme*) shall receive equity shares of the Amalgamated Company. Further, the rights and interests of the shareholders of the Amalgamated Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Amalgamated Company, before and after Scheme;
- (b) Upon the Scheme becoming effective, the Amalgamating Company shall be dissolved without being wound up and the shareholders of the Amalgamating Company shall become shareholders of the Amalgamated Company; and
- (c) After the effectiveness of the Scheme and subject to receipt of regulatory approvals, the equity shares of the Amalgamated Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited and the National Stock Exchange of India Limited.

2.4. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring of some costs towards its implementation, however, 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

The Audit Committee *inter alia* having noted the rationale, benefits and the impact of the Scheme on shareholders and others concerned and in particular the fact that the Scheme is not detrimental to the interests of shareholders of the Company and in consideration of the draft Scheme, Share Exchange Ratio Report, Fairness Opinion and aforesaid certificate issued by Statutory Auditors of the Company, the Audit Committee of the Company hereby 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 **THEMIS MEDICARE LIMITED**



Mr. Shishir Dalal

Chairman

Audit Committee

Place: Mumbai

Date: 18th November, 2024