Annexure D

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REPORT OF THE AUDIT COMMITTEE OF AJANTA PHARMA LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION AND ARRANGEMENT BETWEEN GABS INVESTMENTS PRIVATE LIMITED AND AJANTA PHARMA LIMITED AND THEIR RESPECTIVE SHAREHOLDERS.

Present - Members

1. Mr. Chandrakant Khetan - Chairman
2. Mr. Prabhakar Dalal
3. Mr. K H Vishwanathan - through video conferencing

In attendance

1. Mr. Gaurang Shah, Company Secretary

Invitee

1. Mr. Arvind Agrawal, Chief Financial Officer
2. Mr. Nikhil Patel, Statutory Auditor, M/s. Kapoor & Parekh Associates
3. Mr. Sagar K Mehta, Independent Valuer, SSPA & Co

1. Background

a. A draft Scheme of Amalgamation and Arrangement under Sections 230-232 read with Section 52 and Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, between Gabs Investments Private Limited ("Transferor Company" or "GIPL") and Ajanta Pharma Limited ("Transferee Company" or "APL" or "the Company") and their respective Shareholders ("**Scheme**") has been place before the Audit Committee by the management for it to consider recommending the said draft Scheme to the Board of Directors.

b. The Scheme inter-alia provides for amalgamation of GIPL with the Company.

The Equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Company will be filing the Scheme along with necessary information / documents with both the mentioned exchanges.

c. The report of Audit Committee is made in order to comply with the requirements of the Circular CFD/DIL3/CIR/2017/17 dated 10th March, 2017 issued by the Securities and Exchange Board of India (**"SEBI Circular"**) after considering the following:

a) Draft Scheme, duly initialed by Company Secretary of the Company for the purpose of identification;

b) Valuation report dated 17th March, 2017 issued by M/s SSPA & Co., Independent Chartered Accountants; and

c) Fairness Opinion Report dated 18th March, 2017 issued by M/s IDBI Capital Markets & Securities Limited, a Category I Merchant Banker providing the fairness opinion on the share entitlement recommended in the valuation report prepared by M/s SSPA & Co., Independent Chartered Accountants;

d) Certificate obtained from the Statutory Auditors of the Company i.e. M/s. Kapoor & Parekh Associates, Chartered Accountants confirming that the Scheme is in compliance with the applicable accounting treatment notified under Companies Act, 2013 and other generally accepted principles; and

e) Audited financial statements of the Company and GIPL for the year ended March 31, 2016, March 31, 2015 and March 31, 2014.

2. <u>Proposed Scheme</u>

a. The Audit Committee reviewed the valuation report and noted the report and recommended the following:

In consideration for the amalgamation GIPL with APL in terms of the Scheme and based on valuation report issued by M/s SSPA & Co., Independent Chartered Accountants and fairness opinion provided by M/s IDBI Capital Markets & Securities Limited, a Category I Merchant Banker, APL will issue an aggregate of 83,92,262 (Eighty Three Lacs Ninety Two Thousand Two Hundred and Sixty Two) equity shares of Rs. 2/- (Rupees Two) each, fully paid up to the equity shareholders of GIPL as on the Record Date on a proportionate basis.

b. Further, the Fairness Opinion confirmed that the share entitlement in the valuation report is fair to the Company, GIPL and their respective shareholders.

c. Further, M/s. Kapoor & Parekh Associates, Chartered Accountant, Statutory Auditors of the Company have confirmed that the accounting treatment as specified in the Scheme are in accordance with the applicable accounting standards specified under the provisions of the Companies Act, 1956 and/or Companies Act, 2013 and the generally accepted accounting principles in India.

d. The proposed Appointed Date for the amalgamation will be 1st April, 2016 or such other date as the National Company Law Tribunal, Mumbai Bench may direct or approve under the relevant provisions of the Companies Act, 2013.

e. Under the proposed Scheme, all assets and liabilities, pertaining to GIPL, of whatsoever nature and where so ever situated, shall without any further act or deed be transferred to and vested in the Company as a going concern with effect from the Appointed Date.

f. The equity shares of APL to be issued to the shareholders of GIPL pursuant to the Scheme shall be listed on BSE Limited and National Stock Exchange of India Limited (subject to trading permission being granted by the stock exchanges).

3. **Recommendations of the Audit Committee**

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, valuation report, fairness opinion report and the specific points mentioned above, recommends the draft Scheme for favorable consideration by the Board of Directors of the Company.

By Order of the Audit Committee

For and on behalf of

AJANTA PHARMA LIMITED

Chairperson of the Audit Committee

Date: 18th March, 2017

Place: Mumbai