Annexure - H

Mangalam Drugs and Organics Limited

Regd. Office : Rupam Building, 3rd Floor, 239 P. D'Mello Road, Near G. P. O. Mumbai - 400 001.
91-22-22616200 / 6300 / 8787 91-22-22619090 • CIN : L24230MH1972PLC116413

MANGALAM
WHO-GMP Accredited

Report of the Audit Committee ("Committee") of Mangalam Drugs and Organics Limited on the Scheme of Merger by Absorption of Mangalam Laboratories Private Limited ("MLPL" or "First Transferor Company") and Shri JB Pharma Private Limited *(Formerly known as Shri JB Pharma LLP)* ("SJPPL" or "Second Transferor Company") with Mangalam Drugs and Organics Limited ("MDOL" or "Transferee Company").

This Report of the Audit Committee is considered and approved by the Committee in its meeting held on 15th March, 2024.

Members Present:

Mrs. Nidhi Shantanu Mundada	:	Chairperson of the Audit Committee
Mr. Govardhan Murlidhar Dhoot	:	Member
Mr. Rukmesh Prabhukumar Dhandhania	:	Member

Convener:

Mr. Jayant Barde	:	Company Secretary & Compliance Officer

1. **Background:**

1.1 A meeting of the Audit Committee of Transferee Company was held on 15th March, 2024 to consider and recommend to the Board of Directors the proposed Scheme of Merger by Absorption of First Transferor Company and Second Transferor Company with the Transferee Company and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 (**"Act"**) (hereinafter referred to as the **"Scheme" / "Merger"**).

The First Transferor Company is a wholly owned subsidiary of the Transferee Company and is not listed on any stock exchange in India or abroad.

1.2 The equity shares of the Transferee Company are listed on the BSE Limited (**"BSE"**) and the National Stock Exchange of India Limited (**"NSE"**, and together with BSE, the **"Stock Exchanges"**). The Transferee Company will be filing the Scheme along with necessary documents with the Stock Exchanges for their no objection or observation letter pursuant to Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**"SEBI Listing Regulations"**) and applicable statutory provisions.

1.3 This Report of Audit Committee is made in order to comply with the requirements of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (**"SEBI Circular"**) after considering the following:

CERTIFIED TRUE COPY
For Mangalam Drugs & Organics Ltd.
Company Secretary

a) Draft Scheme of Merger by Absorption;

b) Valuation Report dated 15th March, 2024 issued by Nitish Chaturvedi, Registered Valuer, Securities or Financial Assets (**"Valuation Report"**);

c) Fairness Opinion dated 15th March, 2024 issued by Navigant Corporate Advisors Limited, SEBI Registered Category I Merchant Banker (**"Fairness Opinion"**);

d) Financial statements of the First Transferor Company, Second Transferor Company and Transferee Company for the year ended March 31, 2021, March 31, 2022 and March 31, 2013;

e) Financial Statements of First Transferor Company, Second Transferor Company and Transferee Company for the Quarter and year to date ended December 31, 2023;

f) Certificate dated 15th March, 2024 issued by the Statutory Auditors of the Transferee Company, to the effect that the Scheme is in compliance with applicable Accounting Standards specified in Section 133 of the Act (**"Statutory Auditors Certificate"**); and

g) Other relevant documents relating to the Merger.

2. **Proposed Scheme and review:**

2.1 The salient features of the Scheme are as under:

a) Merger of the First Transferor Company and Second Transferor Company with the Transferee Company, transfer of Undertaking (as defined in the Scheme) of the First Transferor Company and Second Transferor Company into the Transferee Company, and issue of equity shares by Transferee Company to the shareholders of Second Transferor Company.

b) Rationale and purpose of the Scheme are as described in detail in the Scheme.

2.2 Upon the Scheme becoming effective and in consideration of the Merger, including the transfer and vesting of the Undertaking in the Transferee Company, the Transferee Company shall without any further application or deed, issue and allot equity shares of the Transferee Company at face value, credited as fully paid up, to the extent indicated below, to the Eligible Members or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Companies / the Transferee Company in the following manner (the **"Share Exchange Ratio"**):

CERTIFIED TRUE COPY
For Mangalam Drug & Organics Ltd.
Company Secretary

a) **Between First Transferor Company and Transferee Company:**

As the First Transferor Company is wholly-owned subsidiary of the Transferee Company, no consideration shall be payable pursuant to the Merger by Absorption of the First Transferor Company with the Transferee Company, and the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled without any further act, application or deed.

b) **Between Second Transferor Company and Transferee Company:**

The Transferee Company shall without any further act or deed, issue and allot 265 Equity Shares of Rs. 10/- each to the Eligible Members of Second Transferor Company for every 1 (One) Equity Share of Face Value of Rs. 10/- each held by Eligible Members of Second Transferor Company.

2.3 Pursuant to the Scheme, the Transferee Company shall account for the Merger as per the applicable accounting principles prescribed under Indian Accounting Standards (IndAS).

2.4 Further, the Fairness Opinion confirmed that the Share Exchange Ratio as mentioned in the Valuation Report is fair to the Transferee Company, and their respective shareholders.

2.5 The Scheme is proposed to be effective from the Appointed Date (as defined in the Scheme) and operative from the Effective Date (as defined in the Scheme).

2.6 The equity shares of the Transferee Company to be issued to the shareholders of the Second Transferor Company (except to the Transferee Company itself) pursuant to the Scheme shall be listed on the Stock Exchanges.

3. **Comment by the Audit Committee on the Scheme:**

The Audit Committee reviewed and provided the following comments on the Scheme.

3.1 Need for the Merger

All the Transferor Companies and the Transferee Company belong to the same Promoter Group who manage and control the business of these Companies and are largely engaged in same kind of business activities. In addition to the rationale and purpose of the Scheme, as described in detail in the Scheme, the Merger will help achieving economies of scale and

CERTIFIED TRUE COPY
For Mangalam Drug & Organics Ltd.
Company Secretary

will lead to a more efficient utilization of capital, great business synergy and create a consolidated base for future growth.

3.2 Rationale of the Scheme

The Audit committee is of the view that the rationale and purpose of Merger as mentioned in the Scheme is justifying the basis for the Merger.

3.3 Synergies of business of the entities involved in the Scheme

In views of the Audit Committee, both the entities are in a similar line of business thus there will be synergies of business. The Merger will lead to a more efficient utilization of capital, greater business synergies and create a consolidated base for future growth.

3.4 Impact of the Scheme on the listed entity and its shareholders / Impact of the Scheme on the Shareholders

The consolidation of Transferor Companies with the Transferee Company will be in the interest of stakeholders of Transferor Companies and Transferee Company to have an increased capability for running this business and pursue growth opportunities.

The Scheme will result in economies of scale and consolidation of opportunities will contribute to make the Transferee Company more profitable and accordingly further enhance the overall shareholder value. Further, the scheme will not in any manner adversely affect the rights / interest of shareholders of First Transferor Company, Second Transferor Company and Transferee Company.

3.5 Cost benefit analysis of the Scheme

Keeping in view the rationale and purpose of Merger as mentioned in the Scheme, the Audit Committee is of the view that post-Merger, there would be synergies of business, cost reduction, increase efficiencies and productivity gains thereby contributing to future growth and enhancement of shareholder value.

Audit Committee also noted that there would be no adverse change in the financial position of the Company. However, there will be business benefits arising to the Transferee Company which can not be quantified.

CERTIFIED TRUE COPY
For Mangalam Drug & Organics Ltd
Company Secretary

4. **Recommendations of the Audit Committee:**

The Audit Committee after due deliberations and due consideration of all the terms of the draft Scheme, Share Exchange Ratio, Valuation Report, Fairness Opinion, Statutory Auditors Certificate, financial statements and the specific points mentioned above, recommends the draft Scheme for favorable consideration to the Board of Directors of Transferee Company, the Stock Exchanges and Securities Exchange Board of India and other appropriate authorities.

This Report of the Audit Committee is made after considering the necessary documents and the same shall be treated as compliance under the applicable provisions of the SEBI Listing Regulations, SEBI Circulars and other applicable provisions, if any. The Committee is entitled to make relevant modifications to this Report, if required, and such modifications or amendments shall be deemed to form part of this Report.

For and on behalf of Audit Committee of
Mangalam Drugs and Organics Limited

MANGALAM DRUGS & ORGANICS LTD. MUMBAI

Nidhi Shantanu Mundada
Chairperson
DIN : 08134952
Date : 15.03.2024
Place : Mumbai

CERTIFIED TRUE COPY
For Mangalam Drug & Organics Ltd.
Company Secretary