

REPORT ADOPTED BY THE AUDIT COMMITTEE OF KOPRAN LIMITED AT ITS MEETING HELD ON MARCH 20, 2025, IN RELATION TO THE PROPOSED SCHEME OF AMALGAMATION OF KOPRAN LABORATORIES LIMITED INTO AND WITH KOPRAN LIMITED AND THEIR RESPECTIVE SHAREHOLDERS.

Members Present:

Mr. Narayan Atal – Independent Director and Chairman of the Committee
Mrs. Mamta Biyani – Independent Director and Member of the Committee
Mr. Surendra Somani – Executive Director and Member of the Committee

In Attendance:

Mr. Sunil Sodhani – Company Secretary & Compliance Officer
Mr. Basant Kumar Soni – Chief Financial Officer

Auditors:

Mr. Bhupendra Karkhanis, Khandelwal Jain & Co., Chartered Accountants

Registered Valuer:

Mr. Parag Mehta – Partner, M/s Ernst & Young Merchant Banking Services LLP

Merchant Bankers:

CA Sakshi Gupta - Head Valuation, Saffron Capital Advisors Pvt Limited

1. BACKGROUND

1.1. The Audit Committee at its meeting held on March 20, 2025 was requested to consider and, if thought fit, recommend to the Board of Directors (“**Board**”) of Kopran Limited (“**Transferee Company**” or “**the Company**”), a draft of the proposed scheme of amalgamation involving the Company and Kopran Laboratories Limited (“**Transferor Company**”) and their respective shareholders (hereinafter referred to as “**Scheme**”), wherein the Transferor Company shall amalgamate with and into the Transferee Company in terms of Section 230 to 232 and other applicable provisions, if any of the Companies Act, 2013 (“**Companies**”



Kopran

Act”) read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) or other amendments thereof for the time being in force), Section 2(1B) read with other applicable provisions of the Income tax Act, 1961 (as amended) (“IT Act”) and other applicable laws including SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023; as amended from time to time (“SEBI Circular”).

- 1.2. The Scheme is subject to the receipt of approval from (a) the Board of Directors; (b) requisite majority of the shareholders of the respective Transferor Company and Transferee Company (collectively “**Companies**”); (c) Competent Authority (as defined in the Schemes); (d) SEBI; (e) The National Stock Exchange of India Limited and the BSE Limited (hereinafter collectively referred to as “**Stock Exchanges**”); and (f) such other approvals, permissions and sanctions of regulatory and other statutory or governmental authorities/quasi-judicial authorities, as may be necessary as per the applicable laws.
- 1.3. As per the SEBI Circulars, the Audit Committee is required to issue a report recommending the Scheme, taking into consideration, *inter alia*, the valuation report and commenting on the need for the Scheme, rationale of the Scheme, cost benefit analysis of the Scheme, impact of the Scheme on the shareholders of the Company and synergies of business of entities involved.
- 1.4. This report of the Audit Committee is made in order to comply with the requirements of the SEBI Circular.
- 1.5. The following documents were placed before the Audit Committee and while deliberating on the Scheme, the Audit Committee had, *inter alia*, considered and has taken on record these documents:
 - i. A draft of the proposed Scheme;
 - ii. Valuation Report dated March 20, 2025 issued by Mr. Parag Mehta, Partner of M/s Ernst & Young Merchant Banking Services LLP, Registered Valuer (IBBI Reg. No. IBBI/RV-E/05/2021/155) (“Valuation Report”) who in his report has recommended the share exchange ratio i.e., **100 (One Hundred)** fully paid-up equity shares of face value of Rs. 10/- each of the Transferee Company for every



45 (Forty-Five) fully paid-up equity shares of face value of Rs. 10/- each held in the Transferor Company ("**Share Exchange Ratio**");

- iii. Fairness opinion for the Transferor and Transferee Company dated March 20, 2025 issued by CA Sakshi Gupta, Head-Valuation, Saffron Capital Advisors Pvt Limited, (Reg. No. INM000011211), an Independent SEBI registered Category-I Merchant Banker providing fairness opinion on the Stock Exchange Ratio recommended in the Valuation Report prepared by Mr. Parag Mehta ("**Fairness Opinion**");
- iv. Draft Auditor's Certificate dated March 20, 2025 from the Statutory Auditors of the Company i.e. Khandelwal Jain & Co., Chartered Accountants ("**Auditors Certificate**"), in terms of sub-para 5 of Para A of Part I of the SEBI Circular and proviso to sub-clause (j) of Section 232(3) of the Companies Act, 2013, to that effect that the Scheme is in compliance with applicable Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013;

2. PROPOSED SCHEME OF AMALGAMATION:

2.1 The Audit Committee noted the salient features of the Scheme which *inter alia* are as under:

- a) Amalgamation of the Transferor Company into and with the Transferee Company in accordance with Section 2(1B) and other provisions of the IT Act, 1961, Section 230 to 232 of the Companies Act, 2013 and other applicable laws.
- b) Pursuant to the sanction of the Scheme by the NCLT and upon the fulfilment of the conditions of the Scheme, the Scheme shall become effective from the opening of business on January 01, 2025 or such other date as may be determined by the Board of Directors of the concerned Companies or directed/allowed by the NCLT ("**Appointed Date**").
- c) With effect from the Appointed Date and upon the Scheme becoming effective, the entire Undertaking (*as defined in the Scheme*) of the Transferor Company shall stand transferred to and vested in the Transferee Company as a going

concern, in accordance with Section 230 to 232 of the Companies Act, 2013, IT Act, 1961 and other applicable laws.

- d) Upon Scheme becoming effective, the issued, subscribed and paid-up equity capital of Transferee Company that is held by Transferor Company shall stand cancelled without any further act or deed.
- e) Issue and allotment of New Shares (*as defined in the Scheme*) to the eligible members (*as defined in the Scheme*) (except the Transferor Company) as on the Record Date (*as defined in the Scheme*) in accordance with Para 3 Part IV of the Scheme. Upon new shares being issued and allotted by the Transferee Company to the members of the Transferor Company the share certificates in relation to the shares held by the said members in the Transferor Company shall stand cancelled and extinguished and be of no effect on and from the date of such issue and allotment.
- f) Transfer of the authorized share capital of the Transferor Company to the Company and consequential increase in the authorised share capital of the Company as provided in Para 4 of Part IV.
- g) New Shares to be issued by the Transferee Company to the equity shareholders of the Transferor Company pursuant to the Scheme, would be listed on the Stock Exchanges.
- h) The Transferor Company shall stand dissolved without being wound up.

2.2 The effectiveness of the Scheme is conditional upon fulfilment of the actions specified in the Scheme, which *inter alia* include:

- a) receipt of consents, no-objection letters, approvals from the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI Circular in respect of the Scheme (prior to filing the Scheme with the NCLT), which shall be in form and substance acceptable to the Companies, each acting reasonably and in good faith;



- b) the Scheme being agreed to (in the manner prescribed herein) by the respective requisite majorities of the various classes of shareholders of the Companies as required under the Companies Act, 2013.
- c) the Scheme being approved by the public shareholders through e-voting in terms of Part I(A)(10) of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 and the Scheme shall be acted upon only if votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it;
- d) there having been no interim or final ruling, decree or direction by any Appropriate Authority (*as defined in the Scheme*) which has not been stayed by an appellate authority, which has the effect of prohibiting or making unlawful, the consummation of the proposed Scheme by any of the Companies; and
- e) the Scheme being sanctioned by the NCLT under Section 230 to 232 of the Companies Act, 2013, on terms as originally approved by or with such modifications as are acceptable to the Companies.

Upon the fulfilment of the aforementioned conditions, the Scheme shall become effective on the date or last of the dates on which the certified copies of the order of NCLT sanctioning the Scheme are filed by the Transferor Company and the Transferee Company with their respective Registrar of Companies, whichever is later. (“**Effective Date**”)

3. NEED FOR THE SCHEME:

The Transferee Company & its subsidiary is in Pharmaceutical Business having global footprint producing and supplying international quality formulations and Active pharmaceutical ingredients (APIs) worldwide. The Transferor Company operates in the fast-growing Indian diagnostics segment and is engaged in the business of marketing diagnostic equipment's, consumables and automation solutions to pathlabs and hospitals. The Transferor Company also provides equipment and other infrastructure to its customers by entering into long term agreements for consumable purchases and support services, thereby enabling them to upgrade their facilities without any capital investments. The Amalgamation will consolidate the Business of the Transferor Company

and the Transferee Company which will result in focused growth, operational efficiency and Business synergies. In addition, resulting corporate holding structure which will bring enhanced agility to business ecosystem of the merged entity.

4. RATIONALE AND OBJECTIVE OF THE SCHEME

- a) In order to consolidate the different segments of business in the Healthcare industry carried on by the Companies and effectively manage the Transferor Company and Transferee Company as a single entity which shall provide several benefits including streamlined group structure by reducing the number of legal entities and reducing the multiplicity of legal and regulatory compliances, rationalizing costs, it is intended to amalgamate the Transferor Company with the Transferee Company in accordance with the terms hereof.
- b) In particular, the scheme is expected to have the following benefits:
- (i) The merger will allow Transferee Company to capitalize on Transferor Company's relationships and team for marketing Transferee Company's product into hospitals and government institutions.
 - (ii) Transferee Company will leverage its manufacturing capabilities to repack and manufacture diagnostic kits thereby increasing margins and profitability.
 - (iii) This will take Transferee Company one step further in becoming an integrated health care and pharma company.
 - (iv) Benefit to the shareholders, employees and other stakeholders of the respective companies by consolidating and simplifying the group structure, and business operations.
 - (v) Enable pooling of resources and provide optimal utilization of financial, human or other resources;
 - (vi) Economies in administrative and managerial costs by consolidating

operations and would substantially reduce duplication of administrative responsibilities and multiplicity of records and legal and regulatory compliances;

- (vii) Enhance growth prospects, reduce overheads, administrative, managerial and other costs and expenditure and remove inefficiencies and bring operational rationalization and organizational efficiency;
- (viii) Build strong capability to effectively meet future challenges in competitive business environment;
- (ix) Result in improved shareholder value for the shareholders of the respective companies, thus providing a stronger and wider capital and financial base for future growth /expansion of the Transferee Company.

5. SYNERGIES OF BUSINESS OF THE ENTITIES INVOLVED IN THE SCHEME:

The Amalgamation will help to leverage the strength of both the companies and create a synergy in exploiting the healthcare and diagnostic market. The Amalgamation will provide opportunity for reduction in operation cost, capitalise on Transferor Company's marketing team for Transferee Company's product in hospitals and government institutions. The merged entity will help for centralised procurement, efficiency in working capital and cashflow management, simplified structure and management efficiency.

6. IMPACT OF THE SCHEME ON SHAREHOLDERS:

- 6.1 Based on the (a) presentations made by the Registered Valuer and the Independent SEBI Registered Category-I Merchant Banker and the discussion(s) that ensued thereafter; (b) review of the documents placed at the meeting, (c) Committee's deliberations and consideration of various factors including but not limited to the synergies mentioned in paragraph 5 above, need for the Scheme, rationale and objective, salient features and expected benefits of the Scheme, the Committee concluded that the proposed Scheme is fair and in the best interest of the shareholders, as the proposed amalgamation is expected to result in economies of

scale and consolidation of opportunities, thereby enhancing the value of the merged entity and overall shareholder value.

- 6.2 Further, the Audit Committee noted that, upon the Scheme coming into effect, the Transferee Company shall without any further application, act, instrument or deed, issue and allot **100 (One Hundred)** fully paid-up equity shares of face value of Rs. 10/- each of the Transferee Company to be allotted to the shareholders of the Transferor Company (except the Transferee Company) for every **45 (Forty-Five)** fully paid-up equity shares of face value of Rs. 10/- each held by the shareholders (except the Transferee Company) in the Transferor Company, whose name(s) appear(s) in the register of members including register and index of beneficial owners maintained by a depository(ies) under Section 11 of the Depositories Act, 1996 as on the Record Date (*as defined in the Scheme*).
- 6.3 Given that the Scheme envisages issue of New Shares by the Transferee Company to the shareholders of the Transferor Company, the Audit Committee also considered the impact of issuance of New Shares on the shareholders of the Transferee Company. After due deliberations, the Audit Committee unanimously concluded that the issuance of New Shares in terms of the Scheme will have no significant impact on the shareholders of the Transferee Company.

7. COST BENEFIT ANALYSIS OF THE SCHEME:

The implementation of the Scheme will involve incurring costs including administrative, statutory levy(ies), fees payable to financial/legal advisors etc. However, the benefits as stated in paragraph 5 above – Synergies of Business of the Entities involved in the Scheme, are expected to outweigh costs towards implementation of the Scheme.

8. VALUATION REPORT AND FAIRNESS OPINION:

- 8.1 The Audit Committee reviewed the Valuation Report, discussed the methods of valuation and the recommended Share Exchange Ratio with the Independent Registered Valuer and the SEBI registered Category-I Merchant Banker who were present at the meeting.



8.2 Based on the discussion with the Registered Valuer and the SEBI registered Category-I Merchant Bankers, review of documents including the Fairness Opinion placed at the meeting, the Audit Committee is of the view that the Share Exchange Ratio is fair to the shareholders of the Company.

9. RECOMMENDATION OF THE AUDIT COMMITTEE:

The Audit Committee, after taking into consideration the Valuation Report and Fairness Opinion and based on its discussion with the Registered Valuer and Independent SEBI Registered Category-I Merchant Banker and after reviewing the documents placed at the meeting, recommended the draft Scheme in its present form for favourable consideration by the Board of Directors of the Company, the Stock Exchanges and SEBI.

In order for the Transferee Company to comply with the requirements to extant of regulations applicable to the listed companies undertaking any scheme of amalgamation, this report of Audit Committee may please be taken on record by the Board while considering the Scheme for approval and further authorisations.

For and on behalf of the Audit Committee of Kopran Limited

N. Atal

Narayan Atal
DIN: 00237626

Chairman of the Audit Committee



Date: March 20, 2025

Place: Mumbai