

Annexure 4



MANUFACTURER OF API & INTERMEDIATES

Report of the Audit Committee of Nutraplus India limited for recommending the scheme of amalgamation of the Vetpharma limited with the company, meeting held on 27th January, 2016.

Members

- Mr. Narayan Ramgopal Pasari Chairman / Non-Executive and Independent Director
- Mr. Pramesh Kumar Mehta Member / Non-Executive and Independent Director
- Mr. Uday M. Desai Member / Non-Executive and Non-Independent Director

In Attendance

- Mr. Narayan Ramgopal Pasari Chairman / Non-Executive and Independent Director
- Mr. Pramesh Kumar Mehta Member / Non-Executive and Independent Director
- Mr. Uday M. Desai Member / Non-Executive and Non-Independent Director

1. Background

In Terms of Circular dated 30th November 2015 bearing reference No. CIR/CFD/CMD/16/2015 issued by the Securities and Exchange Board of India ("Circular"), draft Scheme of Amalgamation of Vetpharma Limited ("VPL") with Nutraplus India Limited ("NPIL" / "Company") and their respective shareholders and creditors in terms of provisions of sections 391-394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 2013, as may be applicable ("Scheme") was placed before the Audit Committee for its consideration and its recommendations, to the board of directors of NPIL.

Mr. Uday M. Desai being interested in the Amalgamation proposal did not participate in this agenda item of the Audit Committee meeting.

The remaining members of the Audit Committee of the Company have discussed the proposal of amalgamation of VPL with the Company and recommend the Scheme vide resolution passed at its meeting held on 27th January, 2016 and have made this report, after perusing the following necessary documents:



- a. Draft Scheme;
- b. Valuation Report of M/s K C P L And Associates LLP, dated 27th January 2016;
- c. Fairness Opinion dated 27th January 2016, issued by M/s Finshore Management Services Limited;
- d. Audited financial statements of Nutraplus India Limited and Vetpharma Limited for the year ending March 31, 2015, March 31, 2014 and March 31, 2013;
- e. Certificate dated 27th January, 2016 issued by the Statutory Auditors of the Company, AMPAC & Associates, Chartered Accountants, Mumbai certifying that the accounting treatment contained in the Scheme is in compliance with all the accounting standards specified by the Central Government under Companies Act, 2013 read with the rules framed thereunder or the Accounting Standards issued by ICAI, as applicable, and other generally accepted accounting principles.
- f. Pre and Post amalgamation shareholding pattern of the Company.

2. Proposed Scheme:

Benefits of the draft Scheme are as under:

- a. VPL is engaged in the business of manufacturing of Active Pharmaceutical Ingredients & intermediates. VPL has been undertaking contract manufacturing activities since 1995 for NPIL. NPIL is engaged in the business of veteran production of bulk drugs / active pharmaceutical ingredients (APIs), speciality chemicals & intermediates. Pursuant to various negotiations and discussions between VPL and the NPIL, it was felt that the Amalgamation of VPL with NPIL will provide significant synergistic benefits, economies of scale, consolidation of finances and operational efficiencies.
- b. VPL intend to reorganize and integrate their operations with the activities of NPIL as a part of restructuring process and hence it is proposed to merge VPL into NPIL by way of amalgamation under this Scheme (as defined herein).
- c. The Amalgamated Company will have greater efficiency in overall business including economies of scale, improved cash flow management and unfettered access to cash flow generated by the combined business which can be deployed more efficiently for the purpose of development of businesses of the Companies and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances, etc. to maximize shareholder value.



- d. Amalgamation will result in cost savings for VPL and NPIL as they are engaged in the related and interdependent activities which is expected to result in higher profitability and net worth for the Amalgamated Company.
- e. The Amalgamated Company will have the benefits of the combined resources of VPL and the NPIL i.e., larger manufacturing capacities seamless operations under common control, scale, efficiency, combined net-worth, combined employees base, reserves, investments, and other assets, manpower and consolidated pool of finances.
- f. The Amalgamated Company would also have a competitive edge over others, especially in view of the increasing competition due to liberalization and globalization and opening up of economy, which will be beneficial in more than one ways to both VPL and NPIL and their shareholders and creditors.
- g. The Board of Directors of the VPL and the NPIL are of the opinion that the amalgamation would benefit the shareholders, employees and other stakeholders of VPL and NPIL.
- h. The Board of Directors of VPL and NPIL are of the opinion that the amalgamation would motivate employees by providing better opportunities to scale up their performance with a corporate entity having large revenue base, resources, asset base etc. which will provide impetus to corporate performance thereby enhancing overall shareholder value.

The salient features of the draft Scheme are, inter alia, as under:-

- a. The draft scheme provides for the amalgamation of VPL with NPIL (as defined in the Scheme).
- b. The Appointed Date for the draft Scheme is fixed as opening of business hours on 1st April, 2015.
- c. All the properties of VPL (as defined in the Scheme) immediately before the merger become the properties of NPIL by virtue of the merger.



- d. All the liabilities being transferred by VPL, immediately before the merger will become the liabilities of NPIL by virtue of the merger.
- e. The accounting treatment to be followed for the scheme of amalgamation will be as per accounting standard 14 issued by ICAI.
- f. Based on the Share Valuation Report of an independent valuer, M/s K C P L And Associates LLP., the share exchange ratio for the amalgamation of VPL with NPIL is as under:

7 equity shares of Rs 10/- each of NPIL for every 1 equity share of Rs 10/- each held in VPL.

Recommendation of the Audit Committee:

Having considered the documents, the Audit committee found the Scheme to be in the best interests of all the stakeholders of the Company and recommended the Scheme for favorable consideration by the Board of Directors of the Company, BSE Limited and the Securities and Exchange Board of India.

Date: 27th January, 2016

Place: Mumbai

Certified True Copy.

For Nutraplus India Limited


Chairman



Audit Committee