



Natco Pharma Limited

Regd. Off. : 'NATCO HOUSE', Road No. 2, Banjara Hills, Hyderabad - 500034.
Telangana, INDIA. Tel : +91 40 23547532, Fax : +91 40 23548243
CIN : L24230TG1981PLC003201, www.natcopharma.co.in

REPORT OF THE AUDIT COMMITTEE OF NATCO PHARMA LIMITED

MEMBERS PRESENT

1. Shri G.S.Murthy -- Chairman
2. Dr.B.S.Bajaj
3. Shri T.V.Rao
4. Shri V.C.Nannapaneni
5. Shri Vivek Chhachhi
6. Shri D.G.Prasad

Also present

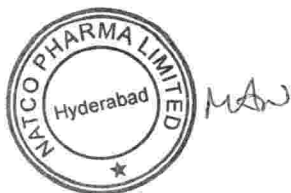
- (i) Mr. M. Adinarayana, C.S.& V.P.(Legal & Corp. Affairs)
- (ii) Shri S.V.V.N.Appa Rao, Interim CFO

1. Background

The Chairman of the Audit Committee has placed before the members of Audit Committee at their meeting held on 22nd May, 2015 the draft Scheme of Amalgamation ('the Scheme') of Natco Organics Limited ("NOL") with Natco Pharma Limited ("NPL") for recommendation of the Scheme to the Board of Directors of NPL.

This report is made in order to comply with the requirements of the Securities Exchange and Board of India (SEBI) Circular after considering the following:

- a. Draft Scheme of Amalgamation;
- b. Valuation Report dated 21st May, 2015 issued by CA A.Sarath Babu, (FCA No.15639), B.Sc.,FCA, Chartered Accountant, Hyderabad;
- c. Audited financial statements of NPL and NOL for the years ended March 31,2013, March 31, 2014 and March 31,2015;





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2. Proposed Scheme

The Salient features of the draft Scheme are as under:

- a. The Scheme provides for merger of NOL into NPL.
- b. Proposed Appointed Date for the amalgamation is 1st April, 2015 subject to approval of the Hon'ble High Court of Judicature at Madras.
- c. NOL being wholly owned subsidiary of NPL, no new shares are being issued pursuant to merger and the shares held by NPL in NOL shall stand cancelled and extinguished.


3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme, *inter-alia* taking into consideration that there would not be any issuance of new shares and consequently no valuation process is required, for favorable consideration by the Board of Directors and members of NPL, Stock Exchange(s) and SEBI.

Chairman of the Audit Committee
Natco Pharma Limited

Date: 22nd May, 2015

Place: Hyderabad

// CERTIFIED TRUE COPY//
For NATCO PHARMA LIMITED

M.ADINARAYANA
C.S.& V.P.(LEGAL & CORP. AFFAIRS)