

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
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## Statutory Auditor's Certificate

WCC/15-16/NATCO/052

To  
The Board of Directors  
NATCO Pharma Limited  
NATCO House, Road No.2  
Banjara Hills, Hyderabad 500 034

CERTIFIED TRUE COPY

For NATCO Pharma Limited

*M. Adinarayana*  
M. ADINARAYANA  
Company Secretary &  
Vice President (Legal & Corp Affairs)

1. We, the statutory auditors of NATCO Pharma Limited, ("the Company" or "Transferee Company"), have examined the proposed accounting treatment specified in clause E - Accounting matters of the Draft Scheme of amalgamation ("the Draft Scheme") between the Company and the NATCO Organics Limited ("Transferor Company"), in terms of the provisions of sections 391 to 394 of the Companies Act, 1956 with reference to its compliance with the applicable Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other generally accepted accounting principles.
2. The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, is that of the Board of Directors of the Companies involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and other generally accepted accounting principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India.



3. Based on our examination of the draft scheme, it was noted that the Company has stated to adopt applicable Accounting Standards and further represented to us that the accounting treatment to be adopted, will be as under:
  - a. Upon the Draft Scheme becoming effective, the transferee Company shall record the assets and liabilities of the transferor Company at their respective book values recorded in books pursuant to this scheme, and account for the amalgamation of the Transferor Company pursuant to this scheme, in accordance with Accounting Standard 14 – Accounting for Amalgamations (AS-14) under Pooling of Interest Method.
  - b. Equity shares held by the Transferee Company in the Transferor Company as on the effective date shall get cancelled.
  - c. Inter-corporate deposits, loans and advances, outstanding balances or other obligations between the transferor Company and the transferee Company, shall be cancelled and there shall be no obligation/outstanding in that behalf.
  - d. The difference between the aggregate of recorded value and liabilities in the books of account of the Transferee Company and the value of investments in shares of transferor Company held by transferee Company and any “Surplus” or “Shortfall” arising therefrom shall be adjusted to reserves.
  - e. In case of transferee Company and the transferor company, the impact of the differential accounting policies till the appointed date will be quantified and recorded in accordance with the applicable accounting standards notified under the Act to ensure that the financial statements of the transferee Company reflect the financial position on the basis of consistent accounting policy.
4. We confirm that the accounting treatment as mentioned in the draft scheme read with the accounting treatment mentioned in para 3(a) to 3(e) as represented to us by the management, will be in compliance with Clause 24(i) of the Listing Agreement and all the applicable Accounting Standards as aforesaid.

This Certificate is issued at the request of the NATCO Pharma Limited pursuant to the requirements of clause 24(i) of the Listing Agreement for onward submission to the Bombay Stock Exchange & National Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent.

*Walker Chandiok & Co LLP*  
For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

*Sanjay Kumar Jain*

per Sanjay Kumar Jain  
Partner

Membership Number.: 207660



Place: Hyderabad

Date: 12 June 2015