



REPORT OF THE AUDIT COMMITTEE OF VENMAX DRUGS AND PHARMACEUTICALS LIMITED RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF HATRI PHARMA PRIVATE LIMITED WITH VENMAX DRUGS AND PHARMACEUTICALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON WEDNESDAY, NOVEMBER 12, 2025.

The following Audit Committee Members were present:

- 1 Mr. Gundluru Reddeppa - Chairperson
- 2 Ms. Dakshita Jain - Member

By invitation:

1. Mr. Venkata Rao Sadhanala - Whole Time Director
2. Mr. K. Sai Baba - Chief Financial Officer
3. Mr. Gopavarapu Murali Reddy - Registered Valuer

In attendance:

1. Ms. Priyanka Agarwal, Company Secretary & Compliance Officer

1. Background

- 1.1. A meeting of the Audit Committee of Venmax Drugs and Pharmaceuticals Limited was held on November 12, 2025, inter alia, to consider and recommend the proposed draft Scheme of Amalgamation of Hatri Pharma Private Limited ("Transferor Company") with Venmax Drugs and Pharmaceuticals Limited ("Transferee Company") and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme").
- 1.2. The Transferee Company is a company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Transferee Company are listed on the BSE Limited.
- 1.3. The Transferor Company is a Private Limited Company and incorporated under the provisions of the Companies Act 1956.
- 1.4. This report of Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 ("SEBI Master Circular") including amendments thereto.

1.5. Documents placed before the Audit Committee

The following documents, duly initialed by the Company Secretary of the Transferee Company for the purpose of identification, were placed before the Audit Committee:

Reg Office: Sy. No. 115, Brig Sayeed Road, Hanumanji Colony, Bowenpally, Picket, Hyderabad – 500009

CIN: L24230TG1988PLC009102

GSTIN: 36AAACY1073C3ZM

E-mail: venmaxdrugs@gmail.com

- a) Draft Scheme;
- (b) Valuation Report dated November 12, 2025 issued by Gopavarapu Murali Reddy, FCA, Registered Valuer (IBBI Registration No. IBBI/RV/02/2019/11566) ("Valuation Report"), describing the methodology adopted by them in arriving at the consideration in connection with the Scheme;
- (c) Fairness Opinion Report dated November 12, 2025 issued by M/s. Finshore Management Services Limited (SEBI Regd. CAT-I Merchant Banker, SEBI Registration No. INM000012185), an Independent SEBI registered Category - Merchant Banker ("Fairness Opinion"), providing an opinion on the fairness of the consideration specified in the Valuation Report; and
- (d) Draft certificate issued by M/s. PPKG & Co, Chartered Accountants (ICAI Firm registration number: 09655S), the Statutory Auditors of the Transferee Company, confirming the accounting treatment in the prescribed manner in the Scheme is in compliance with the accounting standards prescribed under Section 133 of the Act and other generally accepted accounting principles.

2. Proposed Scheme of Amalgamation

2.1. Need for the Amalgamation and Rationale of the Scheme

- 1. The businesses of both, the Transferor Company and the Transferee Company complement each other. Taking into consideration the growth prospects available, it is proposed to undertake the amalgamation. This amalgamation will inter alia result in all the businesses being housed in one listed company with the following benefits:
 - (a) expected to improve operating margin of the Transferee Company to the extent procurement is from the Transferor company
 - (b) help optimize/ revive the business of the Transferor Company owing to integration, higher capacity utilization and specialized management;
 - (c) result in a vertically integrated business model, enabling the Transferee Company to secure a consistent and quality consolidation of pharma business.
 - (d) enhancement of operational, organizational and financial efficiencies, and achieve economies of scale by pooling of resources through backward integration;
 - (e) an integrated and coordinated approach to business and a more efficient allocation of capital and resources for growth opportunities;
 - (f) ability to cross-sell products through the respective distribution channels;
 - (g) efficient materials management, warehouse rationalization and unified approach on customer engagement;
 - (h) unification and streamlining of legal and regulatory compliances currently required to be carried out by both, the Transferor Company and the Transferee Company;
 - (i) consolidation of administrative and managerial functions and elimination of multiple record-keeping, inter alia other expenditure and optimal utilization of resources; and

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- (j) adaptation of best practices and in enhancing mechanization/automation of various processes through latest technologies.
- 2. The Scheme is in the interest of the Transferor Company and the Transferee Company and their respective stakeholders.

2.2. Synergies of business of the Companies involved in the Scheme

The background and information about the Transferor Company and the Transferee Company are, inter alia, as under:

- (a) The Transferor Company is inter alia engaged in the manufacturing of the drug intermediaries, fine chemicals and also contract manufacturing. The manufacturing facilities of the Company situated at Survey No 1472, Vinjamur Village & Mandal, SPSR Nellore District, 524228, Andhra Pradesh. Registered Office at Plot No.16, 2nd Floor, Durga Shakti Peetam, Prashanth Nagar, Kukatpally, Malkajgiri, Medchal, Hyderabad, Telangana, 500072.
- (b) The Transferee Company is inter alia engaged in the business of trading of Nutraceuticals products and Drug Intermediaries & Cosmetic Chemicals etc having registered office at Sy. No. 115, Brig Sayeed Road, Hanumanji Colony, Bowenpally, Picket, Hyderabad – 500009.
- (c) Upon amalgamation, the benefits and synergies as mentioned in Paragraph 2.1 above shall be derived by the Transferee Company.

2.3. Impact of the Scheme on the Company and its shareholders

- (a) Pursuant to the Scheme, the amalgamation of the Transferor Company with the Transferee Company, and the Scheme will result in benefits and/or synergies to the Transferee Company as listed in Paragraph 2.1 and 2.2 of this report;
- (b) In consideration of the amalgamation of the Transferor Company with the Transferee Company, each equity shareholder of the Transferor Company shall be eligible to opt for receiving consideration in form of equity shares of the Transferee Company. Further, the rights and interests of the shareholders of the Transferee Company will not be prejudicially affected by the Scheme, and there will be no change in the economic interest of the shareholders of the Transferee Company, pre and post Scheme;
- (c) Upon the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up and the shareholders of the Transferor Company shall become shareholders of the Transferee Company;
- (d) Upon the effectiveness of the Scheme and subject to receipt of regulatory approvals, the equity shares of the Transferee Company issued as consideration pursuant to the Scheme, shall be listed on BSE Limited.

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(e) The Scheme is expected to be beneficial to the shareholders of the Transferee Company leading to opportunity for growth and value creation in the long run and maximizing the value and returns to the shareholders, achieving cost and operational efficiencies.

2.4. Cost benefit analysis of the Scheme

The Scheme is expected to provide an opportunity to improve the economic value for the companies involved in the Scheme and their stakeholders, in view of the consolidation of the businesses. This is primarily on account of various cost and operational-synergies -which are expected to accrue to the Transferee Company on account of the Scheme and more particularly detailed out in paragraph 2.1 above. While the Scheme would lead to incurring some costs towards its implementation, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Transferee Company.

3. RECOMMENDATION OF THE AUDIT COMMITTEE

The Audit Committee after due deliberations and detailed discussions, and inter alia taking into consideration the draft Scheme, Valuation Report, Fairness Opinion and draft certificate to be issued by the Statutory Auditors of the Transferee Company, have noted the need and rationale of the Scheme, synergies of the business of the companies, impact of the Scheme on the Transferee Company and its shareholders, cost benefit analysis of the Scheme and other documents placed before the Audit Committee. Based on the foregoing, the Audit Committee is of the view that the Scheme is in the interest of the Transferee Company and all the stakeholders, and hereby recommends the Scheme to the Board of Directors of the Transferee Company for its consideration and approval.

By Order of the Audit Committee

For and on Behalf of
Venmax Drugs and Pharmaceuticals Limited

Gundluru Reddepalli
Chairman
Audit Committee
DIN: 10419527



The stamp is circular with the text "VENMAX DRUGS AND PHARMACEUTICALS LIMITED" around the perimeter and "HYDERABAD" in the center.

Place: Hyderabad
Date: November 12, 2025

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