



ZENOTECH LABORATORIES LIMITED

Our Company was incorporated as “Maa Shakti Tube Mill Private Limited” on June 15, 1989 as a private limited company under the Companies Act, 1956 with the Assistant Registrar of Companies, Andhra Pradesh and Telangana (“RoC”). The name of our Company was changed to “Sunline Tubes Private Limited” and a fresh certificate of incorporation dated April 1, 1992 was issued by the RoC. Pursuant to a special resolution of the shareholders passed on July 21, 1993, our Company was converted into a public limited company and the name of our Company was subsequently changed to “Sunline Tubes Limited” vide a fresh certificate of incorporation consequent to the conversion was issued by the RoC on August 25, 1993. The name of our Company was changed to “Sunline Technologies Limited” and a fresh certificate of incorporation consequent to change of name dated December 6, 2000 was issued by the RoC. The name of the Company was further changed to “Zenotech Laboratories Limited” and a fresh certificate of incorporation consequent on change of name was issued on August 10, 2004 by the RoC. For details of change in name and registered office of our Company, please see section titled “History and Certain Corporate Matters” on page 112 of the Letter of Offer.

Registered Office: Survey No. 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District Hyderabad – 500 078, Telangana, India

Corporate Identity Number: L27100AP1989PLC010122

Contact Person: Abdul Gafoor Mohammad, Company Secretary and Compliance Officer

Telephone: +91 – 90320 44584/ 85/ 86

E-mail: rights@zenotech.co.in; **Website:** www.zenotechlab.com

OUR PROMOTERS: SUN PHARMACEUTICAL INDUSTRIES LIMITED AND DAICHI SANKYO COMPANY, LIMITED		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF ZENOTECH LABORATORIES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF 2,66,03,068 EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 45.00 EACH INCLUDING A SHARE PREMIUM OF ₹ 35.00 PER EQUITY SHARE (“ISSUE PRICE”) AGGREGATING TO AN AMOUNT UPTO ₹ 11,971.38 LACS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 17 EQUITY SHARES FOR EVERY 22 FULLY PAID UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JUNE 2, 2017 (“ISSUE”). THE ISSUE PRICE FOR THE EQUITY SHARES IS 4.5 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 254 OF THE LETTER OF OFFER.		
GENERAL RISKS		
Investments in equity and equity related securities involve a high degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Investors are advised to refer to the section titled “Risk Factors” on page 15 of the Letter of Offer before making an investment in this Issue.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regards to the Company and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares of our Company are listed on BSE Limited (“BSE”) (“Stock Exchange”). Our Company has received in-principle approval from BSE for listing of the Equity Shares to be allotted in this Issue pursuant to letter dated January 13, 2017. Since the existing Equity Shares of our Company are listed on BSE only, BSE shall be the Designated Stock Exchange.		
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	
		
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608, 6th Floor, Marathon Icon Veer Santaji Lane, Off Ganpatrao Kadam Marg Opposite Peninsula Corporate Park, Lower Parel Mumbai – 400 013 Maharashtra, India Telephone: +91 – 22 – 6666 8040 Fax: +91 – 22 – 6666 8047 Email: investors@vivro.net Website: www.vivro.net Investor grievance email: investors@vivro.net Contact Person: Yogesh Malpani/ Harish Patel SEBI Registration Number: INM000010122	KARVY COMPUTERSHARE PRIVATE LIMITED Karvy Selenium Tower B, Plot 31 – 32 Gachibowli, Financial District Nanakramguda Hyderabad – 500 032 Telangana, India Telephone: +91– 40 – 67162222 Fax: +91 – 40 – 23431551 Email: einward.ris@karvy.com Website: www.karvycomputershare.com Investor grievance email: zll.rights@karvy.com Contact Person: M. Murali Krishna SEBI Registration Number: INR000000221	
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
FRIDAY, JUNE 30, 2017	FRIDAY, JULY 07, 2017	FRIDAY, JULY 14, 2017

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

This Letter of Offer uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meanings as provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

General Terms

Terms	Description
“Zenotech Laboratories Limited” or “Zenotech” or “ZLL” or “the Company” or “our Company” or “the Issuer”	Zenotech Laboratories Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Survey No. 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India.
“We” or “Us” or “Our”	Zenotech Laboratories Limited, unless the context indicates or implies otherwise.

Company related term

Terms	Description
Articles/ Articles of Association/ AoA	The Articles of Association of our Company as amended from time to time.
Auditors / Statutory Auditor	The Statutory Auditors of our Company being M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants.
Board/ Board of Directors/ our Board	The Board of Directors of our Company or a duly constituted committee thereof, as the context may refer to.
Director(s)	Any or all the director(s) of our Board, as may be appointed from time to time.
DSCL	Daiichi Sankyo Company, Limited
Equity Shares	Equity Shares of face value ₹ 10 each of our Company.
Group Company	The companies, firms, ventures, etc. covered under the applicable accounting standards (i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India) on a standalone basis, or other companies as considered material by our Board. Pursuant to resolution of the Board of the Directors dated September 24, 2016 the Company has adopted a policy to define the materiality requirement for a company to be considered as a Group Company of our Company.
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and disclosed in the chapter entitled ‘ <i>Our Management</i> ’ on page 122 of the Letter of Offer.
Memorandum/Memorandum of Association/ MoA	The Memorandum of Association of our Company, as amended from time to time.
Promoters	Promoters of our Company are Sun Pharmaceutical Industries Limited and Daiichi Sankyo Company, Limited. However, Daiichi Sankyo Company, Limited (i) has not entered into any shareholders arrangements with respect to our Company; (ii) does not have any nominees on the board of directors of our Company and none of its nominees are key managerial personnel of our Company; and (iii) has no special rights in our Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy Laboratories Limited, the erstwhile promoter of our Company (“ Ranbaxy ”) with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of our Company.

Terms	Description
Promoter Group	Persons and entities forming part of our promoter group as determined in terms of the Regulation 2(1)(zb) of the SEBI ICDR Regulations and the persons and entities as disclosed to BSE under regulation 31 filings made by our Company under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. For further information please see chapter “ <i>Our Promoter and Promoter Group</i> ” on page 131 of the Letter of Offer.
Registered Office	Registered office of our Company is situated at Survey No. 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India.
Registrar of Companies/RoC	Registrar of Companies, Andhra Pradesh and Telangana situated at 2 nd Floor, Corporate Bhawan, GSI Post, Tattianaram Nagole, Bandlaguda, Hyderabad – 500 068, Telangana, India.
Subsidiaries of the Company/ Subsidiaries	Subsidiaries of our Company set out in the chapter titled “ <i>History and Certain Corporate Matters</i> ” on page 112 of the Letter of Offer.
Shareholders	Equity Shareholders of our Company
SPIL	Sun Pharmaceutical Industries Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders as on the Record Date with respect to the Issue in accordance with the SEBI ICDR Regulations and Companies Act.
Additional Rights Shares	The Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
Allotment/ Allot/ Allotted/ Allotment of Equity Shares	The allotment of Equity Shares pursuant to the Issue.
Allotment Advice	The note or advice or intimation of Allotment sent to the Investors, who have been or are to be allotted the Equity Shares after the Basis of Allotment has been approved by the BSE.
Allotment Date	The date on which Allotment is made.
Allottee(s)	Persons to whom Equity Shares of our Company are Allotted pursuant to the Issue.
Applicant(s)	Eligible Equity Shareholder(s) and/or Renouncees who make an application for the Rights Shares in terms of this Letter of Offer, including an ASBA Applicant
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account maintained with SCSB.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the application amount of the ASBA Investor/ Applicant or plain paper application, as the case may be for blocking the amount mentioned in the CAF.
ASBA Investor (s)	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: (a) who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; (b) who have not renounced their Rights Entitlements in full or in part; (c) who are not Renouncees; and (d) who are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs, Non-Institutional Investors and other Investors whose application

Term	Description
	money exceeds ₹ 2 Lacs can participate in the Issue only through the ASBA process.
Bankers to the Issue/ Escrow Collection Banks	ICICI Bank Limited
Composite Application Form/ CAF	The application form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that our Company would issue for the Equity Shares Allotted to one folio.
Controlling Branches of the SCSBs/ Controlling Branches	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available at http://www.sebi.gov.in
Designated Stock Exchange	BSE Limited
Depository	NSDL and CDSL or any other depository registered with the SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer	The draft letter of offer dated December 30, 2016, filed with SEBI for its observations which does not contain complete particulars of the Issue.
Eligible Shareholders/ Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date.
Equity Shares /Shares	Equity Shares of our Company having a face value of ₹ 10 each.
Investor(s)	The Equity Shareholders of our Company on the Record Date and the Renouncees.
Issue / Rights Issue	Issue of 2,66,03,068 Equity Shares with a face value of ₹ 10 each for cash at a price of ₹ 45.00 (including a share premium of ₹ 35.00 per Equity Share) for an amount aggregating upto ₹ 11,971.38 lacs on a rights basis to Eligible Equity Shareholders in the ratio of 17 Equity Shares for every 22 fully paid-up Equity Shares held on the Record Date that is June 2, 2017.
Issue Closing Date	Friday, July 14, 2017
Issue Opening Date	Friday, June 30, 2017
Issue Price	₹ 45.00 per Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of 2,66,03,068 Equity Shares for an amount aggregating upto ₹ 11,971.38 lacs.
Lead Manager	Vivro Financial Services Private Limited.
Letter of Offer	This final letter of offer dated June 21, 2017 filed with the Stock Exchange after incorporating the observations received from SEBI on the Draft Letter of Offer.
Listing Agreement	The agreement entered into between our Company and the Stock Exchange in relation to listing of the Equity Shares on the Stock Exchanges pursuant to requirements of Regulation 109 of the Listing Regulations.
Monitoring Agency	Axis Bank Limited
Mutual Fund	Mutual fund registered with SEBI under the SEBI Mutual Fund Regulations.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please refer to the chapter titled “Objects of the Issue” beginning on page 69 of the Letter of Offer.
NAV	Net Asset Value calculated as Net Worth divided by number of paid up equity shares.
Net Worth	Paid up share capital plus reserves and surplus (excluding revaluation reserves, if any) less miscellaneous expenditure, if any.
Non – ASBA investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process.

Term	Description
Non Institutional Investor(s)	All Investors including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for the Equity Shares in this Issue, for a cumulative amount of more than ₹ 2 lacs.
QIBs/ Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Equity Shares i.e. June 2, 2017.
Refund through electronic transfer of funds	Refunds through NACH, Direct Credit, RTGS, NEFT or ASBA process, as applicable.
Refund Bank	ICICI Bank Limited
Registered Foreign Portfolio Investors/ Foreign Portfolio Investors/ Registered FPIs/ FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations.
Registrar to the Issue/ Registrar and Transfer Agent/ RTA	Karvy Computershare Private Limited.
Renouncee(s)	Person(s) who has/ have acquired Rights Entitlements from the Eligible Equity Shareholders.
Retail Individual Investor(s)	Individual Investors who have applied for Equity Shares for an amount less than or equal to ₹ 2 Lacs (including HUFs applying through their Karta).
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date.
Rights Shares	The equity shares of face value ₹ 10 each of our Company offered and to be issued and allotted pursuant to the Issue.
Self Certified Syndicate Bank/ SCSB	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time.
Split Application Form/ SAF	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s).
Share Certificate	The certificate in respect of the Equity Shares allotted to a folio.
Stock Exchange	BSE, where the Equity Shares of our Company are presently listed.
Working Days	Any day, other than second and fourth Saturdays of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Hyderabad are open for business; provided however, with reference to the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange, "Working Day" shall mean all trading days of Stock Exchange, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

Industry Related Terms

Term	Description
ANDAs	Abbreviated New Drug Applications
API	Active Pharmaceutical Ingredients
CDSCO	Central Drugs Standard Control Organisation
cGMP	Current Good Manufacturing Practices
CNS	Central Nervous System / Cerebro Neuro Psychiatry
CRAMS	Contract Research and Manufacturing Services
DCGI	Drug Controller General of India
DME	Diabetic Macular Oedema

Term	Description
EPCG	Export Promotion Capital Goods
ETP	Effluent Treatment Plant
FDA	Food and Drug Administration
GEM	Global Energy Medicines
GLR	Glass Lined Reactor
GMP	Good Manufacturing Practices, as defined by the WHO
HVAC	Heating, Ventilation and Air Conditioning
HMO	Health Maintenance Organisation
ICH	International Conference on Harmonisation
ICMR	Indian Council of Medical Research
IPI	Indian Pharmaceutical Industry
MAbs	Monoclonal antibodies
MHRA	Medicines and Healthcare Products Regulatory Agency, UK.
NDDS	New Drug Delivery System
NPPA	National Pharmaceutical Pricing Authority
OTC	Over the counter
PCB	Pollution Control Board
R&D	Research and Development
USFDA	(United States) Food and Drug Administration

Conventional and abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
A/c	Account
AFI	Annual Financial Inspection
AGM	Annual General Meeting
AIF	Alternative Investment Fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards in accordance with the Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
BSE	BSE Limited
BIFR	The Board for Industrial and Financial Reconstruction
CAGR	Compounded Annual Growth Rate
CARO	Companies (Auditor's Report) Order, 2003. 2015 and 2016
CDSL	Central Depository Services (India) Limited
Central Government	The Central Government of India
CIN	Corporate Identity Number
Client ID	Client identification number of the Bidders beneficiary account
Companies Act	Companies Act, 1956 or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013 and the rules made thereunder, to the extent in force pursuant to notification of the Notified Sections
Consolidated FDI Policy	The Consolidated FDI Policy Circular of 2016 dated June 7, 2016 issued by Government of India
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
DIPP	Department of Industrial Policy and Promotion
DIN	Director Identification Number
DP	Depository Participant as defined under the Depositories Act

Term	Description
DP ID	Depository Participant's Identity
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EPFO	Employees' Provident Fund Organisation
EPS	Earnings per Share
ESIC	Employee State Insurance Corporation
EGM	Extraordinary General meeting
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations promulgated there under and any amendments thereto.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII	Foreign Institutional Investor, as defined under Regulation 2(1)(g) of the SEBI (Foreign Portfolio Investors) Regulations, 2014, registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
Government/Gol	Government of India
GBP	Great Britain Pound
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IEPF	Investor Education and Protection Fund
IFRS	International Financing Reporting Standards
ISIN	International Securities Identification Number allotted by the depository.
Indian GAAP	Generally accepted accounting principles followed in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
I.T. Act / IT Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards
I. T. Rules	Income Tax Rules, 1962
Lacs/ Lakhs	One hundred thousand
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MoU	Memorandum of Understanding
NACH	National Automated Clearing House which is a consolidated system of ECS.
NEFT	National Electronic Fund Transfer.
NA	Not Applicable
NAV	Net asset value
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depositories Limited
NR	Non Resident
NRO Account	Non-Resident Ordinary Account.
NRI	Non Resident Indian
OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on the date of the commencement of these regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the regulations.
p.a.	Per Annum
PAC	Persons Acting in Concert

Term	Description
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio.
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Rs./INR/Rupees/ ₹	Indian Rupees, Valid legal tender in India
RLL	Ranbaxy Laboratories Limited
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Securities Act	The United States Securities Act of 1933
Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub - brokers) Regulations, 1992
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
TAN	Tax Deduction Account Number

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of this Letter of Offer and the issue of Equity Shares on a right basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform them about and observe such restrictions. Our Company is making the Issue to the Eligible Equity Shareholders and will dispatch this Letter of Offer, the Abridged Letter of Offer and CAF to the shareholders who have a registered address in India and or who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the Issue or the Rights Entitlements, distribute or send this Letter of Offer in or into jurisdictions where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe the Equity Shares or the Rights Entitlements referred to in this Letter of Offer. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to date of this Letter of Offer or the date of such information.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Shares or Rights Entitlements. In addition, neither the Company nor the Lead Manager to the Issue is making any representation to any offeree or purchaser of the Rights Shares or Rights Entitlements regarding the legality of an investment in the Rights Shares or Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlement and the Equity Shares offered in this Issue have not been and will not be registered under the Securities Act, or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof, or to, or for the account or benefit of U.S. Persons (as defined in Regulation S of the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Equity Shares offered in this Issue or Rights Entitlement. Accordingly, this Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither we nor any person acting on behalf of us will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who we or any person acting on behalf of us has reason to believe is, either a U.S. Person or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. We are making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer and CAF will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted

and agreed, (i) that it is not and that at the time of subscribing for such Equity Shares or the Rights Entitlements, it will not be, in the United States, (ii) it is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States when the buy order is made, and (iii) it is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

We reserve the right to treat any CAF as invalid which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Equity Shares offered in the Issue or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) appears to us or our agents to have been executed by a U.S. Person; (iv) where a registered Indian address is not provided; or (v) where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

References in this Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India and to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Currency and Units of Presentation

All references to “Rs.” or “INR” or “Rupees” or “₹” refer to Indian Rupees, the lawful currency of the Republic of India. In this Letter of Offer, unless otherwise stated, our Company has presented numerical information in “Lacs” units. One Lac represents 1,00,000.

Financial Data

Unless stated otherwise, financial data in this Letter of Offer with respect to our Company is derived from our Company’s restated standalone audited financial statements which has been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations for the nine months period ended December 31, 2016 and the Financial Year ended March 31, 2016, 2015, 2014, 2013 and 2012 (“**Restated Standalone Financial Statements**”). Further, with effect from April 1, 2016, our Company has voluntarily adopted IND AS and a reconciliation of our IGAAP and IND AS for the nine months period December 31, 2016 has been included in this Letter of Offer. Due to non-availability of the books of account and other related records and documents of the overseas subsidiaries, our Company is unable to prepare consolidated restated audited financial statements in terms of the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. For details, see “*Risk Factors – Our corporate records for the period from incorporation to November, 2011 (during which period, our Company was under different management) are not available. Further, our Company did not comply with Section 129 of the Companies Act, 2013 and Section 212 of the Companies Act, 1956 regarding the consolidation of the accounts of our subsidiaries from fiscal years 2011 onwards, due to unavailability of the accounts of our subsidiaries. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.*”

Our Fiscal Year commences on April 1 for a year and ends on March 31 of the next year. Unless stated otherwise, reference herein to a particular “financial year” or “fiscal year” or “Fiscal” are to the 12-month period ended March 31 of that year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

There are significant differences between Indian GAAP and IND AS and accounting principle and auditing standards with which prospective investor may be familiar. We have prepared our Restated Standalone Financial Statements in accordance with Indian GAAP, which differs in some material respects from IFRS and U.S. GAAP. Accordingly, the degree to which our Restated Standalone Financial Statements, as included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader’s level of familiarity with the Companies Act, 2013, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Furthermore, no attempt has been made to identify disclosures, presentation or classification of differences that would affect the manner in which transactions and events are reflected in the Restated Standalone Financial Statements or the respective notes thereunder. Further, given that IND AS is different in many respects from Indian GAAP under which our Restated Standalone Financial Statements are currently prepared, our financial statements for the period commencing from April 1, 2016 may not be comparable to our historical financial statements.

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from the Report on Pharmaceutical Industry dated December 21, 2016 by Credit Analysis & Research Limited (“**CARE**”). CARE has issued the Report on Pharmaceutical Industry with the following disclaimer:

“This report is prepared by CARE Research, a division of Credit Analysis & Research Limited. CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

CARE Research is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Research.”

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Lead Manager or its affiliates and advisors or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. The actual data for those years may vary significantly and materially from the estimates so contained. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent source and our Company cannot assure potential investors as to their accuracy.

In accordance with the SEBI ICDR Regulations, the chapter titled “*Basis for Issue Price*” on page 76 of this Letter of Offer includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither our Company, nor the Lead Manager has independently verified such information.

Exchange Rates

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US\$ 1.00), for the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

	(₹ per US\$1.00)			
	Period End	Average ⁽¹⁾	High ⁽¹⁾	Low ⁽¹⁾
Fiscal Year Ended:				
March 31, 2017	64.84	67.09	68.72	64.84
March 31, 2016	66.33	65.46	68.78	62.16
March 31, 2015	62.59	61.15	63.75	58.43
March 31, 2014	60.10*	60.50	68.36	53.74
March 31, 2013	54.38***	54.45	57.21	50.56
March 31, 2012	51.15**	47.94	54.23	43.94
Month ended:				
April 30, 2017	64.21#	64.50	65.04	64.00
March 31, 2017	64.84	65.88	66.85	64.84

	Period End	Average⁽¹⁾	High⁽¹⁾	Low⁽¹⁾
February 28, 2017	66.74	67.08	67.65	66.72
January 31, 2017	67.81	68.08	68.23	67.79
December 31, 2016	67.95*	67.90	68.37	67.43
November 30, 2016	68.53	67.63	68.72	66.43

Source: www.rbi.org.in

(1) Represents the high, low and average of the reference rates released by the RBI on every working day of the relevant period

* Exchange rate as on December 30, 2016, as December 31, 2016 was a non-trading day

** Exchange rate as on March 30, 2012, as March 31, 2012 was a non-trading day

*** Exchange rate as on March 28, 2013, as March 29, 2013, March 30, 2013 and March 31, 2013 were non-trading days

Exchange rate as on April 28, 2017, as April 29, 2017 and April 30, 2017 were non-trading days

FORWARD LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Management's Discussion and Analysis of Financial Condition and Results of Operations*”, “*Industry*” and “*Our Business*”. Our Company may, from time to time, make written or oral forward looking statements in reports to Equity Shareholders and in other communications. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information.

Words such as “aims”, “anticipate”, “believe”, “could”, “contemplate”, “continue”, “estimate”, “expect”, “future”, “goal”, “intend”, “is likely to”, “may”, “objective”, “plan”, “predict”, “project”, “seek”, “should”, “targets”, “will”, “would” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under the section titled “*Risk Factors*”, as well as those included elsewhere in this Letter of Offer. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- Our ability to successfully implement our growth strategy and expansion plans;
- The outcome of legal or regulatory proceedings that our Company is or might become involved in;
- Changes in government policies and regulatory actions that apply to or affect our business;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies; and
- Our ability to compete effectively, particularly in new markets and business lines.

For a further discussion of factors that could cause our Company’s actual results to differ, see the chapters titled “*Risk Factors*” and “*Our Business*” on pages 15 and 95, respectively of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither our Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchange requirements, our Company and Lead Manager will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchange.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the effect is not quantifiable and hence the same has not been disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the chapters entitled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the other financial and statistical information contained in this Letter of Offer.

Unless otherwise stated, the financial information of our Company used in this section is derived from our restated standalone financial statements.

Internal Risks

1. *We have incurred losses in past resulting in erosion of our total net worth in the Fiscal 2015. As on December 31, 2016 our outstanding accumulated loss aggregates to ₹ 21,270.62 lacs.*

We have incurred losses in past which has led to erosion of our total net worth in the Fiscal 2015. As on December 31, 2016 our outstanding accumulated loss aggregates to ₹ 21,270.62 Lacs. During the period fiscal year 2007 to 2012 our Company went through a troubled phase on account of various factors such as change in management and dispute with erstwhile management of our Company controlled by Dr. Jayaram Chigurupati, unavailability of technical documents and DNA clones, as it strived to revive the bio-technology division to manufacture products, unacceptable commercial viability of our Company due to minimal yield of our products, uncompetitive pricing policy of our Company in line with the changing market dynamics etc. In the meantime the cost increased, including interest etc. resulting in huge losses year on year.

More than half of the net worth of our Company eroded and our Company had become potentially sick based on the basis of audited accounts for fiscal year ended March 31, 2011. The deteriorating financial health of our Company led to notification of the case with BIFR in the financial year 2015 and our Company has filed a reference under section 15(1) of the SICA, with the BIFR on July 17, 2015 and was registered as case no. 115/2015 with BIFR vide order dated September 7, 2015. The Government of India vide a notification dated November 25, 2016 repealed the SICA and therefore all proceedings pending before the BIFR shall abate. Provided that a company in respect of which such appeal or reference or inquiry stands abated under this clause may make reference to the National Company Law Tribunal (“NCLT”) under the Insolvency and Bankruptcy Code, 2016 within one hundred and eighty days from the commencement of the Insolvency and Bankruptcy Code, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016. Our Company did not make a reference to the NCLT within aforementioned period. The financial and legal implications of not making such a reference, on our Company and on the proposed Rights Issue, shall be as per subsisting contractual rights and obligations and extant applicable laws.

However, we cannot assure you that we will not incur losses in the future. Our ability to operate profitably depends upon a number of factors, some of which are beyond our direct control. These factors include, but are not limited to, our ability to successfully utilize our production capacity, develop and commercialize profitable pharmaceutical products and our overall ability to compete effectively. Any failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends, if any, impair our ability to raise capital and expand our business.

Further, due to continuous losses in the business and severe financial/liquidity crunch, our Company was not able to pay ₹ 452.10 Lacs (US\$ 6,71,618.39 at a conversion price of ₹ 67.315 per US\$), outstanding as on February 1, 2017, the expenses relating to fees for the USFDA for the year 2013 and 2014 and the same was included in the accrued liability in the books of the accounts of our Company. However, our Company has paid off the dues amounting to ₹ 452.10 lacs to USFDA in February, 2017 and no amount is outstanding related to USFDA as on date of this Letter of Offer. Our Company has also not paid certain tax/duties including service tax, custom duty and VAT in the past and the matter is currently pending before the respective tax authorities. For further information, see the chapter titled “Financial Statements” and “Outstanding Litigation and Material Developments” on beginning on page 143 and 221 of this Letter of Offer.

2. *The major portion of the Net Proceeds of the Right Issue is not intended to be utilized for any tangible assets creation or repayment of outstanding / defaulted loans to financial institutions but for repayment of loans given by one of the Promoters of our Company, SPIL.*

We intend to utilize part of the Net Proceeds of the Right Issue, i.e. ₹ 6,988.04 Lacs towards repayment of unsecured loan availed from one of the Promoters of our Company, Sun Pharmaceutical Industries Limited (“SPIL”). This is 58.37% of our total objects funded through the proceeds of the Rights Issue. We availed certain loan facilities in the ordinary course of business from Ranbaxy Laboratories Limited which was subsequently on account of Scheme of Arrangement was merged into SPIL. On account of the arrangement all the loan facilities were subsequently transferred in the name of SPIL. For further details of the loans availed by our Company, see chapter titled “Financial Indebtedness” at page 218 of this Letter of Offer. Therefore, the major portion of the Net Proceeds of the Right Issue is not intended to be utilized for any tangible assets creation or repayment of outstanding / defaulted loans to financial institutions but for repayment of loans given by SPIL. Further, the amount of repayment of the abovementioned unsecured loan including interest thereon, out of the Issue proceeds shall not in any case, exceed the amount of subscription made by SPIL along with the entities forming part of the Promoter Group of our Company.

3. *We have received a show cause notice dated August 10, 2016 issued by SEBI for alleged violation under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India Act, 1992. Further, SEBI has initiated adjudication proceedings against our Promoters for alleged violation under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India Act, 1992. Any adverse developments related to which could materially and adversely affect our business, reputation and cash flows, which may adversely affect our business and operations.*

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

Our Company has received a show cause notice dated August 10, 2016 issued by SEBI for alleged violation under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India Act, 1992. SEBI has decided to initiate adjudication proceedings against our Company under section 15 A (b) of the SEBI Act for the alleged violation. Further, our Company has filed a settlement application to the SEBI on October 4, 2016 in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle without admitting or denying any findings of fact and conclusions of law. The adjudication of the said proceedings is pending before SEBI. For further details, please refer to chapter title “Outstanding Litigations and Material Developments” on page 221 of this Letter of Offer.

Further, our Company received a letter dated January 9, 2012 from BSE stating, *inter alia*, that our Company had defaulted in compliance with various clauses of erstwhile listing agreement and requiring our Company to show

cause as to why appropriate action including suspension of trading of Equity Shares of our Company should not be taken against it. BSE, vide its public notice dated March 27, 2012 proposed to suspend the trading of the Equity Shares effective from April 20, 2012, unless all the compliances were made to the satisfaction of BSE. Further, pursuant to an order dated April 18, 2012 by the High Court of Andhra Pradesh in a writ petition bearing no 11095 of 2012, the public notice were suspended and trading of the Equity Shares were restored from April 23, 2012 on the BSE. While we believe, we are in compliance with rules and regulations imposed by the Stock Exchange and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

Further, SEBI has initiated adjudication proceedings against our Promoters, SPIL and DSCL. Details of which are as follows:

DSCL has received a notice bearing no. EFD/DRA-III/MC/NRM/22446/2016 dated August 10, 2016 issued by the SEBI to initiate/ launch adjudication proceedings under Section 15A (b) of the Securities and Exchange Board of India Act, 1992 for the alleged violations of provisions of (i) the Securities and Exchange Board of India Act, 1992; (ii) regulation 7(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and (iii) regulation 13(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in relation to the acquisition of 19.79% shareholding of the Company by DSCL on September 24, 2010. Consequent to the notice, DSCL has filed a settlement application with the SEBI on November 8, 2016 under regulation 3(1) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned non-compliance. Accordingly, the matter is currently pending before the SEBI. No interim or final orders establishing any violation of the alleged provisions has been passed and no penalties have been imposed by SEBI in this regard so far.

SEBI has issued letter bearing no. EFD/DRA-II/SPV/RK/19588/1-11/2016 dated July 11, 2016 to Sun Pharmaceutical Industries Limited, certain of the Directors and the Company Secretary of Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) ("Noticees") regarding initiation of adjudication proceedings under Section 15HB of the Securities and Exchange Board of India Act, 1992. The letter requires the above-mentioned persons to show cause for the alleged violations of Regulation 12(2) read with Regulation 12(1) of the SEBI (Prohibition of Insider Trading Regulations), 1992. In this regard, Sun Pharmaceutical Industries Limited has filed a consolidated settlement application, on behalf of Sun Pharmaceutical Industries Limited, the respective Directors and the Company Secretary of the Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) to the SEBI on September 22, 2016 in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned alleged non-compliance. Further, Sun Pharmaceutical Industries Limited vide a letter dated May 23, 2017 offered a sum of ₹ 18.00 Lac to SEBI towards settlement terms on behalf of all the Noticees. The adjudication of the said proceedings is pending before SEBI.

We cannot assure you that the abovementioned adjudication proceedings will be decided in favor of SPIL and DSCL and any adverse outcome of the alleged offence may lead to negative publicity and affect our business, reputation and results of operations.

4. We are majorly dependant on one of our Promoter, SPIL (earlier Ranbaxy Laboratories Limited) as a customer, and a loss of or significant decrease in business from SPIL could affect our business and have a material adverse impact on our profitability.

We have in the past and may in the future derive a significant portion of our revenue from one of our Promoter, SPIL that vary from year to year. The total sales made to SPIL during the preceding five years i.e. March 31, 2012, 2013, 2014, 2015 and 2016 and nine months period ended December 31, 2016 is as under:

(₹ in lakhs)

	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016	December 31, 2016
Sales (excluding excise duties and taxes)	192.47	304.41	273.21	324.03	168.47	49.02
Total Sales (excluding excise duties and taxes)	218.42	304.41	275.57	407.67	205.98	49.02
% of total sales	88.12%	100.00%	99.14%	79.48%	81.79%	100.00%

Consequently, the loss of any business or reduction in demand from SPIL, could have an adverse effect on our business. In addition, as a consequence of our reliance on SPIL, any adverse change in the financial condition of SPIL may also have an adverse effect on our business and have a material adverse impact on our profitability.

5. *There are certain legal proceedings between our Promoters and the erstwhile promoters of our Company for the management of the Company pending before various courts in India. In the event such disputes are not decided or settled in the proper time, the interest of the minority shareholders may be adversely affected.*

As of March 31, 2017, our Promoters, SPIL and DSCL beneficially owned approximately 46.85% and 20.00% of paid up share capital of the Company and the erstwhile promoters of our Company, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC beneficially owned approximately 21.58% of paid up share capital of the Company. Further, the minority shareholders of the Company are holding 11.57% of paid up share capital of the Company.

Pursuant to change in management in the year 2011, we have noticed that our corporate records prior to November 2011 are not available. After evaluating the extent of the missing corporate records, secretarial and financial documents, we had issued a legal notice to Dr. Jayaram Chigurupati, former Managing Director and erstwhile promoter of our Company, to immediately release all the details pertaining to these corporate records, secretarial and financial documents. Our Company has also initiated legal proceedings against Dr. Jayaram Chigurupati for retrieving missing information of our corporate records including books of accounts and other related records and also filed criminal complaints. Subsequent to the change management, there are certain legal proceedings between our Promoters and the erstwhile promoters of our Company for the management of the Company pending before various courts in India. In the event such disputes are not decided or settled in the proper time, the interest of the minority shareholders may be adversely affected. For further details, please refer to chapter titled “*Outstanding Litigations and Material Developments*” on page 221 of this Letter of Offer.

6. *Our corporate records for the period from incorporation to November, 2011 (during which period, our Company was under control of different management) are not available. Further, our Company did not comply with Section 129 of the Companies Act, 2013 and Section 212 of the Companies Act, 1956 regarding the consolidation of the accounts of our subsidiaries from fiscal years 2011 onwards, due to unavailability of the accounts of our subsidiaries. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.*

Our Company was incorporated in June, 1989 and in October 2007, Ranbaxy Laboratories Limited (“RLL”) entered into a share purchase agreement with the erstwhile promoters of our Company along with a share subscription agreement with our Company and became the promoter of our Company. In the Financial Year 2010, Daiichi Sankyo Company, Limited (“DSCL”) made an acquisition of 68,86,500 fully paid up Equity Shares representing 20.00% of the share capital of our Company and became the promoters of our Company. Subsequently, in March 2015, pursuant to a scheme of amalgamation RLL was merged into Sun Pharmaceutical Industries Limited (“SPIL”) and SPIL became the Promoter of our Company along with DSCL. However, as of now, DSCL (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015. For further information relating to the

change in management of our Company, please refer to the chapter titled “*History and Certain Corporate Matters*” on page 112 of the Letter of Offer.

Pursuant to change in management in the year 2011, we have noticed that our corporate records prior to November 2011 are not available. After evaluating the extent of the missing corporate records, secretarial and financial documents, we had issued a legal notice to Dr. Jayaram Chigurupati, former Managing Director and erstwhile promoter of our Company, to immediately release all the details pertaining to these corporate records, secretarial and financial documents. Our Company has also initiated legal proceedings against Dr. Jayaram Chigurupati for retrieving missing information of our corporate records including books of accounts and other related records and also filed a criminal complaint vide FIR no. 357 of 2012 and the same is currently pending before the Metropolitan Magistrate, Ranga Reddy District, at Medchal, Telangana. Further, Company Law Board, Chennai on October 8, 2012 issued an order to Dr. Jayaram Chigurupati to return all the documents and provide written details of all missing documents /assets/ statutory reports. However, our Company has not received all missing information of our corporate records including books of accounts and other related records. Therefore, our Company has filed a criminal complaint under the provisions of the section 630 of the Companies Act, 1956 before the Economic Offence Court, Nampally, Hyderabad and same is currently pending. For further details of abovementioned legal proceeding, see “*Outstanding Litigation and Material Developments*” on page 221 of this Letter of Offer.

Therefore, our Company does not have copies of income tax returns, statutory filings made with the RoC including but not restricted to Returns of the allotment, annual filings with the RoC, secretarial records, (including relevant board and shareholders resolution), reporting requirements to RBI and the statutory compliance made under SEBI regulations and guidelines prior to November 2011. Due to the absence of these records, our management has not been in a position to assess whether our Company has complied with its statutory obligations during the period prior to November 2011. Our Statutory Auditors have also included certain qualifications in their respective audit reports of the Company for the period from Financial Year 2012 to Financial Year 2016, the details are provided in the chapter titled “*Financial Statements*” on page 143 of this Letter of Offer.

Further, we have no books of accounts and records of our overseas subsidiaries. Due to change of management and the abovementioned reason we could not trace any information about our Subsidiaries including their incorporation documents, books of accounts and other related records. Further, we had approached the consultant and advisors of the subsidiaries in the relevant countries and tried to retrieve the relevant information. However we were unable to retrieve substantial information, books and records. As these Subsidiaries were defunct and there was no information as well as no accounts were available for the respective years since 2011, our Company could not prepare restated accounts on a consolidated basis. Therefore, due to unavailability of the accounts of our subsidiaries, our Company did not comply with Section 129 of the Companies Act, 2013 and Section 212 of the Companies Act, 1956 regarding the consolidation of the accounts of our subsidiaries from fiscal years 2011 onwards. As a matter of prudent practice, our Company has written down, the entire amount of investments and loan and advances made into these Subsidiaries in our Restated Standalone Financial Statements. Such non-compliances may result into penalties or other action on our Company by the statutory authorities. For further information, please see chapter “*History and Certain Corporate Matters – Our Subsidiaries*” on page 112 of the Letter of Offer.

Subsequent to the acquisition of our Company by the current Promoters, importance has been paid towards the maintenance of the corporate records and along with compliance with the statutory rules, acts and regulations. Our Company is not in a position to determine/quantify any amount of financial consequences/liability that may arise in the future out of any events prior to the acquisition. If any of liability arises, they could affect our operations, business and financial conditions adversely.

7. *Our Company did not comply with certain provisions of the Companies Act, regarding minimum number of directors in public limited company and related party transactions. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.*

Our Company did not comply with certain provisions of the Companies Act. Pursuant to Section 149 of the Companies Act, 2013, every public company shall have a Board of Directors consisting of individuals as directors and shall have a minimum number of three directors and a maximum of fifteen directors. However, due to resignation of Kundan Khurana on March 26, 2015 from the Board of Directors, our Company had only two directors, Surinder Kohli and Ranbir Bakshi on the Board from March 27, 2015 to March 31, 2015 and was not in

compliance of section 149 of the Companies Act for that period. Our Company had appointed Kavita Shah as an additional Independent Director of our Company on April 1, 2015. Due to unavailability of requisite number of Directors as at March 31, 2015 as per the Companies Act, 2013, the annual return and balance sheet and respective RoC Forms for the financial year 2014 – 2015 could not upload on the website of the Ministry of Corporate Affairs. Our Company vide a letter dated December 23, 2015, had requested RoC to advise the alternate option to file the annual return and balance sheet and respective RoC Forms for the financial year 2014 – 2015. However, the matter is currently pending before RoC.

Further, pursuant to the provisions of the Companies Act, the Company should have obtained prior approval from audit committee, the board of directors and shareholders for certain related party transactions. In the course of our business, we have entered into transactions with related parties that include one of our Promoters, Sun Pharmaceutical Industries Limited primarily relate to sales, short term borrowings, interest on short term borrowings, trade advance received, marketing its products, contract manufacturing etc. Our Company has received the approval of the audit committee and the Board of Directors for the related party transactions and has not received approval from our shareholders as required under the Companies Act and SEBI Listing Regulations. Any penalties or other action on our Company by the statutory authorities for such non compliances for abovementioned provisions may have adverse effect on our business and on our profitability.

8. *Our Promoters and Promoter Group are in a similar line of business that may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.*

Our Promoters and Promoter Group are involved in businesses that are similar to our business which could lead to potential conflicts of interest. However, our Company has not entered into an agreement with our Promoters and Promoter Group regarding the drug exclusively manufactured by them or any non – compete agreement. As these entities do not have any non – compete agreements in place amongst themselves, there is a conflict of interest between our Company and our Promoters/ Promoter Group. There can be no assurance that these companies will not provide similar products, expand their presence or acquire interests in competing ventures in the segments in which we operate.

Further, there may be conflicts of interest in addressing business opportunities and strategies where other companies in which our Promoters and Promoter Group have equity interests are also involved. In addition, new business opportunities may be directed to these affiliated companies. This may be a potential conflict of interest for our Company and may have an adverse effect on our operations. Further there is no assurance that a conflict of interest may not occur between our business and the business of our Promoters and Promoter Group in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business or operations. For further details, please refer to the chapter titled “*Our Promoters and Promoter Group*” beginning on page 131 of this Letter of Offer.

9. *Our Company has failed to repay the loan granted by Technology Development Board and Biotech Consortium India Limited. In the event we fail to make repayments of our loans, our lenders may take appropriate remedial action against us.*

Our Company has failed to repay the loan granted by Technology Development Board and Biotech Consortium India Limited. Our Company has availed a loan of ₹ 600.00 Lacs from Technology Development Board on October 24, 2005 and created a mortgage on land located at 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India and all the moveable properties of our Company. Further, our erstwhile promoter, Dr. Jayaram Chigurupati had also pledged 6,00,000 equity shares as a personal security to Technology Development Board against the above-mentioned secured loan, which Technology Development Board has invoked on February 28, 2014 on the event of default. An arbitration award has been passed by Justice (Retired) Mahmood Ali Khan, Sole Arbitrator, in the matter of Technology Development Board versus our Company and Dr. Jayaram Chigurupati, erstwhile promoter, an award in the sum of ₹ 296.48 Lacs was passed in favour of Technology Development Board along with interest at the rate of 15 per cent per annum from February 17, 2011 to the date of realization of the award. As of December 31, 2016, our Company was in default of repayment obligations to the extent of ₹ 557.82 Lacs including accrued interest and penal interest and continuing the default of repayment obligations to the Technology Development Board as on date of filing of this Letter of Offer. One of the reasons for such default is incurring continuous losses in the business and severe financial/liquidity crunch.

Pursuant to our financing agreement with Technology Development Board, we have agreed to restrictive covenants that require, consent for undertaking new project, diversification, modernization or substantial expansion of the project declare any dividend to the shareholder, undertake any merger, consolidation, reorganization scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstitution etc. Our Company has vide a letter dated December 30, 2016 applied for no objection certificate from Technology Development Board for the proposed Issue of our Company. Technology Development Board vide its letter dated February 22, 2017 has refrained from issuing their consent as the Company had not been able to repay the loan as per the Arbitration Award. Further, Technology Development Board vide its letter dated February 28, 2017 advised the Company about amount due i.e. ₹ 560.50 lakhs as on February 28, 2017. Our Company believes that the said outstanding amount as advised by Technology Development Board did not consider the appropriation and adjustment of the invocation of shares pledged and had the said amount been adjusted, the outstanding amount shall be substantially lower. Our Company will, in due course, pursue with Technology Development Board for arriving at the exact amount due on our Company.

Further, our Company has also availed a loan of ₹ 12.80 Lacs from Biotech Consortium India Limited on April 19, 2007. Our Company has not paid installment including interest thereon for the year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 fall due in November 2011, November 2012, November 2013, November 2014, November 2015 and November 2016. As of December 31, 2016, our Company was in default of repayment obligations from Biotech Consortium India Limited to the extent of ₹ 14.35 Lacs including accrued interest and penal interest and continuing the default of repayment obligations to the Biotech Consortium India Limited as on date of filing of this Letter of Offer. One of the reasons for such defaults is incurring continuous losses in the business and severe financial/liquidity crunch in the business and operation of our Company.

Our Company undertakes to repay the final outstanding amount mutually decided between our Company and abovementioned lenders out of the proceeds of the Rights Issue i.e. the amount will be adjusted out of General Corporate Purpose or from any other sources, subject to the full and final settlement between our Company and the lenders.

Such defaults, if any, in the future may be construed as a default of the loan agreement and our lenders may take appropriate remedial action against us. Some of the major consequences of such default include, demand for immediate payment thereof, enforcement of security, etc. These actions could have an impact on the finances and operations of our Company.

10. We do not currently have long term contracts or exclusive supply arrangements with any of our vendors, though, we are dependent on one of suppliers that constituted 13.53%, 16.68%, 18.45%, 62.50% and 94.32% of the total purchase during the preceding four financial years ended March 31, 2013, 2014, 2015 and 2016 and during nine months period ended December 31, 2016 respectively. Any major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.

Our Company is dependent on few suppliers for procuring the raw materials for manufacturing of its products and we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. However, one of its supplier, M/s Ketan Pharma, accounted for 13.53%, 16.68%, 18.45%, 62.50% and 94.32% of the total purchase during the preceding four financial years ended March 31, 2013, 2014, 2015 and 2016 and during nine months period ended December 31, 2016 respectively. Our Company, Promoters, Promoter Group and Directors are not related to the above mentioned suppliers in any manner other than in the normal course of business.

Further, we are dependent on adequate and timely deliveries of necessary raw materials. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition.

11. We have entered into various arrangements with one of our Promoters, SPIL and our Directors in the ordinary course of business for remuneration, royalty/rent payable per annum, and amount payable for using the intellectual property rights.

We have entered into various arrangements with one of our Promoters, SPIL and our Directors in the ordinary course of business for remuneration, royalty/rent payable per annum, and amount payable for using the intellectual property rights as per agreements entered by our Company with respective parties. Details of such agreements are follows:

Sr. No.	Particulars	Amount / Consideration payable
1.	Loan license agreement dated December 28, 2015 entered between Sun Pharmaceutical Industries Limited and Zenotech Laboratories Limited	SPIL shall pay the Company conversion charges, as mutually agreed from time to time in consideration of the Company carrying out its obligations under the agreement.
2.	Development, License and Supply agreement for marketing and sales dated January 31, 2007 entered between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited	₹ 900 Lakhs
3.	Material transfer agreement dated March 21, 2016 entered between Zenotech Laboratories Limited and Sun Pharmaceutical Industries Limited	There is no expressed or implied expectation of any kind or type of payment or other compensation by either party arising out of the agreement, except as may be set forth in any subsequent agreement between the parties.
4.	Agreement for Manufacture and Supply of Pharmaceutical Formulation dated April 1, 2013 between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited	Company shall sell and supply the product to SPIL at prices mutually agreed between the parties from time to time in respect of the product.
5.	Licensing and Marketing agreement dated April 1, 2013 executed between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited	SPIL shall pay the Company a purchase price and the payment terms for the product supplied by the Company, in accordance with the terms separately agreed by the parties in writing.
6.	Trademark license user agreement dated September 30, 2011 entered between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited	1% of the value of purchase price for the products sold to third party

Further, there are no amounts directly/indirectly payable by the Company to DSCL in the nature of, royalty/rent payable per annum or for using the intellectual property rights or under any material agreement between our Company and DSCL. Pursuant to a resolution of our Board dated November 9, 2016 our non-executive and independent Directors are entitled to receive sitting fees of ₹ 10,000 for attending each meeting of our Board. Apart from the details mentioned hereinabove, our Company does not have any arrangement for remuneration payable to the Directors.

12. Some of our capital goods were seized by Directorate Revenue of Intelligence due to non-fulfillment of our export obligations in the past under Export Promotion Capital Goods Scheme ("EPCG Scheme") and our failure to timely release of such capital goods, may have an adverse effect on our results of operations and financial condition.

We have obtained licenses under EPCG Scheme in the past for import of machinery with an export obligation. Our Company could not fulfilled such export obligations within the specified period under EPCG Scheme and the bank guarantee provided by our Company was invoked. An investigation was conducted at our manufacturing units on June 4, 2015 by Directorate Revenue of Intelligence ("DRI"), wherein DRI seized some of our capital goods worth ₹ 1,529.43 Lacs and put them under seizure at our manufacturing units. For further details, please refer to chapter

title “*Outstanding Litigations and Material Developments*” on page 221 of this Letter of Offer. Due to seizure of our capital goods by DRI, we are unable to use such capital goods for our production process as on date of filing of this Letter of Offer. Our failure to release of such machinery from DRI, may have an adverse effect on our results of operations and financial condition

Further, the Principal Commissioner of Customs, Hyderabad Customs Commissionerate *vide* its order dated March 27, 2017 has demanded ₹ 484 Lakh on our Company towards differential customs duties, redemption fines, penalties along with applicable interest.

13. *Statutory auditors of our Company have included certain emphasis of matters/ audit qualifications in their audit reports of our Company’s restated standalone financial statements.*

Statutory auditors of our Company have included certain emphasis of matters/ audit qualifications in their respective audit reports of our Company including with respect to the Companies (Auditor's Report) Order, 2003, 2015 and 2016, as applicable, which are discussed in our Restated Standalone Financial Statements. A list of important audit qualification / emphasis of matter pertaining to latest financial statements i.e. December 31, 2016 is as follows:

Basis for Qualified Opinion under Report on Review of Interim Financial Information

Based on the information provided to us by management, the books of account for the financial years ended 31 March 2011 and 2012, were reconstructed by the Management post 12 November 2011. Certain matters relating to the differences between the current Management and the then Co-Managing Director are currently sub-judice and still unresolved.

These related to obtaining audit evidence on the related financial results and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustments/disclosures arising out of the outcome of ongoing legal proceedings.

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low.

Emphasis of Matter

The Company has, notwithstanding, accumulated losses and its net worth being completely eroded, prepared the accounts on a going concern basis, as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival. Our report is not qualified in this regard.

Accordingly, investors should read our Restated Standalone Financial Statements mentioned in chapter titled “*Financial Statements*” on page 143 of this Letter of Offer, in the context of such emphasis of matters/ audit qualifications highlighted by our statutory auditors with respect to our historical financial information. For further details, please refer to the chapter titled “*Financial Statements*” on page 143 of this Letter of Offer.

14. *Certain restrictive conditions are imposed on us under our business arrangements entered with one of our Promoter, SPIL, which may limit our ability to expand our business and our flexibility in planning for, or reacting to, changes in our business and industry.*

We have entered into a development, license and supply agreement for marketing and sales with SPIL (erstwhile RLL) on January 31, 2007, wherein SPIL has agreed to obtain rights on license basis for sales and marketing of the products and to further obtain license from our Company for use of Zenotech Intellectual Property (which means the technical information owned or controlled by our Company concerning the development, manufacture, production, quality control, storage, distribution and sales of the product), and in turn our Company has agreed to grant such license rights to SPIL. Further, it is agreed that the ownership of inventions, whether patentable or not, developed in connection with this agreement, shall be with our Company, for all products and data existing before the date of the agreement and with SPIL for all products developed during the course of this agreement. SPIL shall control and make all decisions regarding the strategy and tactics of marketing, selling and commercializing the products including the method of sales and distribution, packaging and labeling, appointment of sub-licensees and distributors.

We have also entered into a material transfer agreement dated March 21, 2016 with SPIL, wherein our Company agrees to provide certain material owned by us, for evaluation to SPIL, which shall be used by SPIL solely for the purposes of performing research and development and undertakes to obtain and keep valid at its cost, all the required approvals, permissions and licenses in connection with the transfer of the materials to SPIL under the agreement. The material shall not be used in any evaluation that is subject to consulting or licensing obligations to another institution, corporation and business entity, unless written permission is obtained in advance from our Company. All patentable and unpatentable inventions, ideas, discoveries, design, copyright, trade secrets made, developed or conceived in connection with the agreement and solely related to the materials will be the exclusive property of SPIL regardless of inventorship and our Company will assign all ownership rights it has in any such intellectual property. There is no expressed or implied expectation of any kind or type of payment or other compensation by either party arising out of the agreement, except as may be set forth in any subsequent agreement between the parties. For further details of the abovementioned agreement, please refer to chapter titled “History and Certain Corporate Matters” on page 112 of the Letter of Offer.

Therefore, our operations may be impacted by various risks through inherent restrictions imposed on sale and purchase of our products pursuant to development, license and supply agreement for marketing and sales dated January 31, 2007 and a material transfer agreement dated March 21, 2016 with SPIL and it may infringe the rights of our Company. As a consequence, our business, financial condition, results of operations and cash flows may be adversely affected.

15. Our funds requirements are based on internal management estimates / quotations / purchase orders of manufacturers etc. and have not been independently appraised by any bank or financial institution. Any increase in the actual deployment of funds may cause an additional burden on our finance plans. Further, we have not entered into any definitive agreements to utilize a portion of the proceeds of the Rights Issue. Any failure to enter into arrangements on favorable terms and conditions, in a timely manner or at all, may have an adverse effect on our business and financial results.

We intend to utilize part of the Net Proceeds of the Right Issue, i.e. ₹ 2,002.45 Lacs towards capital expenditures for our existing manufacturing facilities situated at Survey No. 250 – 252, Turkapally Village Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. This is 16.73% of our total objects funded through the proceeds of the Rights Issue.

Our fund requirements for the objects of the Rights Issue and deployment thereof are based on internal management estimates of our current business plans and have not been independently appraised by any bank or financial institution or any independent organization. These are based on current conditions, estimated requirements, prevailing market prices, etc. and are subject to revisions in light of changes in external circumstances or costs or other financial conditions, business or strategy, as discussed further below. With increase in costs, our actual deployment of funds may exceed our estimates and may result in cost overrun and cause us an additional burden on our finance plans.

Further, we have estimated the requirement of equipment’s as per existing process/technology/product specifications and existing market requirements and based on our cost estimates on the quotations of manufacturers / suppliers of equipment, prevailing market prices and/ or our internal estimates and we have not entered into definitive agreements/ understandings as on the date of filing this Letter of Offer. Thus, there can be delay in the implementation schedule of the objects for which the funds are being raised in this Right Issue. Any delay or failure to enter into arrangements on favorable terms and conditions, in a timely manner or at all, may have an adverse effect on our business and financial results.

16. We have not yet placed orders for all part of the plant and machinery and equipment requirements for our proposed project; as specified in the Objects of the Issue. Any delay in procurement of plant & machinery, equipment, etc. may delay the implementation schedule which may also lead to increase in prices of these equipment’s, further affecting our costs, revenue and profitability.

We propose to purchase plant and machinery worth ₹ 2,002.45 lacs aggregating to 16.73% of our total objects funded through the proceeds of the Rights Issue. Though we have procured quotations for them, we are yet to place

orders for all the plant and machinery; as specified in the section 'Objects of the Issue'. Any delay in procurement of plant and machinery, equipment, etc. may delay the implementation schedule. We may also be subject to risks on account of inflation in the price of plant and machinery and other equipment's that we require. Hence our project could face time and cost over-run which could have an adverse effect on the operations of our Company.

Our inability to complete the identified programs in accordance with our stated schedules of implementation may lead to cost overruns and impact our future profitability. Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. For further details, see section "Objects of the Issue" on page 69 of this Letter of Offer.

17. Our Company and our Promoters are parties to various legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.

Our Company and our Promoters are parties to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, authorities and fora.

Mentioned below are the brief details of the material proceedings pending against our Company and our Promoters as on the date of this Letter of Offer along with the amount involved, to the extent quantifiable:

Litigations by or against our Company / Promoters / Directors:

(₹ in lacs)

Sr. No.	Name	Criminal Proceedings	Civil Proceedings	Statutory Regulatory Proceedings	/ Tax Proceedings	Amount involved*
Company						
1.	Against our Company	-	6	1	13	4,171.16
2.	By our Company	4	6	-	-	336.21
Promoters						
3.	Against our Promoters	8	10	2	130	10,34,969.45
4.	By our Promoters	1	5	-	-	6,095.34
Directors						
5.	By or against our Directors			Nil		
Total		13	27	3	143	10,45,572.16

*to the extent quantifiable

Further, our Company has received certain notices or legal notices whose outcome could affect the operation or finances of our Company. There are dues of Income-tax, Sales tax, Wealth tax, Custom duty, Valued Added Tax, Service Tax, Excise duty and Cess which have not been deposited with the appropriate authorities on account of disputes between our Company and appropriate authorities and the same is pending before various forum. Table below set forth the details of dues of Income-tax, Sales tax, Wealth tax, Custom duty, Valued Added Tax, Service Tax, Excise duty and Cess which have not been deposited with the appropriate authorities and pending as on April 30, 2017:

(₹ in lacs)

Name of the Statute	Period to which the amount relates	Total Principal Amount	Deposit	Net Principal Amount *	Interest Amount	Deposit made for Interest Portion	Net Interest Amount after deducting deposit	Total Amount including Interest Provided for in the Books	Total Amount including Interest after deducting Deposits	Relevant Forum where dispute is pending
The Finance Act, 1994	Financial year 2007-08	84.98	40.00	44.98	163.59	20.00	143.59	248.57	188.57	Commissioner of Central Excise and

Name of the Statute	Period to which the amount relates	Total Principal Amount	Deposit	Net Principal Amount *	Interest Amount	Deposit made for Interest Portion	Net Interest Amount after deducting deposit	Total Amount including Interest Provided for in the Books	Total Amount including Interest after deducting Deposits	Relevant Forum where dispute is pending
										Service Tax, Hyderabad IV
The Finance Act, 1994	Financial year 2007-08, 2008-09 and 2009-10	46.11	-	46.11	88.75	-	88.75	134.86	134.86	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial year 2006-07 and 2007-08	111.24	10.00	101.24	228.59	-	228.59	339.83	329.83	Commissioner of Central Excise and Service Tax, Hyderabad IV
The A.P. Value Added Tax Act, 2005	Financial year 2009-10, 2010-11 and 2012-13	39.52	16.85	22.67	-	-	-	39.52	22.67	Deputy Commissioners Commercial Taxes (Appeal)
The Finance Act, 1994	Prior to Financial year 2011-12 (Service Tax)	34.05	-	34.05	-	-	-	34.05	34.05**	-
The Finance Act, 1994	Prior to Financial year 2011-12 (Wealth Tax)	0.70	-	0.70	-	-	-	0.70	0.70**	-
The A.P. Value Added Tax Act, 2005	Prior to Financial year 2011-12 (Sales Tax)	0.39	-	0.39	-	-	-	0.39	0.39**	Commercial Taxes Officer, Srinagar Colony Circle
The Customs Act,	Prior to Financial year	350.94	-	350.94	696.38	-	696.38	1,047.32	1,047.32	Principal Commissioner of

Name of the Statute	Period to which the amount relates	Total Principal Amount	Deposit	Net Principal Amount *	Interest Amount	Deposit made for Interest Portion	Net Interest Amount after deducting deposit	Total Amount including Interest Provided for in the Books	Total Amount including Interest after deducting Deposits	Relevant Forum where dispute is pending
1962	year 2011-12 (Customs Act)									Customs, Hyderabad
Grand Total		667.93	66.85	601.08	1,177.31	20.00	1,157.31	1,845.24	1,758.39	

* excluding penalty

** Provision for Service Tax on forex outgo, Wealth Tax and Sales Tax for which no records /details are available with our Company and hence interest is not ascertained.

Further, since all the matters is subjudice with the relevant authority, the amount of penalty which may be applicable, if any, are not ascertainable.

There can be no assurance that these litigations will be decided in our favour or in favour of our Promoters and consequently we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us and our Promoters, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For further details of legal proceedings involving our Company and our Promoters, see “*Outstanding Litigation and Material Developments*” on page 221 of this Letter of Offer.

18. A writ petition has been filed against Union of India, DSCL and our Company before High Court of Andhra Pradesh for foreign equity participation of 20.00% by purchase of 68,86,500 equity shares by DSCL and any adverse outcome in this matter may have an adverse effect on our business, results of operations and financial condition.

In the Financial Year 2010, DSCL made an open offer for the acquisition of 68,86,500 fully paid up equity shares representing 20.00% of the share capital of the Company at ₹ 113.62 per fully paid up equity shares of face value of ₹ 10 each which was a result of an indirect substantial acquisition of shares accompanied with change in control which had been caused by the acquisition of RLL by DSCL. Since RLL held 46.85% of the equity share capital of the Company as on October 20, 2008, DSCL indirectly acquired 46.85% of the issued and outstanding equity share capital of our Company on October 20, 2008. Pursuant to this acquisition, DSCL became the promoter of the Company. Subsequently, DSCL vide its letter dated June 26, 2008 applied to Foreign Investment Promotion Board (“FIPB”) seeking approval to purchase and subscribe to the equity shares and warrants of the Company. The FIPB, vide its letter dated October 6, 2008 approved the equity participation of DSCL in the Company (“**Approval**”).

In furtherance to the above Approval, the erstwhile promoter of the Company, Dr. Jayaram Chigurupati (“Petitioner”), filed a writ petition bearing no. 19565 of 2012 before the High Court of Andhra Pradesh against Union of India, DSCL, our Company and others challenging the legal validity of the Approval for foreign equity participation of 20.00% by purchase of 68,86,500 equity shares by DSCL in the paid up capital of our Company. The Petitioner has prayed for setting aside the Approval and the consequential actions taken by DSCL. We cannot assure you that the writ petition will be decided in favor of Union of India, DSCL and our Company. Any adverse outcome in this matter may have an adverse effect on our business, results of operations and financial condition.

19. Criminal proceedings have been initiated against one of our Promoters, SPIL and any conviction as a result of such proceedings may affect our business, reputation and results of operations.

Various criminal proceedings have been initiated against one of our Promoters, SPIL under the Drugs and Cosmetics Act, 1940 and Consumer Protection Act, 1986 pending before appropriate forum with respect to allegedly manufacturing adulterated drugs, manufacturing of drugs without have valid licenses, manufacturing of substandard of quality of drugs etc. For further details of the cases filed against SPIL, please refer to the chapter titled

“*Outstanding Litigation and Material Developments*” on page 221 of the Letter of Offer. We cannot assure you that the abovementioned criminal proceedings will be decided in favor of SPIL and any adverse outcome of the alleged offence may lead to negative publicity and affect our business, reputation and results of operations.

20. *We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.*

As on December 31, 2016, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Financial Information, as restated aggregated to ₹ 140.24 Lacs. The details of our contingent liabilities are as follows:

Particulars	As at December 31, 2016
Claims against our company not acknowledged as debt	₹ 120.64 Lacs
Bank guarantees	₹ 19.60 Lacs

Besides this, there are certain contingent liabilities which are not quantifiable. If any of these contingent liabilities materialize, our results of operations and financial condition may be adversely affected. For further details of our contingent liabilities, see the chapter titled “*Financial Statements*” beginning on page 143 of this Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

21. *Any failure by us to satisfy our clients’ inspections and audits could negatively impact our reputation and our business, financial condition, results of operations and prospects.*

Pursuant to our client contracts, our clients generally have the right to inspect and audit our facilities, processes and practices after reasonable notice and at a reasonable time to ensure that our services are meeting their internal standards and the regulatory standards they must meet in the product development and manufacturing process. Most of the clients routinely inspect and audit our facilities. If we fail to perform our services in accordance with best practices and/or our clients are unhappy with the quality of our facilities in any manner, our reputation could be harmed and our clients may terminate their contracts and/or refuse to renew contracts. We may also be subjected to significant costs to improve our facilities. This may have an adverse impact on our business, financial condition, results of operations and prospects.

22. *We, being a pharmaceutical company, operate in a highly regulated and controlled industry. Our business is dependent on various approvals from relevant regulatory and health authorities. Any delay or failure to obtain or renew such required regulatory approvals or any change in the regulatory environment in relation to manufacturing or for marketing our products may significantly impact our business and strategy.*

We being a pharmaceutical company operate in an industry which is highly regulated and controlled. There are stringent and restrictive norms in relation to quality standards. Further, entry barriers in markets in which we currently operate and seek to expand, have extensive regulations pertaining to research, testing, and manufacturing, selling, marketing and pricing of pharmaceutical products.

Some of our existing product registrations need to be renewed after their expiry. Further, from time to time we will have to apply for the renewal of approvals and ensure that the products comply with all current standards, which may have become more stringent since the prior registration. There is no assurance that we will be able to obtain the necessary approvals / renewals for all our products, which could adversely impact our ability to sell some of our products in certain markets.

Extensive industry regulation has had, and will continue to have, a significant impact on our business. Since these are often evolving standards, we must continue to expend substantial time, money and effort in all areas of our business to maintain compliance. The evolving and complex nature of regulatory requirements, the broad authority and discretion of the regulatory authorities and the generally high level of regulatory oversight results in the continuing possibility that our development of new products and manufacturing of products may be constricted in whole or in part, which in turn could have a material adverse effect on our business, results of operations and prospects.

23. *Our operations are subject to various environmental, health and safety laws and regulations. Our failure to comply with environmental laws and similar regulations in India, including improper handling of raw materials, may result in significant damages and may have an adverse effect on our business.*

Our operations are subject to laws and regulations governing relationships with employees in such areas a minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Further, our business and prospects are contingent upon, among other things, receipt of all required health and safety permits, and our ability to comply with any conditions specified in such permits and registrations, on a continuous basis. Changes or compliances required by regulatory authorities may involve significant compliance costs and also result in delays, or result in the loss of an existing license, which may adversely affect our business and results of operations.

Further, we are subject to various environmental laws and regulations relating to environmental protection at our manufacturing units. For example, any accidental discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage may give rise to liabilities towards the government, especially the state pollution control boards and third parties, and may result in expenses to remedy any such discharge or emissions.

Stricter laws and regulations, or stricter interpretation of existing laws and regulations may impose new liabilities or require additional investment in environmental protection equipment, either of which could adversely affect our business, financial condition or results of operation. Our failure to obtain required licenses or renew expired licenses or to otherwise comply with various regulatory requirements may have a material adverse effect on our financial conditions and results of operations.

24. *If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business or comply with the conditions specified therein or otherwise specified by various regulatory authorities, it may have a material adverse effect on our business, results of operations and financial condition.*

We require certain statutory and regulatory licenses, registrations and approvals to operate our business some of which are granted for a fixed period of time and need to be renewed from time to time. Further, in the future, we may also be required to obtain new licenses, registrations and approvals for any proposed operations, including any expansion of existing operations. There can be no assurance that the relevant authorities will renew such licenses, registrations and approvals in a timely manner or at all. Further, these licenses, registrations, approvals and general permissions granted under applicable laws are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may have a material adverse effect on our business. For further details on the licenses obtained by our Company and licenses for which renewal applications have been made, please see the chapter titled "Government and Other Statutory Approvals" beginning on page 238 of this Letter of Offer.

25. *If our products cause, or are perceived to cause, severe side effects, our revenues and profitability could be adversely affected.*

Our pharmaceutical products may cause severe side effects as a result of a number of factors, many of which are outside of our control. These factors include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system or misuse of our products by end-users. Our products may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable. In addition, our products may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar active pharmaceutical ingredients, raw materials or delivery technologies as our products cause or are

perceived to have caused severe side effects. If our products cause, or are perceived to cause, severe side effects, we may face a number of consequences, including: a severe decrease in the demand for, the relevant products; the recall or withdrawal of the relevant products; removal of regulatory approvals for the relevant products or the relevant production facilities; damage to the brand name of our products and the reputation of our Company; and exposure to lawsuits and regulatory investigation relating to the relevant products that result in liabilities, fines or penalties. Nevertheless, any product recall or the occurrence of any of the foregoing consequences could have a material and adverse effect on our results of operations and financial performance.

26. The improper handling of any hazardous materials used in our operations could result in accidents and subject us to significant liabilities, which may have an adverse effect on our business, reputation, results of operations and financial condition.

We handle and use hazardous materials, chemicals, and other toxic and combustible materials in our manufacturing activities. The improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. Further, the increase in our operations and the consequent increase in our employee base, increases the risk of safety hazards. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. Although we have not experienced any such accidents in the past at our facilities, we cannot assure you that we will not experience accidents in the future.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of raw materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation or, which could lower our profits in the event we were found liable, and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers. The occurrence of any such event could have an adverse effect on our business, results of operations and financial condition.

27. Our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations and financial condition.

We project demand for our products based on rolling projections, our understanding of anticipated customer spending and distribution inventory levels. If we overestimate demand, we may purchase more raw materials and manufacture more products than required. If we underestimate demand, we may manufacture fewer quantities of products than required, which could result in the loss of business. If we under stock one or more of our products, we may not be able to obtain additional units in a timely manner, which could also adversely affect our goodwill and results of operations. In addition, if our products do not achieve widespread consumer acceptance, physician prescribing patterns do not change to include our products, or our customers change their procurement preferences, we may be required to take significant inventory markdowns, or may not be able to sell the products at all, which would affect our business, results of operations and financial condition.

28. A slowdown or shutdown in our manufacturing operations could have an adverse effect on our business, results of operations, financial condition and cash flows.

Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including productivity of our workforce, compliance with regulatory requirements and those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Any shut down of such facility will result in our Company being unable to manufacture for the duration of such shut down.

Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to an inability to comply with our customers' requirements and result in us reaching our contractual obligations. We cannot assure you that we will not experience disruptions in work in the future due to disputes or other problems with our work force. Any labor unrest directed against us, could directly or indirectly

prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations, which in turn could adversely affect our business, results of operations, financial condition and cash flows.

29. We may require additional financing for our business operations, and the failure to obtain the same on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations.

We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to obtain additional financing on acceptable terms and in a timely manner could adversely impact our capital expenditure, our business, results of operations and financial condition.

30. Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations.

In the course of our business, we have entered into transactions with related parties that include one of our Promoters, Sun Pharmaceutical Industries Limited. These transactions primarily relate to sales, short term borrowings, interest on short term borrowings, trade advance received, marketing its products, contract manufacturing etc. The total amount of related party transactions for the nine months period ended on December 31, 2016 and for the Financial Year ended March 31, 2016 aggregated to ₹ 1,296.43 lacs (including accrued interest) and ₹ 867.35 lacs respectively. The aggregate details of the related party transactions are as under:

(₹ in lakhs)

Particulars	For nine months period ended December 31, 2016	For the financial 2015 – 2016
Sales (excluding excise duties and taxes)	49.02	168.47
Interest on short-term borrowing*	-	698.88
Trade Advance Received	717.59	-

*Interest accrued from April 1, 2016 till December 31, 2016 to SPIL on the loan amounted to ₹ 529.82 lakhs.

We believe that all related party transactions that we have entered into are business transactions conducted on an arms' length basis. Furthermore, it is likely that we may continue to enter into related party transactions in the future with such parties (other than Daiichi Sankyo Company, Limited). Further, our Company has received the approval of the audit committee and the Board of Directors for the related party transactions and has not received approval from our shareholders as required under the Companies Act and SEBI Listing Regulations. There can be no assurance to you that these or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and prospects.

31. If we are unable to protect our intellectual property rights, or if we infringe the intellectual property rights of others, our business and results of operations may be adversely affected.

As at March 31, 2017, we have registered 16 trademarks for various products of our Company and 15 trademark applications pending before Trademark Registry, Chennai for registration including one for renewal. Further, our

Company has also applied for our corporate logo  with Trademark Registry, Chennai and the same is currently pending. For further details of the application filed by us and trademarks owned by us, see section

“Government and Other Approvals – Intellectual Property Rights” on page 238 of this Letter of Offer. We may not always be able to safeguard the same from infringement or passing off activity occurring without our knowledge. Our efforts to protect our intellectual property may not be adequate and any third party claim on any of our unprotected brands may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and a favourable outcome cannot be guaranteed. The consequential liabilities and costs could have a material adverse effect on our business, financial condition and results of operations.

Our Company has entered into a Trademark License User Agreement dated September 30, 2011 with one of its Promoters, SPIL (erstwhile Ranbaxy Laboratories Limited) for use of trademarks ‘CLIXEL’ and ‘XTROZ’ registered in the name of SPIL, for manufacturing and marketing of its products. Pursuant to the agreement, our Company has to pay SPIL, a license fee at 1% of the value of the purchase price for the products as paid or payable by our Company to any third party. The validity of the agreement was for 18 months and the same expired on March 31, 2013. No third party sales of the referred products were made by our Company during the validity period of 18 months and hence no license fee has been paid or accrued by our Company to SPIL.

However, the said agreement was extended on December 16, 2016 for further period of 5 years effective from April 1, 2013 with the same terms and conditions. Our Company had sold the said products to third parties during the period from April 1, 2013 to December 31, 2016 for a cumulative purchase price of approximately ₹ 36 lacs and license fee of approximately ₹ 0.36 lacs being accrued to SPIL by our Company during the current Financial Year. Please see the chapter “History and Certain Corporate Matters – Other Agreements” on page 112 of the Letter of Offer for a brief summary of the Trademark License User Agreement dated September 30, 2011. Further, DSCL does not own any such intellectual property in respect of which royalty/license fees is being paid by the Company to DSCL.

32. *Our insurance coverage may not adequately protect us against all losses. To the extent that we suffer loss or damage which is not covered by insurance or exceeds our insurance coverage, our results of operations and financial performance could be adversely affected.*

Our Company has obtained insurance coverage in respect of certain risks. Our significant insurance policies consist of, among others, risk of work accidents, fire, earthquakes, flood and other force majeure events and acts of terrorism including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage, directors and officer liability policy insuring the management liability. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken out sufficient insurance to cover all material losses. Furthermore, there can be no assurance that we will be able to maintain adequate insurance coverage in the future at acceptable costs. Further, we have not obtained insurance cover for some of our contracts that require us to maintain insurance e.g., product liability insurance. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

33. *Our Promoters, (other than DSCL) will continue to control us after the Issue, which will enable them to control our business, influence material policies and outcome of matters submitted to shareholders for approval in circumstances where Promoters’ (other than DSCL) interests may not align with or may be adverse to other shareholders’ or our interests.*

Upon completion of the Issue, our Promoters Group are expected to hold, majority of our post-Issue equity share capital. As a result, our Promoters (other than DSCL) will have the ability to exercise significant influence over our business, policies and affairs of the Company that requires shareholders’ approval. DSCL (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements. In addition, for so long as our Promoter, SPIL and Promoter Group continue to exercise significant control over us; they may influence our material policies in a manner that could conflict with the interests of our other shareholders. Our Promoters may

have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

34. Our success depends significantly upon our senior management team and skilled manpower. In the event any of our senior management team or key personnel ceases to be associated with us, it would adversely impact our business, revenues and profitability.

Our senior management team comprises of experienced personnel and our success is significantly dependent on their continued association with us. Further, our ability to sustain our growth also depends on our ability to attract and retain skilled personnel. Competition for key managerial personnel in our industry is intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract / retain new employees at equivalent positions in the future. Our inability to recruit skilled employees or to manage attrition for our experienced employees would adversely affect our growth strategy. In the event we are unable to retain such employees, we may find it difficult to replace or redeploy key employees, and to such extent, our operations may be adversely affected.

35. We experienced negative cash flows in recent financial periods and may experience such negative cash flows in the future. An inability to generate sufficient cash flows in the future may adversely affect our business operations and financial performance.

We have recently experienced negative cash flows with respect to operating, investing and financing activities, on a standalone basis as set forth in the table below:

(₹ in Lacs)				
Particulars	For 9 months period ended December 31, 2016	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash from/ (used in) operating activities	101.73	(479.94)	(771.58)	(2,430.90)
Net cash from/ (used in) investing activities	(25.16)	28.71	34.11	(50.00)
Net cash from/ (used in) financing activities	(1.80)	(83.05)	676.98	2,963.85

Cash flow is a key financial indicator of cash generated from operations to meet our capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in the future, it may adversely affect our business prospects and financial performance.

36. Our Company has availed unsecured loans from certain lenders that is repayable on demand. Any unexpected demand for repayment of such facility by such lenders may adversely affect our business, financial condition, cash flows and result of operations.

As on December 31, 2016, our Company has unsecured loans amounting to ₹ 7,179.52 Lacs (including interest) from certain lenders including one of our Promoters, Sun Pharmaceutical Industries Limited that are repayable on demand. For further details of the outstanding borrowings of the Company including facilities repayable on demand and amounts outstanding thereof as on December 31, 2016, please see “Financial Statements” beginning on page 143 of this Letter of Offer. In the event that these lenders call such unsecured loan, alternative sources of financing may not be available on commercially reasonable terms, or at all. Any such unexpected demand for repayment may materially and adversely affect our Company’s cash flows, business, financial condition, results of operations and cash flows.

37. Our profitability and results of operations may be adversely affected in the event of increases in the price of raw materials, fuel costs, labour or other inputs, and our pharmaceutical contracts are dependent on adequate and timely supply of key raw materials.

The cost of raw materials, fuel, labour and other inputs constitutes a significant part of our total expenses. Our pharmaceutical manufacturing operations require various pharmaceutical raw materials such as APIs and packing material. Energy costs for operating our plants and other equipment also constitute a significant part of our operating expenses. Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be

limited in the case of fixed-price contracts or contracts with limited price escalation provisions and scope due to competitive environment. Under the terms and conditions of our contracts, we generally agree to provide products for a fixed price for a defined time period. While we generally fix the price for such raw materials in our contracts with our suppliers, certain of these contracts contain provisions which allow an increase in price upon the occurrence of specific events.

Timely and cost-effective execution of our contracts is dependent on the adequate and timely supply of key raw materials. A majority of our contracts with suppliers are short term in nature. Moreover, our supply contracts permit termination by either party providing the other with notice of intended termination or upon breach of contractual obligations, change in management or control or when the supply contract expires. We may not be able to renegotiate these supply contracts on reasonable terms or find suitable alternative suppliers in the future, which may affect our business, financial condition and results of operations.

38. Our inability to manage growth could disrupt our business and reduce our profitability. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Further, on account of changes in market conditions, industry dynamics, technological improvements, changes in regulatory or trading policies or changes therein and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Additionally, there can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

39. If we fail to keep pace with advancements in technology in the pharmaceutical industry, create new intellectual property, or respond to changes in market demand, our business and financial results could be adversely affected.

The pharmaceutical industry is characterized by frequent advancements in technology fuelled by high expenses incurred on research and development. In addition, rapid and frequent advancements in technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. Our competitors may have filed patent applications, or hold patents, relating to products or processes which compete with those we are manufacturing, or their patents may impair our ability to do business. In the future, we may not be able to obtain valuable intellectual property rights as we may not have the resources to continually improve our technology by investing in research and development. Our failure to anticipate or to respond adequately to advancements in technology, changes in market demand could adversely affect our business and financial results.

40. We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.

We operate in a competitive business environment. Growing competition may subject us to pricing pressures and require us to reduce the prices of our products and services in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. In the event our competitors develop better process technology or improved process yield or are able to source raw materials at competitive prices, and are therefore able to create new products or substitutes for our products at competitive prices, we may not be able to maintain our growth rate and revenues and our profitability may decline. Some of our competitors may be increasing their capacities and targeting the same products as us. Some of our competitors, especially multinational pharmaceutical companies, have greater experience in various facets of the business as compared to us and may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for us due to our current scale of operations. There can be no assurance that we can continue to effectively compete with our

competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

External Risks

41. The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.

The price of our Equity Shares on BSE may fluctuate after this Rights Issue as a result of several factors, including:

- Our ability to successfully implement our growth strategy and expansion plans;
- The outcome of legal or regulatory proceedings that our Company is or might become involved in;
- Changes in government policies and regulatory actions that apply to or affect our business;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies; and
- Our ability to compete effectively, particularly in new markets and business lines.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Rights Issue, or that the price at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which our Equity Shares will trade in the market subsequent to this Rights Issue. Our Equity Share price may be volatile and may decline post listing.

42. General economic conditions in India and globally could adversely affect the business and results of operation of our Company.

Our results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, financial performance and operations.

We mainly derive revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

43. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the General Anti-Avoidance Rules ("GAAR") are made effective from April 1, 2017. The tax consequences of the

GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. Further, the GoI proposed to revamp the implementation of direct taxes by way of the introduction of the Direct Tax Code, 2013.

The Government of India has proposed a comprehensive national goods and services tax, or GST, regime that will combine taxes and levies by the central and state governments into a unified rate structure. While the Government of India and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. We have not determined the impact of these proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

44. Companies operating in India are subject to a variety of taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

45. Our business and activities will be regulated by the Competition Act, 2002 (“Competition Act”) and any application of the Competition Act to us could have a material adverse effect on our business, financial condition and results of operations.

The Competition Act prohibits practices that could have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties and compensation to be paid to persons shown to have suffered losses. Any agreement among competitors which directly or indirectly determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the market, is presumed to have an appreciable adverse effect on competition. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise either directly or indirectly, including by way of unfair or discriminatory pricing or conditions in the sale of goods or services, using a dominant position in one relevant market to enter into, or protect, another relevant market, and denial of market access, and such practices are subject to substantial penalties and may also be subject to compensation for losses and orders to divide the enterprise. Further, the Competition Commission of India has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. There can be no assurance that we will be able to obtain approval for such future transactions on satisfactory terms, or at all.

If we or any member of our group are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any proceedings initiated by the Competition Commission of India or any other relevant authority (or any other claim by any other party under the Competition Act) or any adverse publicity that may be generated due to scrutiny or prosecution under the Competition Act, including by way of financial penalties, our business, financial results and reputation may be materially and adversely affected.

46. Investors may have difficulty enforcing judgments against our Company or our management.

We are incorporated under the laws of India and all of our Directors, key management personnel and senior management personnel reside in India. Majority of our assets, and the assets of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Code. Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India.

As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws.

47. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

48. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect an Equity Shareholder's ability to sell, or the price at which an equity shareholder can sell the Equity Shares at a particular point in time.

Our Company is subject to a daily circuit breaker imposed on listed companies by BSE which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares may be adversely affected.

49. Any future issuance of the Equity Shares may dilute your future shareholding and sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Share. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Share.

Except as otherwise stated in this Letter of Offer, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Equity Share, and there can be no assurance that our Company will not issue Equity Share or that any such shareholder (including Promoters and Promoter Group) will not dispose of, encumber, or pledge its Securities.

50. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Prominent Notes:

1. Issue of 2,66,03,068 Equity Shares for cash at a price of ₹ 45.00 each including a premium of ₹ 35.00 per Equity Share for an amount aggregating upto ₹ 11,971.38 lacs on a rights basis to the existing Equity Shareholders of our Company in the ratio of 17 Equity Share(s) for every 22 fully paid-up Equity Share(s) held by the existing Equity Shareholders on the record date that is on June 2, 2017. The Issue Price is 4.5 times the face value of the Equity Shares.
2. Our Company's net worth as per the Restated Standalone Financial Statements as of December 31, 2016 and at March 31, 2016, were ₹ (6,184.63) lacs and ₹ (4,619.25) lacs respectively. For further details, please refer to the section titled "*Financial Information*" on page 143 of this Letter of Offer.

For further details, please see chapter titled "*Capital Structure*" on page 58 of this Letter of Offer.

3. For information on changes in our Company's name, Registered Office and changes in the object clause of the MoA of our Company, please see the chapter entitled "*History and Certain Corporate Matters*" on page 112 of the Letter of Offer.
4. There has been no financing arrangement whereby our Promoters, Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer.

5. The NAV per Equity Share of our Company as per the Restated Standalone Financial Statement as of December 31, 2016 and March 31, 2016 are ₹ (17.96) and ₹ (13.42), respectively. For further details, please see the section titled “*Financial Information*” on page 143 of this Letter of Offer.
6. Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder. For contact details please refer to the section titled “*General Information*” on page 53 of this Letter of Offer.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

A view on Global Macroeconomic outline

As per the World Bank Report on Global Economic Prospects June 2016, the global economy has now entered its sixth year of stagnation, and the growth outlook for 2017 shows a continuation of this trend. A projected stabilization in energy and commodity prices may provide a small tailwind for resource-rich economies in 2017, but the medium-term trend continues to be dominated by weaker growth in key inputs, notably investment and labor supply. Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labor force skills, and greater productivity. However, those potentially favorable factors are under pressure from ongoing political, policy, and economic uncertainties around the world. This risks further inertia caused by a wait-and-see attitude among corporates and governments. Businesses have to prepare for more disruptions from geopolitical tensions, policy uncertainty, financial market volatility and rapid changes in technology, but they also need to stay focused on leveraging the qualitative sources of growth with investment in technology and business productivity even—or especially—in times of stagnation.

The World Bank has revised its 2016 global growth forecast to 2.4% from the 2.9% pace projected in January 2016. The move is due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. India's robust economic expansion is expected to hold steady at 7.6%.

Major economies: Recent developments and outlook

Prospects for major advanced economies have deteriorated, amid weak global trade and manufacturing activity. Growth is now generally expected to level off in 2016, rather than strengthen, despite the positive effects on real incomes from lower oil prices and improving labor market conditions. With increasing downside risks to growth, and inflation persistently below target, the European Central Bank and Bank of Japan are pursuing further policy accommodation, while the U.S. Federal Reserve will normalize policy interest rates more slowly than expected in January 2016. China continues its gradual slowdown and rebalancing, as reforms are implemented and their impact is calibrated by policy easing.

Emerging market and developing economies: Recent developments and outlook

With 80% of the world's population living in emerging markets, and their purchasing power increasing, they will become an increasingly important component of the global economy. Investors can gain exposure to a long-term favorable trend, by investing in emerging market equities. These markets have proved that the phenomenon has more of a structural nature than a cyclical one on account of their increasing urbanization and a burgeoning middle class with sufficient income to shift the consumption patterns to support their new lifestyles. The emerging markets have evolved into a major force in the world panorama with lower unemployment rates, higher savings rate, stronger balance sheets and younger work force.

Global Pharmaceutical Market

The global pharmaceutical industry consists of businesses that are primarily engaged in manufacturing and processing medicinal substances into finished pharmaceutical products for human and veterinary use. Ethical brand name drugs, generic products and non-prescription or over-the-counter medication constitute the pharmaceutical industry sub-sectors. Research and Development in the pharmaceutical industry has helped companies to penetrate the markets and increase their exposure across the world. Global pharma industry is historically dominated by United States of America, Western Europe and Asia Pacific countries. The global pharmaceutical market size was US\$ 954 bn in 2015 as against US \$ 944 bn in 2014, recording a marginal y-o-y growth of ~1%. The slow growth in the industry in US market is on account of patent cliff, global macroeconomic scenario, changing combination of innovative and mature products apart from the rising penetration of healthcare access and funding on market demand.

Revenue growth in pharma industry is primarily expected from increase in sales of drugs for Oncology, Biotechnology and cardiovascular therapeutic class and continued increase in the demand of generic drugs. The industry is expected to grow to US \$1350 bn in 2019.

Global Market Scenario and Growth in Global Pharma Market:

Global spending on medicines is expected to reach \$1.4 trillion by 2022, CAGR (Compound Annual Growth Rate) of around 30% from 2015, as against the increase of 35.4% in the past five years.

A distinct shift is also observed in the market share across the globe, with the US share of global spending declining from 41% in 2005 to 31% in 2015, along with the share of spending from Europe declining from 27% to 19% over the same period. Meanwhile, 17 high growth emerging markets including China, India, Brazil, Russia and Mexico have contributed about 28% of the total spending by 2015, up from only 12% in 2005.

Indian Pharmaceutical Industry

Overview of Indian Pharmaceutical Industry (IPI)

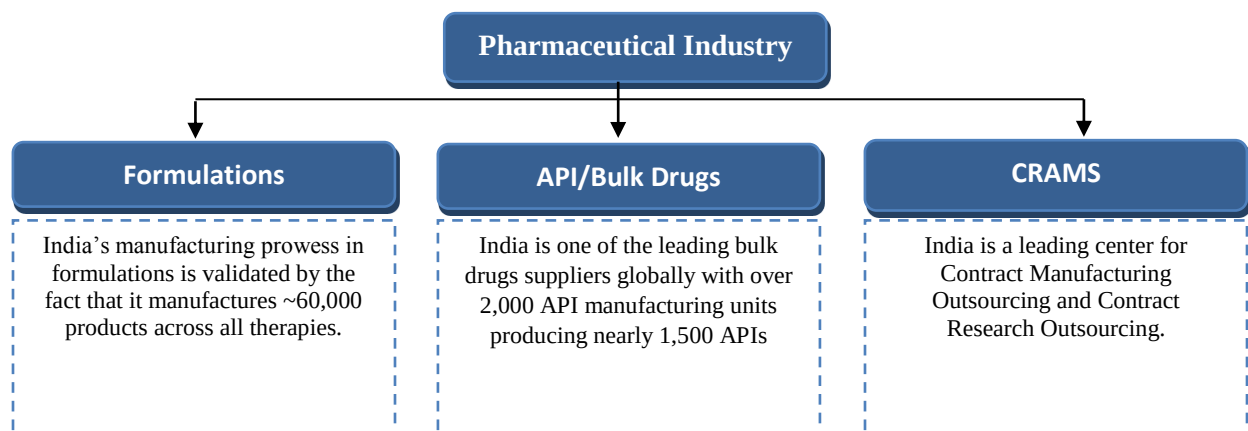
The Indian Pharmaceutical Industry (IPI) globally ranks third in terms of volume and thirteenth in terms of value. The lower market share in terms of value can be attributed to the predominance of generic medicines which command lower prices. As per industry, the domestic market size of Active Pharmaceutical Ingredients (API), formulations and Contract Research And Manufacturing Services (CRAMS) is estimated at about USD 21.50 billion and the export market for the same is estimated at about USD 14.50 billion. All together the industry size is expected to grow at a CAGR of about 15% from USD over 36 billion in 2016 to USD 55 billion by 2020 given the huge export potential coupled with steady growth in the domestic formulation market. Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income. The export growth is expected to be led by increasing generic penetration in the regulated markets on the back of enhanced focus on the niche and complex product segments, patent expiries and growing demand from semi-regulated pharma markets. In the long term, growth in the exports market will be sustained by emerging markets such as Russia, Brazil, South Africa, etc.

Domestic & Export markets and its prospects

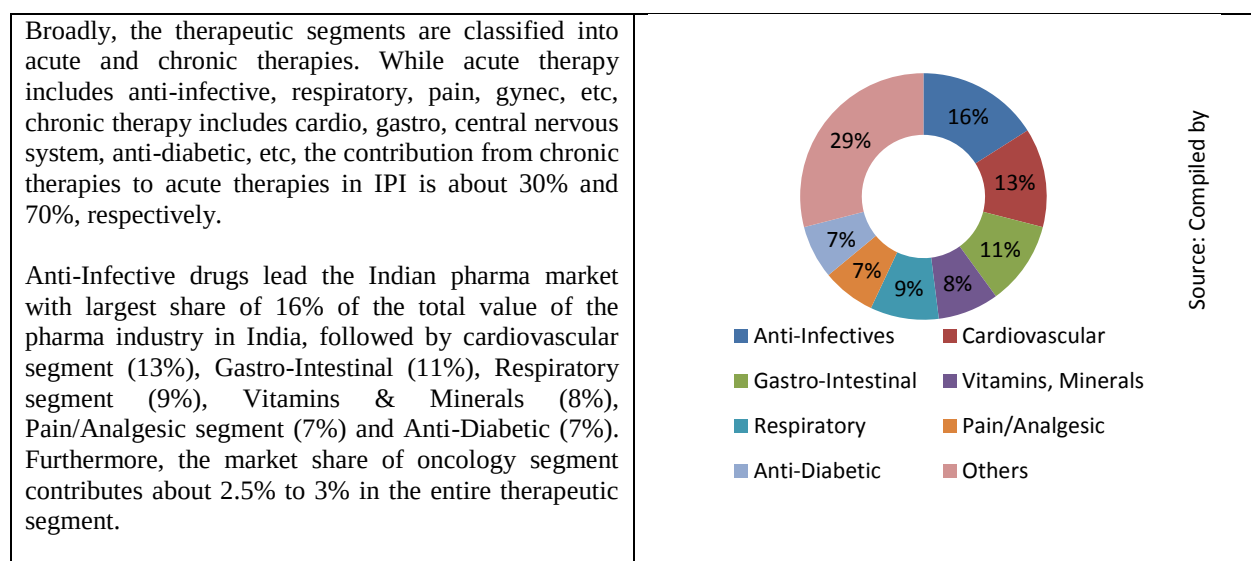
India's drugs and pharmaceutical exports have increased by about 60% during the last five years and accounted for about 54-58% of the total industry sales during FY16 (refers to the period April 1 to March 31) compared with around 40-45% during FY11. Export market has grown at a CAGR of about ~10% in the past five years ended FY16; this can be attributed to a growing trend in outsourcing of pharmaceutical production by global pharmaceutical companies to low cost destinations like India and increasing penetration of generic drugs in the regulated markets on the back of patent expiries in the regulated markets. India exports pharmaceutical products to about 180 nations, and the United States of America (US) is the largest export market for India among all countries, being the world's largest generic drug market.

Indian Pharmaceutical Industry (IPI) Structure

Over the years, the structure of IPI has evolved on account of changes in government regulations as well as innovation in product technology. On the basis of products, IPI can be classified into formulations, API (Active Pharmaceutical Ingredient)/bulk drugs and CRAMS (Contract Research & Manufacturing Services). The formulations can be further segregated on the basis of therapeutic segments like acute and chronic, while CRAMS can be categorized into contract research and contract manufacturing.



Therapeutic Area Break-up and Growth



Regulatory Framework

The approval, manufacturing and marketing of quality drugs at reasonable prices in Indian market are regulated by the regulatory bodies given below:

Central Drug Standards and Control Organization:

The CDSCO works under the ambit of Ministry of Health and Family Welfare and is responsible for prescribing standards and measures to warrant the safety, efficacy and quality of drugs, cosmetics, diagnostics and devices in India. The entity is also responsible for regulating the authorization of new drugs into the market, setting clinical trial standards, supervising import of drugs and approval of license for the manufacturing of said products.

National Pharmaceutical Pricing Authority:

The NPPA works under the ambit of Department of Chemicals and Fertilizers, a part of Ministry of Chemicals and Fertilizers. NPPA is responsible for establishing/revising the price of decontrolled bulk drugs and formulations, updating the price control list for various drugs, maintaining the production, import, export and market share data of various pharmaceutical companies, monitoring and enforcing the availability of medicines and giving inputs to parliament in issues pertaining to pricing of drugs.

The drug approval process in India involves approvals from Drug Controller General of India along with various departments depending on type of drug. The additional departments that are involved in licensing, quality control issues and market authorizations along with CDSCO are Department of Environment under Ministry of Environment and Forests and Department of Bio-technology under Science and Technology. The state drug controllers along with CDSCO have the authority to issue licenses for the manufacturing of approved drugs and monitor their quality.

Industrial policy issues such as regulation of patents, drug exports and support of government to the industry are handled by Directorate General of Foreign Trade and Department of Industrial Policy, operating under the ambit of Ministry of Commerce and Industry.

SUMMARY OF BUSINESS

Overview

We are a pharmaceutical company engaged in developing and producing generic pharmaceuticals and biological products in the form of injectables and oral solids. As on date of this Letter of Offer, our products portfolio currently comprises 59 products across several therapeutic segments. Our products have applications in several therapeutic segments, with an emphasis on oncology injectables and oral solids, biotech products and general injectable products. Over a decade, we have gained experience in developing generic drugs for human therapy in segments like oncology, gastrointestinal, cardiovascular, central nervous system, ophthalmology and antibiotics. We offer injectables in various delivery systems, such as glass vials, pre-filled syringes. We also produce gel preparation in lami tubes.

Our manufacturing units are located at Survey No. 250 – 252, Turkapally Village Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. Our manufacturing facilities are capable of producing pharmaceutical products encompassing a wide range of dosage forms including injectable, oral solids and sterile gel forms. Our manufacturing capabilities allow us to manufacture complex and diversified range of products. Further, we have 16 registered trademarks in India for the products manufactured by our Company. As on March 31, 2017, we had 62 full time employees. We also employ contract labour based on the work requirements.

Details of each segment of our products are as follows:

Oncological Injectables: We are primarily engaged in developing and producing oncological drugs in the form of injectables. As on date of this Letter of Offer, we have 46 products under this segment. Oncological Injectables are mainly used for the treatment of different types of cancers and are considered as lifesaving drugs. We manufacture our oncological injectables at Unit 1.

Oncological Orals: We are also engaged in developing and producing oncological drugs in oral forms i.e. tablets and capsules. As on date of this Letter of Offer, we have 3 products under this segment. Oncological Orals are solid versions of injectables and are also similarly used for the treatment of different types of cancers. We manufacture our oncological orals at Unit 1.

General Injectables and Sterile Gel and Drops: We are involved in developing and producing other drugs such as Ondansetran, Vancomycin and Bivalirudin in the form of injectables. As on date of this Letter of Offer, we have 5 products under this segment. These products are mainly used for the treatment of ailments related to cardiovascular system, gastrointestinal and infectious diseases. We also manufacture sterile gel in lami tubes and sterile eye drops for ophthalmological purposes. We manufacture our general injectable and sterile gel/drops at Unit 2.

Biologicals: We also have range of biological drugs like, Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100mg/ 10ml and Rituximab 500mg/ 50ml and have an underdevelopment product namely Etanercept. As on date of this Letter of Offer, we have 5 products under this segment. These products have wide variety of applications including cancer treatment, arthritis, neutropenia etc. We manufacture our biological products in vials and prefilled syringes form at Unit 2.

Our Company was incorporated in Hyderabad, Telangana, India as a private limited company on June 15, 1989, under the name of *Maa Shakti Tube Mill Private Limited*. On April 1, 1992, the name of our Company was changed to *Sunline Tubes Private Limited* and on August 25, 1993 our Company converted into a public limited company. Subsequently, on December 6, 2000, the name of our Company was changed to *Sunline Technologies Limited*. Pursuant to order of the High Court of Andhra Pradesh dated July 1, 2004, Zenotech Laboratories Private Limited merged with our Company and subsequently, the name of our Company was changed to Zenotech Laboratories Limited on August 10, 2004. In October 2007, Ranbaxy Laboratories Limited (“RLL”) entered into a share purchase agreement with the erstwhile promoters of our Company, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC, a and share subscription agreement and became the promoter of our Company. Thereafter, in Financial Year 2010, Daiichi Sankyo Company, Limited made an acquisition of the Equity Shares representing 20.00% of the share capital of our Company and became one of the promoters of our Company. Subsequently, in March 2015, pursuant to a scheme of amalgamation RLL merged in Sun Pharmaceutical Industries Limited

(“SPIL”) and SPIL became the promoter of our Company along with DSCL. However, as of now, DSCL (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of the Company.

Apart from manufacturing the products and selling under our own brand, our Company is also into P2P supplies and contract manufacturing wherein pharmaceutical companies outsource pharmaceutical products from the company and also we manufacture products on contract basis for other companies per their specifications. Presently, our Company carries out contract manufacture for one of our Promoters, Sun Pharmaceutical Industries Limited.

OUR COMPETITIVE STRENGTHS

The following are our key strengths which we believe enable us to be competitive in our business:

Our product portfolio

We believe we have a differentiated business model among Indian pharmaceutical companies due to our focus on a range of complex injectable products and lifesaving drugs. We have established a portfolio of injectable products across various therapeutic segments. We have developed 46 products in oncological injectables, 3 products in oncological orals and 5 products in general injectables and sterile gel /drops. We are also having range of 5 biological products such as Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100 mg/ 10 ml and Rituximab 500 mg/ 50 ml used in wide variety of applications including cancer treatment, arthritis, neutropenia etc. The flexible manufacturing infrastructure helps us in changing our product mix in response to changes in market demand. Due to our differentiated business model, we are able to develop efficient and cost effective specialized processes.

Strong manufacturing facility to cater specialty products

Our products require an understanding of complex technical processes and quality assurance methods to be able to maintain sterility. We believe, we are capable of manufacturing a wide range of dosage forms including oral solids, and injectable. We have also demonstrated our ability to handle complex manufacturing processes, such as lyophilization and complete isolation technology to manufacture cytotoxic products. We also handle products that require a specialized environment with, among other things, controlled humidity and temperature conditions.

Support and strong parentage of Sun Pharmaceutical Industries Limited

We derive substantial synergies from Sun Pharmaceutical Industries Limited, one of our Promoters. We believe our relationship with Sun Pharmaceutical Industries Limited is a critical factor, enhancing our geographic reach and market penetration. We believe our relationship with Sun Pharmaceutical Industries Limited will accelerate our business growth and provides us with opportunities for repeat business and to cross sell our other products. We believe that the Sun Pharmaceutical Industries Limited is one of the well-respected companies across the globe, and provides us with a significant competitive advantage, particularly in attracting management talent and accessing capital.

Experienced senior management team and a well-qualified workforce

Our management team includes senior executives and key managerial personnel who has over ten years of experience in their respective fields and are valuable resources for the functioning of our Company. We believe our management team has a long-term vision and provides stability and continuity to our business. As on March 31, 2017, we had 62 full time employees. We also employ contract labour based on the work requirements. We recruit employees with a range of qualifications, including pharmacist etc. to maintain diverse knowledge base. We believe we benefit from a well-qualified workforce.

Our Strategy

Our business objective is to grow our business, increase our revenues and profits through increased market presence. We intend to do so by increasing our product offerings through strategic business arrangements as well as by maintaining our focus on our business. Our business strategy focuses on the following elements:

To enhance our portfolio of differentiated products

We intend to continue our focus on to increase our portfolio of differentiated products as well as expanding our presence in segments where we are currently present. We believe the continued expansion of our product portfolio will enable us to achieve significant operational efficiencies that will drive our profitability. In particular, we believe an expanded product portfolio will enable us to achieve higher sales efficiency to drive additional revenues through our existing arrangements. We also believe an expanded portfolio will enable us to better utilize our production capacity and increase returns on our investment in our production facilities.

To upgrade and expand manufacturing facilities for increase in capacities

We continue to upgrade and expand manufacturing capabilities of our facilities. All our manufacturing facilities operate under stringent manufacturing and quality control procedures. We continuously modernize and upgrade manufacturing facilities to meet evolving industry standards to assure products of high quality and standards. We continue to focus on improving cost efficiencies and productivity by improving manufacturing processes due to complex nature of these products.

To focus on oncology, ophthalmology and general injectable segments

We intend to differentiate ourselves from other pharmaceuticals manufacturers by offering technologically advanced and non-commoditized products having better margins. With this strategy, we are targeting growth in oncology, ophthalmology and general injectable segments. There exists a rising global need for these drugs. However, there is relatively less number of players having manufacturing capabilities due to complex nature of these products.

To increase market share in the domestic market and explore in the key emerging markets

We intend to continue to consolidate our position in our key therapeutic areas such as cardiology, gastrointestinal, central nervous system, ophthalmology and antibiotic and increase our overall domestic market share. We also intend to increasingly focus on oncology, ophthalmology and general injectables where we believe we have significant growth potential. We will continue to increase our penetration across India where we believe there is strong potential for our products and also in emerging international markets.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Standalone Financial Information for the nine months period ended December 31, 2016 and for fiscal 2016, 2015, 2014, 2013 and 2012. Further, with effect from April 1, 2016, our Company has voluntarily adopted IND AS and a reconciliation of our IGAAP and IND AS for the nine months period December 31, 2016 has been included in this Letter of Offer. This financial information has been restated in accordance with the SEBI ICDR Regulations and is presented in “Financial Statements” on page 143 of the Letter of Offer. The summary financial information presented below should be read in conjunction with such Restated Standalone Financial Information, the notes and annexures thereto and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 205 of the Letter of Offer.

Standalone Summary Statement of Assets and Liabilities, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

	Particulars	As at					
		31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
A	EQUITY & LIABILITIES						
1	Shareholder’s funds						
	(a) Share Capital	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75
	(b) Reserves & Surplus	(9,627.38)	(8,062.00)	(6,135.08)	(4,127.76)	(1,418.44)	761.30
		(6,184.63)	(4,619.25)	(2,692.33)	(685.01)	2,024.31	4,204.05
2	Share Application Money Pending Allotment	-	-	1.22	1.22	1.22	1.22
3	Non Current Liabilities						
	(a) Long Term Borrowings	-	1.04	4.30	8.42	14.83	8.01
	(b) Long Term Provisions	19.56	19.32	19.29	48.55	46.43	23.56
		19.56	20.36	23.59	56.97	61.26	31.57
4	Current Liabilities						
	(a) Short Term Borrowings	5,120.00	5,120.00	5,120.00	4,374.91	1,299.00	200.00
	(b) Trade Payables	251.83	221.05	195.12	334.45	378.94	186.42
	(c) Other Current Liabilities	4064.77	2,853.57	2,099.08	1,422.48	1,506.78	940.64
	(d) Short Term Provisions	1800.72	1,695.93	1,628.13	1,506.71	1,448.22	1,299.87
		11,237.32	9,890.55	9,042.33	7,638.55	4,632.94	2,626.93
	TOTAL (A)	5,072.25	5,291.66	6,374.81	7,011.72	6,719.73	6,863.77
B	ASSETS						
1	Non-Current Assets						
	(a) Fixed Assets						
	(i) Tangible Assets	4,530.04	4,817.03	5,212.66	5,615.33	5,877.41	6,201.66
	(ii) Intangible Assets	-	-	-	-	-	-
	(iii) Capital Work in Progress	25.64	-	-	-	-	-
		4,555.68	4,817.03	5,212.66	5,615.33	5,877.41	6,201.66
	(b) Non current Investments	-	-	-	-	-	-
	(c) Long Term Loans & Advances	236.25	221.66	313.54	317.33	353.90	369.51
		4,791.93	5,038.69	5,526.20	5,932.66	6,231.31	6,571.17
2	Current Assets						
	(a) Inventories	133.33	158.50	203.95	385.09	220.26	29.53
	(b) Trade Receivables	0.11	34.73	41.59	11.17	42.36	45.06
	(c) Cash & Bank Balances	119.52	44.74	579.02	639.50	156.55	171.68
	(d) Short Term Loans & Advances	16.68	3.64	3.97	5.82	9.74	12.70

	Particulars	As at					
		31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
	(e) Other Current Assets	10.69	11.36	20.08	37.48	59.51	33.63
		280.33	252.97	848.61	1,079.06	488.42	292.60
	TOTAL (B)	5,072.25	5,291.66	6,374.81	7,011.72	6,719.73	6,863.77

Note: The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Profit and Loss, as restated and Standalone Summary Statement of Cash Flows, as restated as appearing in Annexures 5 (A),5(B),2 and 3.

The Statutory Auditors of our Company have included certain emphasis of matters / audit qualifications in their respective audit reports of our Company including with respect to the Companies (Auditor's Report) Order, 2003, 2015 and 2016, as applicable. Accordingly, investors should read our Restated Standalone Financial Statements mentioned in chapter titled "*Financial Statements*" on page 143 of this Letter of Offer, in the context of such emphasis of matters / audit qualifications highlighted by our Statutory Auditors with respect to our historical financial information.

Standalone Summary Statement of Profit and Loss, as restated

(All amounts in Lacs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Revenue						
Sales						
of products manufactured	49.02	205.98	407.67	275.57	37.19	95.91
of products traded		-	-	-	267.22	122.51
Revenue from Operations (Net)	49.02	205.98	407.67	275.57	304.41	218.42
Other Income	4.91	33.39	23.75	38.93	14.49	13.37
Total Revenue	53.93	239.37	431.42	314.50	318.90	231.79
Expenses						
(a) Cost of Materials Consumed	93.58	200.17	316.77	223.98	147.36	20.31
(b) Purchase of stock in trade	-	-	-	-	100.95	70.57
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.79)	(9.65)	2.60	26.38	(33.82)	42.18
(d) Research & Development Expenditure	-	-	-	154.61	147.97	87.44
(e) Manufacturing Expenses	261.97	179.55	242.82	593.67	520.28	86.34
(f) Employee benefits expense	190.48	234.92	327.45	615.44	514.13	95.58
(g) Finance costs	564.43	754.60	665.25	468.64	147.14	50.51
(h) Depreciation and amortization expense	288.64	396.23	405.63	353.21	350.99	349.77
(i) Other expenses	225.01	410.47	478.21	587.90	603.64	412.90
		-	-	-	-	-
Total Expenses	1,619.32	2,166.29	2,438.73	3,023.82	2,498.64	1,215.60
Profit / (Loss) before exceptional and extraordinary items and tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Exceptional items [Income / (Expense)]	-	-	-	-	-	-
Profit / (Loss) before extraordinary items and tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Extraordinary items	-	-	-	-	-	-
Profit / (Loss) before tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Tax expense / (benefit):						
(a) Current Tax Expense	-	-	-	-	-	-
(b) MAT	-	-	-	-	-	-
(c) Deffered tax Assets /Liabilities	-	-	-	-	-	-
Net Tax expenses	-	-	-	-	-	-
Profit / (Loss) for the period / year, as restated	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)

Note: The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Assets and Liabilities, as restated and Standalone Summary Statement of Cash Flows, as restated as appearing in Annexures 5(A),5(B),1 and 3.

Standalone Summary Statement of Cash Flows, as restated

(All amounts in Lacs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Cash flows from operating activities						
Loss before taxation and exceptional items	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Adjustments:						
Depreciation	288.64	396.23	405.63	353.21	350.99	349.77
(Profit)/ loss on sale of fixed assets, net	-	-	(0.41)	0.10	20.71	-
Unrealised foreign exchange loss	19.69	34.38	14.66	17.80	13.74	-
Interest expenses	564.33	753.87	664.70	468.12	146.75	48.30
Interest income	(1.46)	(20.59)	(22.26)	(36.69)	(11.66)	(11.84)
Operating cash flows before working capital changes	(694.19)	(763.03)	(944.99)	(1,906.78)	(1,659.21)	(597.58)
Changes in working capital:						
(Increase)/ decrease in inventories	25.17	45.45	181.14	(164.83)	(190.73)	50.85
(Increase)/Decrease in trade receivables	34.62	2.92	(31.92)	31.19	2.70	46.75
(Increase) / Decrease in loans and advances and other assets	(13.04)	7.58	22.15	(8.68)	(26.69)	12.40
Increase/(Decrease) in current liabilities, provisions and trade payables	658.73	70.74	3.29	(448.47)	865.57	318.50
(Increase)/ decrease in non-current assets	(23.13)	(13.96)	-	-	-	-
(Decrease)/ increase in provisions	104.78	67.80	-	-	-	-
(Decrease)/ increase in other long term liabilities	0.25	0.03	-	-	-	-
Cash generated from operating activities	93.19	(582.47)	(770.34)	(2,497.57)	(1,008.36)	(169.09)
Income taxes paid/ TDS (net)	8.54	102.53	(1.24)	66.67	27.76	(2.08)
Net cash (used in)/provided by operating activities	101.73	(479.94)	(771.58)	(2,430.90)	(980.60)	(171.17)
Cash flows from investing activities						
Purchase of fixed assets	(27.29)	(0.60)	(4.94)	(96.88)	(72.76)	(11.59)
Proceeds from sale of fixed assets	-	-	2.39	2.65	25.31	-
Proceeds from bank fixed deposits	-	-	-	-	-	-
Interest income received	2.13	29.31	36.66	44.23	3.27	1.33
Net cash used in investing activities	(25.16)	28.71	34.11	(50.00)	(44.18)	(10.26)
Cash flows from financing activities						
Repayment of Share application money pending for allotment	-	(1.22)	-	-	-	-
Proceeds from borrowings	-	-	745.08	3,075.90	1,099.00	200.00
Proceeds/ (repayment) of long term borrowings, net	(1.58)	(2.44)	(5.33)	(5.57)	(2.35)	(3.30)
Interest paid	(0.22)	(79.39)	(62.77)	(106.48)	(87.00)	(1.23)
Net cash provided by/ (used in) financing activities	(1.80)	(83.05)	676.98	2,963.85	1,009.65	195.47
Net increase/ (decrease) in cash and cash	74.78	(534.28)	(60.48)	482.95	(15.13)	14.04

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
equivalents during the period/ year						
Cash and cash equivalents at the beginning of the period/ year	44.74	579.02	639.50	156.55	171.68	157.64
Cash and cash equivalents at the end of the period/ year	119.52	44.74	579.02	639.50	156.55	171.68

Note:

1. The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Profit and Loss, as restated and Standalone Summary Statement of Assets and Liabilities, as restated as appearing in Annexures 5(a),5(b),1 and 2.
2. Cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 Cash flow statement.
3. Figures in bracket represents outflow

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “*Terms of the Issue*” on page 254 of the Letter of Offer:

Rights Equity Shares being offered by our Company	Up to 2,66,03,068 Rights Equity Shares
Rights Entitlement	17 Rights Equity Share(s) for every 22 fully paid-up Equity Share(s) held on the Record Date.
Record Date	June 2, 2017
Face value per Equity Share	₹ 10
Issue Price per Rights Equity Share	₹ 45.00
Equity Shares outstanding prior to the Issue	3,44,27,500 Equity Shares
Issue Size	Issue of 2,66,03,068 Equity Shares of face value of ₹ 10 Each for cash at a price of ₹ 45.00 (Including a premium of ₹ 35.00) per Rights Equity Share for an amount aggregating upto ₹ 11,971.38 Lacs.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	6,10,30,568
Terms of the Issue	For more information, please see the section titled “ <i>Terms of the Issue</i> ” on page 254 of the Letter of Offer.
Use of Issue Proceeds	For more information, please see the section titled “ <i>Objects of the Issue</i> ” on page 69 of the Letter of Offer.
Scrip details	ISIN: INE486F01012 BSE: 532039

Terms of Payment

The entire Issue Price will be paid on application.

GENERAL INFORMATION

Our Company was incorporated as “*Maa Shakti Tube Mill Private Limited*” on June 15, 1989 as a private limited company under the Companies Act, 1956 with the RoC. The name of our Company was changed to “*Sunline Tubes Private Limited*” and a fresh certificate of incorporation dated April 1, 1992 was issued by the RoC. Pursuant to a special resolution of the shareholders passed on July 21, 1993, our Company was converted into a public limited company and the name of our Company was subsequently changed to “*Sunline Tubes Limited*” vide a fresh certificate of incorporation consequent to the conversion was issued by the RoC on August 25, 1993. The name of our Company was changed to “*Sunline Technologies Limited*” and a fresh certificate of incorporation consequent to change of name dated December 6, 2000 was issued by the RoC. The name of our Company was further changed to “*Zenotech Laboratories Limited*” and a fresh certificate of incorporation consequent on change of name was issued on August 10, 2004 by the RoC.

Registered Office of our Company

Zenotech Laboratories Limited

Survey No. 250-252, Turkapally Village
Shameerpet Mandal, Ranga Reddy District
Hyderabad – 500 078
Telangana, India

Telephone: +91 – 90320 44584/ 85/ 86

Website: www.zenotechlab.com

E-mail: rights@zenotech.co.in

CIN: L27100AP1989PLC010122

Address of the RoC

Our Company is registered with the RoC, details whereof are set forth hereunder.

The Registrar of Companies
2nd Floor, Corporate Bhawan
GSI Post, Tattianaram Nagole
Bandlaguda, Hyderabad – 500 068
Telangana, India

Board of Directors of our Company

Details regarding our Board of Directors as on the date of filing this Letter of Offer is as follows:

Name and Designation	DIN	Address
Azadar Khan Designation: Non – Executive and Non – Independent Director	01219312	B-202, Hill View Park, Thakur Village, Kandivali (E), Mumbai – 400 101, Maharashtra, India
Jignesh Goradia Designation: Non – Executive and Non – Independent Director	07229899	403, Doshi Mansion, M.G. cross road no. 3, opposite Saraswat Co-operative Housing Society, Kandivali (W), Mumbai – 400 067, Maharashtra, India
Chintan Shah Designation: Independent Director	07325664	B-201, Pankaj building, Kamal apartments, Shankar lane, Kandivali (W), Mumbai – 400 067, Maharashtra, India
Kavita Shah Designation: Independent Director	02566732	C-302, Raj Heights, M.G. Road, opposite Anand Nagar, Kandivali (W), Mumbai – 400 067, Maharashtra, India

For detailed profile of the Directors of our Company please refer to the chapter titled “*Our Management*” on page 122 of this Letter of Offer.

Company Secretary and Compliance Officer

Abdul Gafoor Mohammad

Survey No. 250-252, Turkapally Village
Shameerpet Mandal, Ranga Reddy District
Hyderabad – 500 078
Telangana, India
Telephone: +91 – 90320 44584/ 85/ 86
E-mail: abdul.gafoor@zenotech.co.in

Chief Financial Officer

Kachappilly Varghese Poly

Survey No. 250-252, Turkapally Village
Shameerpet Mandal, Ranga Reddy District
Hyderabad – 500 078
Telangana, India
Telephone: +91 – 90320 44584/ 85/ 86
E-mail: polykv@zenotech.co.in

Investors may contact the Compliance Officer for any pre-issue /post-issue related matters such as non-receipt of letters of allotment/ share certificates/ refund orders, etc.

Investors are advised to contact the Lead Manager, Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer / CAF / Letter of Allotment, Split Application Forms, share certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the CAF or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors.

Lead Manager to the Issue

Vivro Financial Services Private Limited

607/608, 6th Floor, Marathon Icon
Veer Santaji Lane, Off Ganpatrao Kadam Marg
Opposite Peninsula Corporate Park, Lower Parel
Mumbai – 400 013, Maharashtra, India
Telephone: +91 – 22 – 6666 8040
Facsimile: +91 – 22 – 6666 8047
Email: investors@vivro.net
Website: www.vivro.net
Investor Grievance Email: investors@vivro.net
Contact Person: Yogesh Malpani/ Harish Patel
SEBI Registration Number: INM000010122

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
State Bank Building
4th floor, N.G.N. Vaidya Marg
Fort, Mumbai – 400 023
Maharashtra, India
Telephone: +91 – 22 – 2266 8000
Facsimile: +91 – 22 – 2266 3978
Email: sanjay.asher@crawfordbayley.com

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli, Financial District
Nanakramguda
Hyderabad – 500 032
Telangana, India
Telephone: +91– 40 – 6716 2222
Facsimile: +91 – 40 – 2343 1551
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com
Investor Grievance ID: zll.rights@karvy.com
Contact Person: M. Murali Krishna
SEBI Registration Number: INR000000221

Bankers to our Company

HDFC Bank Limited
6-1-73 GR and 3rd Floor
Saeed Plaza, Lakdi ka pul
Hyderabad – 500 004
Telangana, India
Telephone: +91 – 40 – 3047 2700
Facsimile: +91 – 40 – 3047 2563
Email: saumya.s@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: S Saumya / LV Rathna Mala

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Bankers to the Issue and Escrow Collection Bank / Refund Bank

ICICI Bank Limited
Capital Markets Division
1st Floor, 122, Mistry Bhavan
Dinshaw Wachha Road
Backbay Reclamation
Churchgate, Mumbai – 400 020
Maharashtra, India
Telephone: +91 – 22 – 6681 8923/ 24
Facsimile: +91 – 22 – 2261 1138
Email: shradha.salaria@icicibank.com

Legal Advisor to the Company

Bathiya Legal
909, Hubtown Solaris, N. S. Phadke Road
Near East West Flyover, Andheri (E)
Mumbai - 400 069
Maharashtra, India
Telephone: +91 22 – 6133 8050
Facsimile: +91 22 – 6133 8080
Email: info@bathiyalegal.com

Statutory Auditor of our Company

M/s. PKF Sridhar & Santhanam LLP
Chartered Accountants,
Flat No.105, First Floor
Door No: 6-3-639/640
Golden Edifice, Khairatabad Circle
Hyderabad 500 004
Telephone: +91 – 40 – 2331 9743
Email: prasana@pkfindia.in
Contact Person: Mr. S.Prasana Kumar
Membership No.: 212354
Firm Registration No.: 003990S/S200018
Peer Review Certificate No.: 008972

Axis Bank Limited
6-3-879/B, First Floor,
G. Pulla Reddy Building,
Greenlands, Begumpet Road,
Hyderabad – 500 016
Telephone: +91 – 40 – 23400731/732
Fax: +91 – 40 - 23407184
Email: hyderabad.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: K Vinod / K Bhaskara Rao

Website: www.icicibank.com
Contact Person: Shradha Salaria
SEBI Registration No. INBI00000004

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the Companies Act.

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> on SEBI's website, or at such other website as may be prescribed by SEBI from time to time. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Experts Opinion

Our Company has received consent from the Statutory Auditors, M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants to include their name as an “expert” under Section 2(38) read with Section 26 of the Companies Act in this Letter of Offer in relation to their report dated May 20, 2017 on the Restated Standalone Financial Statements of our Company provided under chapter titled “Financial Statements” on page 143 of this Letter of Offer and the Statement of Tax Benefits dated May 20, 2017 on page 79 of this Letter of Offer. Further, this consent has not been withdrawn as of the date of this Letter of Offer.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Issue Opening Date	Friday, June 30, 2017
Last Date for request for Split Application Forms	Friday, July 07, 2017
Issue Closing Date	Friday, July 14, 2017

Statement of responsibilities of the Lead Manager to the Issuer

Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to co – ordination and other activities in relation to the Issue shall be performed by them.

Credit rating

This being a Rights Issue of Equity Shares, no credit rating is required.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Book Building Process

As the Issue is a rights issue, the Issue will not be made through the book building process.

Monitoring Agency

Our Company has appointed Axis Bank Limited as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI ICDR Regulations.

Axis Bank Limited

Ground Floor, Axis House,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025

Telephone: +91 – 22- 6226 0074/75/73

Fax: +91 – 22- 4325 3000

Email: amar.hadye@axisbank.com

Website: www.axisbank.com

Contact Person: Amar Hadye

Appraising Agency

None of the purposes for which the Net Proceeds are proposed to be utilised have been appraised by any bank or financial institution.

Issue Grading

As the Issue is a rights issue, grading of the Issue is not required.

Principal Terms of Loans and Assets charged as Security

For the principal terms of loans and assets charged as security, please refer to the chapters titled “*Financial Statements*” and “*Financial Indebtedness*” on pages 143 and 218 of this Letter of Offer.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is set forth below:

(₹ in lacs, except the share data)		
	Aggregate value at face value	Aggregate value at Issue Price
A. AUTHORIZED SHARE CAPITAL		
10,00,00,000 Equity Shares of ₹ 10 each	10,000.00	
B. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
3,44,27,500 Equity Shares of ₹ 10 each	3,442.75	
C. PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS LETTER OF OFFER*		
2,66,03,068 Equity Shares at an Issue Price of ₹ 45.00 per Equity Share	2,660.30	11,971.38
D. ISSUED, SUBSCRIBED AND PAID UP CAPITAL AFTER THE ISSUE		
6,10,30,568 Equity Shares of ₹ 10 each	6,103.06	
E. SECURITIES PREMIUM ACCOUNT		
Before the Issue		11,643.24
After the Issue		20,954.31

*This Issue is being made pursuant to a resolution passed by the Board at its meeting held on November 9, 2016.

Changes in authorised share capital

For details of changes in the authorised share capital of our Company, see “History and Certain Corporate Matters” on page 112 of the Letter of Offer.

NOTES TO THE CAPITAL STRUCTURE

1. Share Capital History of our Company

We are unable to trace copies of certain prescribed forms filed by us with the RoC in respect of, *inter alia*, the allotment of Equity Shares since our incorporation until 2006. While we believe that these forms were duly filed, we have not been able to obtain copies of these documents, including from the RoC. See the section “Risk Factors – Some of our corporate records relating to certain filings made with the Registrar of Companies for the period between 1989 and 2006 are not traceable”.

- a. The history of the equity share capital and securities premium account of our Company is detailed in the following table:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Considerat ion	Reason/ Nature allotment	Cumulative of number of Equity Shares	Cumulative paid-up equity share capital (₹)
June 15, 1989	400	10	10	Cash	Subscription to Memorandum of Association	400	4,000
July 1989	5,645	10	10	Cash	Preferential Allotment	6,045	60,450

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
October 5, 1989	2,300	10	10	Cash	Preferential Allotment	8,345	83,450
December 23, 1989	49,000	10	10	Cash	Preferential Allotment	57,345	5,73,450
March 15, 1990	21,000	10	10	Cash	Preferential Allotment	78,345	7,83,450
June 15, 1990	12,700	10	10	Cash	Preferential Allotment	91,045	910,450
September 15, 1990	1,500	10	10	Cash	Preferential Allotment	92,545	925,450
December 14, 1990	33,600	10	10	Cash	Preferential Allotment	1,26,145	12,61,450
March 8, 1991	23,000	10	10	Cash	Preferential Allotment	1,49,145	14,91,450
June 14, 1991	7,500	10	10	Cash	Preferential Allotment	1,56,645	15,66,450
June 16, 1991	3,355	10	10	Cash	Preferential Allotment	1,60,000	16,00,000
November 19, 1991	20	10	10	Cash	Preferential Allotment	1,60,020	16,00,200
February 19, 1992	30	10	10	Cash	Preferential Allotment	1,60,050	16,00,500
August 10, 1992	30,000	10	10	Cash	Preferential Allotment	1,90,050	19,00,500
December 30, 1992	83,000	10	10	Cash	Preferential Allotment	2,73,050	27,30,500
February 26, 1993	32,000	10	10	Cash	Preferential Allotment	3,05,050	30,50,500
March 31, 1993	20,500	10	10	Cash	Preferential Allotment	3,25,550	32,55,500
	37,500	10	10	Cash	Preferential Allotment	3,63,050	36,30,500
August 10, 1993	450	10	10	Cash	Preferential Allotment	3,63,500	36,35,000
December 6, 1993	30,500	10	10	Cash	Preferential Allotment	3,94,000	39,40,000
March 2, 1994	27,000	10	10	Cash	Preferential Allotment	4,21,000	42,10,000
May 26, 1994	39,500	10	10	Cash	Preferential Allotment	4,60,500	46,05,000
September 15, 1994	19,000	10	10	Cash	Preferential Allotment	4,79,500	47,95,000
December 9, 1994	49,000	10	10	Cash	Preferential Allotment	5,28,500	52,85,000
February 20, 1995	27,500	10	10	Cash	Preferential Allotment	5,56,000	55,60,000
March 29, 1995	32,000	10	10	Cash	Preferential Allotment	5,88,000	58,80,000
July 4, 1995	30,500	10	10	Cash	Preferential Allotment	6,18,500	61,85,000
July 7, 1995	40,000	10	10	Cash	Preferential Allotment	6,58,500	65,85,000

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Consideration	Reason/ Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up equity share capital (₹)
August 12, 1995	15,500	10	10	Cash	Preferential Allotment	6,74,000	67,40,000
September 20, 1995	41,500	10	10	Cash	Preferential Allotment	7,15,500	71,55,000
November 9, 1995	85,500	10	10	Cash	Preferential Allotment	8,01,000	80,10,000
December 28, 1995	66,000	10	10	Cash	Preferential Allotment	8,67,000	86,70,000
August 7, 1996	13,83,000	10	10	Cash	Initial Public Offer	22,50,000	2,25,00,000
	35,00,300	10	10	Cash	Initial Public Offer	57,50,300	5,75,03,000
March 20, 2000	(34,30,400)	Forfeited due to non-payment of allotment monies				23,19,900	2,31,99,000
December 23, 2003	31,22,500	10	40	Cash	Re-issue of forfeited shares	54,42,400	5,44,24,000
August 19, 2004	1,25,000	10	40	Cash	Re-issue of forfeited shares	55,67,400	5,56,74,000
August 25, 2004	68,86,800	10	Nil	Other than cash	Pursuant to scheme of amalgamation*	1,24,54,200	12,45,42,000
	22,95,700	10	Nil	Other than cash	Pursuant to scheme of amalgamation*	1,47,49,900	14,74,99,000
January 26, 2005	1,13,900	10	131.60	Cash	Re-issue of forfeited shares	1,48,63,800	14,86,38,000
	69,000	10	131.60	Cash	Re-issue of forfeited shares	1,49,32,800	14,93,28,000
April 4, 2005	2,00,000	10	55	Cash	Allotment against warrants	1,51,32,800	15,13,28,000
May 23, 2005	3,00,000	10	55	Cash	Allotment against warrants	1,54,32,800	15,43,28,000
August 31, 2005	2,50,000	10	55	Cash	Allotment against warrants	1,56,82,800	15,68,28,000
July 17, 2006	1,11,27,664	10	Nil	Other than cash	Pursuant to scheme of amalgamation**	2,68,10,464	26,81,04,640
August 25, 2006	20,00,000	10	100	Cash	Preferential Allotment	2,88,10,464	28,81,04,640
November 23, 2007	54,89,536	10	160	Cash	Preferential Allotment	3,43,00,000	34,30,00,000
January 30, 2008	50,000	10	10	Cash	Allotment pursuant to ESOP, 2005	3,43,50,000	34,35,00,000
May 31, 2008	50,000	10	69.70	Cash	Allotment pursuant to ESOP, 2005	3,44,00,000	34,40,00,000
June 30, 2008	25,000	10	69.70	Cash	Allotment pursuant to ESOP, 2005	3,44,25,000	34,42,50,000
November 16, 2009	2,500***	10	69.70	Cash	Allotment pursuant to ESOP, 2005	3,44,27,500	34,42,75,000

* Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated July 1, 2004, between our Company and Zenotech Laboratories Private Limited.

** Pursuant to the scheme of arrangement approved by High Court, Andhra Pradesh by its order dated May 2, 2006, between our Company, Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited.

***Pursuant to Board Resolution dated November 16, 2009, 4,250 Equity Shares were allotted under ESOP, 2005, however, the Company Law Board, Chennai vide its Order dated August 6, 2010 approved the allotment of 2,500 Equity Shares only on proportionate basis to respective allottees.

b. Issue of Equity Shares allotted for consideration other than cash:

Our Company has not issued any Equity Shares out of revaluation of reserves.

Except as set out below, we have not issued Equity Shares for consideration other than cash. Further, except as disclosed below, no benefits have accrued to our Company on account of allotment of Equity Shares for consideration other than cash:

Date of allotment	No. of Equity Shares	Face value (₹)	Issue price (₹)	Reason/ Nature of allotment	Benefit accrued to our Company
August 25, 2004	68,86,800	10	Nil	Pursuant to the scheme of amalgamation*	Amalgamation of Zenotech Laboratories Private Limited with our Company
August 25, 2004	22,95,700	10	Nil	Pursuant to the scheme of amalgamation*	Amalgamation of Zenotech Laboratories Private Limited with our Company
July 17, 2006	1,11,27,664	10	Nil	Pursuant to the scheme of amalgamation**	Amalgamation of Credence Pharmaceuticals Limited, Hemarus Healthcare Private Limited and our Company

*Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated July 1, 2004, between our Company and Zenotech Laboratories Private Limited

** Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated May 2, 2006, between our Company, Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited.

c. Equity Shares issued at a price which may be lower than the Issue Price during the preceeding one year

No Equity shares have been issued by our Company at a price which may be lower than the Issue Price during the preceding one year from the date of filing this Letter of Offer with SEBI.

2. History of the Equity Share capital held by our Promoters

As on the date of this Letter of Offer, our Promoters hold 2,30,14,578 Equity Shares, equivalent to 66.85% of the issued, subscribed and paid-up Equity Share capital of our Company.

a. Details of the build-up of shareholding of the Promoters in our Company:

Date of allotment/ Transfer	No. of Equity Shares	Face value (₹)	Issue /average acquisition price per Equity Share (₹)	Price	Percentage of the pre-Issue capital (%)	Percentage of the post-Issue capital (%)###	Cumulative number of shares	Reason for allotment/ transfer
Sun Pharmaceutical Industries Limited								
March 24, 2015	1,61,27,293	10	Nil		46.84%	46.84%	1,61,27,293	Pursuant to scheme of amalgamation*
July 24, 2015	785	10	20.87		Negligible	Negligible	1,61,28,078	Open Offer#

Date of allotment/ Transfer	No. of Equity Shares	Face value (₹)	Issue /average acquisition price per Equity Share (₹)	Price	Percentage of the pre-Issue capital (%)	Percentage of the post-Issue capital (%) ^{###}	Cumulative number of shares	Reason for allotment/ transfer
Total							1,61,28,078	
Daiichi Sankyo Company, Limited								
September 24, 2010 and November 2, 2010	68,86,500	10	113.62		20.00%	20.00%	68,86,500	Open Offer##
Total							68,86,500	

* Pursuant to the scheme of arrangement approved by High Court of Gujarat by its order dated November 14, 2014 and High Court of Punjab and Haryana by its order dated March 9, 2015 and has become effective on March 24, 2015, between Sun Pharmaceutical Industries Limited and Ranbaxy Laboratories Limited (“**Ranbaxy – scheme of arrangement**”).

Pursuant to the Ranbaxy - scheme of arrangement, Sun Pharmaceutical Industries Limited made an open offer and acquired 785 Equity Shares on July 24, 2015

Pursuant to the open offer triggered by Daiichi Sankyo Company, Limited after entering into a Share Purchase and Share Subscription Agreement dated June 11, 2008, with (a) Malvinder Mohan Singh; (b) Shivinder Mohan Singh; and (c) Others

Considering subscription as per respective entitlement

- b. The Issue is exempted from the requirements of minimum promoters’ contribution in accordance with Regulation 34(c) of the ICDR Regulations.
- c. One of our Promoter, SPIL through its letter dated March 31, 2017 (the “Subscription Letter”) have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue and may alongwith the entities forming part of the Promoter Group of the Company apply additional shares, in addition to the rights entitlement. Further, they intend to:
 - i. subscribe additional equity shares over and above the entitlement so as to bring aggregate subscription equivalent to or more than the amount proposed to be repaid (i.e. ₹ 6,988.04 lakhs) as loan proceeds of the rights issue;
 - ii. subscribe for unsubscribed portion in the rights issue, subject to approvals required under applicable laws, to ensure 90% of the issue is subscribed.

Such subscriptions of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the SEBI Takeover Code and shall be exempt subject to fulfillment of the conditions of Regulation 10 of the SEBI Takeover Code. The members of the Promoter and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Regulation 38 of the Listing Regulations.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

As such, other than meeting the requirements indicated in the chapter entitled “*Objects of the Issue*” at page 69 of this Letter of Offer, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares, even if, as a result of any Allotment in the Issue to our Promoter and / or the members of our Promoter Group, the shareholding of our Promoter and/or Promoter Group in our Company exceeds their current shareholding.

3. Shareholding Pattern of our Company

The table below represents the Shareholding Pattern of our Company as on March 31, 2017:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of equity shares held in dematerialized form
(A) Promoter & Promoter group	2	2,30,14,578	2,30,14,578	66.85	2,30,14,578
(B) Public	5,836	1,14,12,922	1,14,12,922	33.15	55,74,036
(C1) Shares underlying DRs				0.00	
(C2) Shares held by employee trust				0.00	
(C) Non-Promoter-Non public				0.00	
Grand Total	5,838	3,44,27,500	3,44,27,500	100.00	2,85,88,614

Statement showing shareholding pattern of the Promoter and Promoter Group as on March 31, 2017:

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of equity shares held in dematerialized form
A1) Indian				0.00	
Any Other (Specify)	1	1,61,28,078	1,61,28,078	46.85	1,61,28,078
Sun Pharmaceutical Industries Limited	1	1,61,28,078	1,61,28,078	46.85	1,61,28,078
Sub- Total A1	1	1,61,28,078	1,61,28,078	46.85	1,61,28,078
A2) Foreign				0.00	
Any Other (Specify)	1	68,86,500	68,86,500	20.00	68,86,500
Daiichi Sankyo Company Limited	1	68,86,500	68,86,500	20.00	68,86,500
Sub - Total A2	1	68,86,500	68,86,500	20.00	68,86,500
A = A1 + A2	2	2,30,14,578	2,30,14,578	66.85	2,30,14,578

Statement showing shareholding pattern of the Public shareholder as on March 31, 2017

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form (Not Applicable)
B1) Institutions	0	0		0.00		0.00	
Financial Institutions / Banks	2	4414	4,414	0.01	4,414	0.01	4,414
Sub – Total B1	2	4,414	4,414	0.01	4,414	0.01	4,414
B2) Central Government / State Government(s) / President of India	0	0		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto ₹ 2 Lacs	5407	22,30,323	22,30,323	6.48	22,30,323	6.48	21,84,934
Individual share capital in excess of ₹ 2 Lacs	26	73,97,949	73,97,949	21.49	73,97,949	21.49	23,04,711
Dr. Jayaram Chigurupati	1	36,77,558	36,77,558	10.68	36,77,558	10.68	16,44,820
Padmasree Chigurupati	1	30,60,500	30,60,500	8.89	30,60,500	8.89	
NBFCs registered with RBI	3	15,374	15,374	0.04	15,374	0.04	15,374
Any Other (specify)	398	17,64,862	17,64,862	5.13	17,64,862	5.13	10,64,603
Technology Development Board	1	6,00,000	6,00,000	1.74	6,00,000	1.74	6,00,000
Zenotech LLC	1	6,92,791	6,92,791	2.01	6,92,791	2.01	
NRI –Repat	37	58,319	58,319	0.17	58,319	0.17	50,851
NRI – Non-Repat	9	5,562	5,562	0.02	5,562	0.02	5,562
HUF	206	1,74,843	1,74,843	0.51	1,74,843	0.51	1,74,843
Clearing Members	10	3,417	3,417	0.01	3,417	0.01	3,417
Bodies Corporate	135	8,29,930	8,29,930	2.41	8,29,930	2.41	8,29,930
Overseas corporate bodies	1	6,92,791	6,92,791	2.01	6,92,791	2.01	
Sub – Total B3	5834	1,14,08,508	1,14,08,508	33.14	1,14,08,508	33.14	55,69,622
B = B1 + B2 + B3	5836	1,14,12,922	1,14,12,922	33.15	1,14,12,922	33.15	55,74,036

Statement showing shareholding pattern of the Non Promoter- Non Public shareholder as on March 31, 2017

Category and Name of the shareholder (I)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	Total no. of shares held (VII = IV+V+VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of equity shares held in dematerialized form (XIV) (Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

4. Shareholding of our Promoters, directors of our Promoters and Promoter group Pre and Post Issue:

Provided below are details of Equity Shares held by our Promoters, directors of our Promoters and members of the Promoter Group as of the date of this Letter of Offer:

Sl. No.	Name of the Shareholder	Pre Issue		Post Issue*	
		No. of Shares	%	No. of Shares	%
Promoters					
1.	Sun Pharmaceutical Industries Limited	1,61,28,078	46.85%	28,590,684	46.85%
2.	Daiichi Sankyo Company, Limited	68,86,500	20.00%	12,207,886	20.00%
Total		2,30,14,578	66.85%	40,798,570	66.85%
Directors of our Promoters					
Nil					
Promoter Group					
Nil					

**assuming full subscription for and allotment of only the Rights Entitlement*

5. The list of top 10 shareholders of our Company and the number of Equity Shares held by them is as under:

a. Particulars of the top ten shareholders as on the date of filing this Letter of Offer:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid Up Capital
1.	Sun Pharmaceutical Industries Limited	1,61,28,078	46.85%
2.	Daiichi Sankyo Company, Limited	68,86,500	20.00%
3.	Dr. Jayaram Chigurupati	35,20,547	10.23%
4.	Padmasree Chigurupati	30,60,500	8.89%
5.	Zenotech LLC	6,92,791	2.01%
6.	Technology Development Board	6,00,000	1.74%
7.	Lakshmi M	1,10,000	0.32%
8.	Rajan Bhasin	81,413	0.24%
9.	Ajmera Associates Limited	69,000	0.20%
10.	Ruchita Rupesh Chamedia	55,000	0.16%

b. Particulars of top ten shareholders ten days prior to the date of filing this Letter of Offer:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of total Paid Up Capital
1.	Sun Pharmaceutical Industries Limited	1,61,28,078	46.85%
2.	Daiichi Sankyo Company, Limited	68,86,500	20.00%

Sr. No.	Name of Shareholders	Number of Equity Shares	% of total Paid Up Capital
3.	Dr. Jayaram Chigurupati	35,26,476	10.24%
4.	Padmasree Chigurupati	30,60,500	8.89%
5.	Zenotech LLC	6,92,791	2.01%
6.	Technology Development Board	6,00,000	1.74%
7.	Lakshmi M	1,10,000	0.32%
8.	Rajan Bhasin	81,413	0.24%
9.	Ajmera Associates Limited	65,609	0.19%
10.	Kantilal M. Vardhan (H.U.F.)	48,852	0.14%

- c. Particulars of the top ten shareholders two years prior to the date of filing of this Letter of Offer i.e. on May 29, 2015:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid Up Capital
1.	Sun Pharmaceutical Industries Limited	1,61,27,293	46.84%
2.	Daiichi Sankyo Company, Limited	68,86,500	20.00%
3.	Jayaram Chigurupati	42,22,632	12.27%
4.	Padmasree Chigurupati	30,60,500	8.89%
5.	Zenotech LLC	6,92,791	2.01%
6.	Technology Development Board	6,00,000	1.74%
7.	P Lakshma Reddy	1,52,000	0.44%
8.	Venkata Naga Sathya Laxmi Narayana Ayyalasomayajula	67,313	0.20%
9.	Kantilal M. Vardhan (H.U.F.)	53,754	0.16%
10.	Rishra Investments Limited	48,268	0.14%

6. Our Company, our Directors and the Lead Manager have not entered into any buy-back arrangement and / or safety net facility for purchase of Equity Shares from any person.
7. Our Company has not issued Equity Shares in the last two years preceding the date of this Letter of Offer.
8. None of our Promoters, Promoter Group, directors of our Promoters, our Directors and their immediate relatives have purchased or sold any Equity Shares during a period of six months preceding the date on which this Letter of Offer is filed with SEBI.
9. Details of Equity Shares held by our Directors, Key Managerial Personnel and directors of our Promoter:
- i. None of our Directors and directors of our Promoters holds any Equity Shares.
- ii. As on the date of this Letter of Offer, none of the Key Managerial Personnel hold any Equity Shares in our Company, except the following:

Sr. No.	Name	No. of Equity Shares	Pre-Issue (%)
1.	Dinesh Kapoor	13	Negligible
2.	Kachappilly Varghese Poly	1	Negligible

10. Except as provided below, none of the Promoter or the Directors has purchased or subscribed or sold any Equity Shares within three years immediately preceding the date of filing of this Letter of Offer with the SEBI which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Company:

Name of the person	Category	Date of Issue/ Acquisition/ Transfer	Number of Equity Shares	Price per Equity Shares	Reasons
Sun Pharmaceutical Industries Limited	Promoter	March 24, 2015	1,61,27,293	Nil	Pursuant to scheme of arrangement*

** Pursuant to the scheme of arrangement approved by High Court of Gujarat by its order dated November 14, 2014 and High Court of Punjab and Haryana by its order dated March 9, 2015 and has become effective on March 24, 2015, between Sun Pharmaceutical Industries Limited and Ranbaxy Laboratories Limited*

11. Our Company has not issued any Equity Shares out of revaluation reserves or reserves without accrual of cash resources.
12. As on March 31, 2017 the total number of members of our Company was 5,838.
13. Except as disclosed below, our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or under Section 230 to 240 of the Companies Act, 2013:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price (₹)	Nature of allotment
August 25, 2004	68,86,800	10	Nil	Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated July 1, 2004, between our Company and Zenotech Laboratories Private Limited
August 25, 2004	22,95,700	10	Nil	Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated July 1, 2004, between our Company and Zenotech Laboratories Private Limited
July 17, 2006	1,11,27,664	10	Nil	Pursuant to the scheme of amalgamation approved by High Court, Andhra Pradesh by its order dated May 2, 2006, between our Company, Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited.

14. Neither the Lead Manager nor any of its associates hold any Equity Shares in our Company.
15. Except as disclosed in this section, our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
16. The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the Takeover Regulations in connection with the Issue is ₹ 47.41.
17. If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the Companies Act.
18. All Equity Shares will be fully paid up at the time of Allotment.
19. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares.
20. There have been no financial or buyback arrangements whereby our Promoter Group, directors of our Promoters, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of six months preceding the date of filing of this Letter of Offer.
21. Our Company presently does not intend or propose to alter the capital structure for a period of six months from the Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue

of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or otherwise. However, if business needs of the Company so require, the Company may alter the capital structure by way of split / consolidation of the denomination of the Equity Shares / issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

22. Our Company does not have any employee stock option scheme or employee stock purchase scheme as on date of this Letter of Offer.
23. At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
24. Our Company, Directors, Promoter or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Letter of Offer.
25. The Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of filing this Letter of Offer.
26. Our Company has not raised any bridge loan from any bank against the proceeds of this Issue. However, depending on its business requirements, the Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds of the Issue.
27. The Issue will remain open for a minimum of 15 days. The Board of Directors or duly authorised committee thereof shall have the right to extend the Issue period as it may determine from time to time, provided that the issue will not be kept open in excess of 30 days from the Issue Opening Date.
28. Our Company shall ensure that any transaction in the Equity Shares by our Promoters and Promoter Group during the period between the date of filing the Letter of Offer with BSE Limited and the date of closure of the Issue shall be reported to the Stock Exchange within twenty four hours of such transaction

SECTION IV – OBJECTS OF THE ISSUE

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting Issue related expenses (“Net Proceeds”), are estimated to be up to ₹ 11,971.38 Lacs. The Issue is being undertaken to meet the objects thereof, as set forth herein.

Our Company intends to utilize the Net Proceeds for the following objects:

		(₹ in Lacs)
Particulars	Amount	
Gross Proceeds from the Issue	11,971.38	
(Less) Issue related expenses (payable by our Company)	83.98	
Net Proceeds of the Issue	11,887.40	

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

The details of the Net Proceeds are summarised in the table below:

		(₹ in Lacs)
Sr. No.	Particulars	Amount
1.	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units;	2,002.45
2.	Repayment in full or part, of certain borrowings availed by our Company;	6,988.04
3.	General corporate purposes	2,896.91

Schedule of Deployment

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

		(₹ in Lacs)			
Sr. No.	Particulars	Total estimated amount	Amount deployed till April 30, 2017	Estimated Proceed Utilisation 2018	Net Fiscal
1.	Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units;	2,002.45	–		2,002.45
2.	Repayment of certain borrowings availed by our Company;	6,988.04	–		6,988.04
3.	General Corporate purposes*	2,896.91	–		2,896.91
Total		11,887.40			11,887.40

Our Company has incurred an amount of ₹ 45.04 lacs till April 30, 2017 towards advance for procurement of certain plant and machinery and Issue expenses as confirmed by our Statutory Auditors, M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants vide their certificate dated May 20, 2017. Further, the funds for the abovementioned purpose has been met through internal accruals and will be subsequently adjusted from the proceeds of the Rights Issue.

We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of variety of factors such as changes in our financial condition, business or strategy as well as external factors which may not be in our control and may entail rescheduling and revising the planned expenditure and funding requirement

and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management.

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects of the Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in subsequent fiscals towards the aforementioned objects. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be done through internal accruals through cash flows from our operations, if any and/or debt.

The above fund requirements are based on internal management estimates and have not been appraised by any bank or financial institution and are based on quotations received from vendors and suppliers, which are subject to change in the future. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see section titled “*Risk Factors*” on page 15 of this Letter of Offer.

Means of Finance

The entire requirements of the Objects detailed above are intended to be funded from the Net Proceeds. No amount is required to be raised through means other than this Issue for financing the objects of the Issue. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue under Regulation 4(2)(g) of the ICDR Regulations.

Details of the Objects of the Issue

1. Funding capital expenditure requirement for expansion and up gradation of our existing manufacturing units;

We propose to expand and upgrade our existing manufacturing units at 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. We are yet to purchase plant and machinery for the proposed expansion and up gradation. The cost estimates based on the quotations for the proposed capital expenditure is as follows:

Sr. No.	Particulars	Total estimated cost (₹ in Lacs)
a.	Commissioning of Oral Solid Drugs facility at Unit 1;	89.93
b.	Enhancement of capacity at Unit 2;	1,032.46
c.	Capital expenditures for upgradation of Unit 1 and Unit 2;	735.26
d.	Contingency	144.80
	Total	2,002.45

a. Commissioning of Oral Solid Drugs facility at Unit 1

Our Company propose to commission the facility to manufacture oncological oral solids and details of plant and machinery are as set forth below:

Sr. No.	Description of machinery	Name of the vendor	Date of quotation	Quantity	Total cost inclusive of taxes (₹ in Lacs)
1.	Pam Capsule filling line- installation and commissioning	ACG Pam Pharma Technologies Private Limited	April 19, 2017	1	84.19
2.	Online Particle Counter Installation Incl. software	Measuretest Instrument Measuretest Service Solutions	April 15, 2017	1	5.74
Total					89.93

b. Enhancement of capacity at Unit 2

Our Company propose to enhance the existing capacity of Unit 2 and upgrade the manufacturing facility by adding the following plant and machinery:

Sr. No.	Description of machinery	Name of the vendor	Date of quotation	Quantity	Total cost inclusive of taxes (₹ in Lacs)
1.	Lyophilizer installation and commissioning	Lyophilization Systems India Private Limited	April 18, 2017	1	862.31
2.	Purified water generation system	Praj Hipurity Systems Limited	April 18, 2017	1	151.14
3.	Gas Line works	R n D Associates	April 17, 2017	1	19.01
Total					1,032.46

c. Capital expenditures for upgradation of Unit 1 and Unit 2

Our Company intends to upgrade the existing Unit 1 and Unit 2 and details of civil work and plant and machinery are as set forth below:

Sr. No.	Description of machinery	Name of the vendor	Date of quotation	Quantity	Total cost inclusive of taxes (₹ in Lacs)
1.	Fire hydrant system for manufacturing unit 1 and unit 2	Technovative Automation Security Solutions	April 10, 2017	1	94.31
2.	Civil work for underground tank for fire hydrant system	R R Constructions	April 12, 2017	–	23.65
3.	2 tone shell and tube boiler	Visysta Marketing	April 13, 2017	1	23.46
4.	Stand by Generator Incl Synchronization	Gmmco Limited	April 18, 2017	1	90.67
5.	Air compressor 250 CFM	FS Compressors India Private Limited	April 7, 2017	1	29.29
6.	East end boundary wall at manufacturing units	R R Constructions	April 10, 2017	–	103.66
7.	HT line conversion from 11KV to 33KV	Bhavani Electricals	April 12, 2017	–	69.22
8.	Terrace shed for utilities	Standard Engineering Company	April 10,	4,035 sq.	18.78

Sr. No.	Description of machinery	Name of the vendor	Date of quotation	Quantity	Total cost inclusive of taxes (₹ in Lacs)
	for manufacturing unit 1		2017	ft.	
9.	Computer system	Cache Peripherals	April 14, 2017	20	11.38
10.	IT Servers including networking system	ADS Technologies	April 14, 2017	1	157.29
11.	Setting up of Effluent Treatment Plant	New Fab Fabricators & Erectors	April 18, 2017	1	12.84
12.	Civil work for collection tank in Effluent Treatment Plant	R R Constructions	April 11, 2017	–	23.97
13.	Refurbishing earth pits	Standard Technologies	April 13, 2017	36	2.96
14.	Installation work for refurbishing earth pits	Standard Engineering Company	April 10, 2017	–	4.72
15.	IBR line erection for manufacturing unit 1 and unit 2	Standard Engineering Company	April 10, 2017	1	69.06
Total					735.26

d. Contingency

Further, we have estimated our contingency expenses to be ₹ 144.80 Lacs being 7.23% of the total capital expenditure.

2. Repayment of certain borrowings availed by our Company

We availed certain loan facilities in the ordinary course of business from Ranbaxy Laboratories Limited which was subsequently on account of Scheme of Arrangement was merged into one of our Promoters, Sun Pharmaceutical Industries Limited (“SPIL”). On account of the arrangement all the loan facilities were subsequently transferred in the name of SPIL. For further details of the loans availed by our Company, see chapter titled “*Financial Indebtedness*” at page 218 of this Letter of Offer. As of December 31, 2016, our Company has total outstanding borrowing (secured and unsecured) is ₹ 7,737.34 Lacs (including interest) comprising of ₹ 557.82 Lacs (including interest) as secured loan and ₹ 7,179.52 Lacs (including interest) as unsecured loans. We propose to utilize ₹ 6,988.04 Lacs from the Net Proceeds towards the repayment of unsecured loan taken from one of our Promoters, Sun Pharmaceutical Industries Limited including interest thereon, availed by our Company.

The following table provides details (including details of outstanding amount including accrued interest as on December 31, 2016) of loan availed by our Company, of which we may repay, from the Net Proceeds, without any obligation to any particular loan:

A. Unsecured Loan of ₹ 5,120.00 Lacs availed from Sun Pharmaceutical Industries Limited

Name of Lender	Sun Pharmaceutical Industries Limited
Amount availed	₹ 5,120.00 Lacs
Interest accrued till December 31, 2016	₹ 2,045.17 Lacs
Amount outstanding as of December 31, 2016 including interest	₹ 7,165.17 Lacs
Amount proposed to be paid out of	₹ 6,988.04 Lacs

net Issue proceeds	
Rate of Interest (% p.a.)	11.25% payable at end of each financial year. In case of any breach or default of any condition, additional interest of 2.00 % per annum
Repayment schedule	Repayable on demand
Tenure	For a maximum period till March 31, 2018, subject to the further extension as mutually agreed between parties.

SFIL has vide their letter dated March 31, 2017, confirmed their intention to subscribe additional Equity Shares along with entities forming part of the Promoter Group of our Company over and above their entitlement so as to bring their aggregate subscription equivalent to or more than the amount proposed to be repaid as loan from the proceeds of the Rights Issue.

The amount of repayment of the abovementioned unsecured loan including interest thereon, out of the Issue proceeds shall not in any case, exceed the amount of subscription made by SFIL along with the entities forming part of the Promoter Group of our Company. Further, PKF Sridhar & Santhanam LLP, Chartered Accountants, have certified vide a letter dated May 20, 2017 that our Company had utilized the abovementioned unsecured loan for the purpose for which the same was borrowed i.e. utilized for business operations during the financial year 2013-2014, 2014-15 and 2015-16 for servicing borrowings including repayments (net of interest income), purchase of fixed assets (net of disposals) and funding of operational expenses.

3. General corporate purposes

Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes to drive our business growth, as may be approved by our management, including but not restricted to meeting operating expenses, working capital requirements, strategic initiatives, strengthening our marketing capabilities, brand building and meeting ongoing general corporate exigencies subject to such utilization not exceeding 25% of the gross Proceeds of the Issue.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

In terms of Regulation 4(4) of the SEBI ICDR Regulations, the extent of the Net Proceeds proposed to be used for general corporate purposes is not estimated to exceed 25% of the proceeds of the Issue.

Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount	As a percentage of total expenses	As a percentage of Issue size
Fees of the Lead Manager, Registrar to the Issue, Legal Advisor, Monitoring Agency, Auditor's fees, including out of pocket expenses etc.	57.68	68.68%	0.48%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	3.93	4.68%	0.03%
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	22.37	26.64%	0.19%
Total estimated Issue expenses	83.98	100.00%	0.70%

Sources and Deployment of funds

Our Company has incurred an amount of ₹ 45.04 lacs till April 30, 2017 towards advance for procurement of certain plant and machinery and Issue expenses as confirmed by our Statutory Auditors, M/s. PKF Sridhar and Santhanam LLP, Chartered Accountants *vide* their certificate dated May 20, 2017.

Further, the funds for the abovementioned purpose has been met through internal accruals and will be subsequently be adjusted from the proceeds of the Rights Issue.

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Bridge Financing Facilities

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised by any bank or any financial institutions or other agencies.

Monitoring of utilization of funds

Our Company has appointed Axis Bank Limited as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI ICDR Regulations, which will monitor the utilisation of Issue Proceeds and submit its report to the Company in accordance with the SEBI ICDR Regulations.

As required under the SEBI Listing Regulations, our Company shall disclose to the Audit Committee the application of the Net proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations

Variations in Objects of Issue

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects, unless authorised by our shareholders in a general meeting by way of a special resolution. Additionally, the notice in respect of such resolution issued to the shareholders shall contain details as prescribed under the Companies Act, 2013 and such details of the notice, clearly indicating the justification for such variation, shall also be published in one English and one vernacular newspaper in the city where the registered office of our Company is situated, as per the Companies Act, 2013 and the rules framed there under.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group, except as stated above and in the ordinary course of business.

We further confirm that the amount raised by our Company through the Issue shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company by our Company.

BASIS FOR ISSUE PRICE

The Issue Price of ₹ 45.00 will be determined by our Company, in consultation with the Lead Manager, on the basis of assessment of market demand and the following qualitative and quantitative factors for the Equity Shares. The face value of the Equity Shares is ₹10 and the Issue Price is ₹ 45.00. The Issue Price is 4.5 times the face value.

Investors should also see the chapters entitled “*Risk Factors*”, “*Our Business*” and “*Financial Statements*” on pages 15, 95 and 143, respectively of this Letter of Offer, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for the Issue price are:

- Our product portfolio;
- Manufacturing infrastructure to cater specialty products;
- Capability to serve domestic and emerging markets;
- Parentage of our Promoters and experienced management.

For further details, please refer to “*Risk Factors*” and “*Our Business*” beginning on pages 15 and 95, respectively of this Letter of Offer.

Our Company is not in possession of most of the prior statutory records, documents and information and the current management, based on the available limited records, has reconstructed the financial statements for previous years. Since matters relating to several financial and non-financial irregularities are sub-judice and various legal proceedings are ongoing, any further adjustments or disclosures for the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identifiable or determinable. For further information, please see chapter “*Outstanding Litigations and Material Developments*” on page 221 of the Letter of Offer.

Quantitative factors

The information presented below relating to our Company is based on the Restated Standalone Financial Information prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. For details, please refer “*Financial Statements*” beginning on page 143 of this Letter of Offer.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings Per Share (EPS)

As per the Company's Restated Standalone Financial Information:

Year ended	Basic and Diluted EPS (₹)	Weight
March 31, 2014	(7.87)	1
March 31, 2015	(5.83)	2
March 31, 2016	(5.60)	3
Weighted average (Refer Note 1)	(6.05)	
For nine (9) months ended December 31, 2016*	(4.55)	

* Not annualized

Note 1: Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]

Notes:

- i. The face value of each Equity Share is ₹ 10.
- ii. Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share' issued by ICAI. EPS can be defined as follows:
 - Basic EPS: Profit after taxes for the year/period (as restated) attributable to equity shareholders divided by weighted average number of equity shares outstanding during the year/period.
 - Diluted EPS is same as Basic EPS.
- iii. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.

2. Price Earning (P/E) Ratio in relation to the Issue Price of ₹ 45.00 per Equity Share

P/E based on Basic and Diluted EPS:

Particulars	P/E at the Issue Price (no. of times)
Based on Basic and Diluted EPS as per Restated Standalone Financial Statements for the year ended March 31, 2016	Refer to Note 1 below
Industry P/E multiple (Pharmaceutical – Indian Formulation)*	
Highest	92.2
Lowest	11.0
Industry Composite	31.3

Note 1: Since the Basic and Diluted EPS of our Company as on March 31, 2016 is negative, the P/E ratio cannot be calculated.

*Source: Capital Market, Volume XXXII/07 dated May 22 – June 04, 2017

3. Return on Net Worth (RONW)

As per the Restated Standalone Financial Information

Particulars	RONW (%) ⁽¹⁾	Weight
March 31, 2014	N.A.	
March 31, 2015	N.A.	
March 31, 2016	N.A.	
Weighted average	N.A.	-
For nine (9) months ended December 31, 2016*	N.A.	

* Not Annualised

Notes:

(1)RoNW for Years ended March 31 2014, 2015 and 2016 and for the nine months ended December 31, 2016 as well as weighted average RoNW cannot be computed as our net worth as per the standalone restated financial statements is negative.

4. Minimum Return on Net Worth after Issue needed to maintain Pre-Issue Basic and Diluted EPS as at March 31, 2016:

To maintain pre-Issue Basic and Diluted EPS

Based on Restated Financial Information of our Company: Cannot be computed as EPS is negative

5. Net Asset Value per Equity Share

Particulars	Amount (₹)
As on March 31, 2016	(13.42)
As on December 31, 2016	(17.96)
the Issue Price	45.00
After the Issue	9.48

NAV per Equity Share represents, (Net worth at the end of the period, as restated)/ (Total number of equity shares outstanding at the end of the period)

6. Comparison of Accounting Ratios with listed industry peers

Name of Company	Standalone	Revenue	Face Value (₹ Per share)	EPS (₹)		NAV (₹ per share) ⁽¹⁾	P/E ⁽²⁾	RONW (%) ⁽³⁾
				Basic	Diluted			
Zenotech Laboratories Limited*	Standalone	239.37	10.00	(5.60)	(5.60)	(13.42)	N.A.	N.A.
Peer Group								
Shilpa Medicare Limited**	Standalone	68,259.58	1.00	14.31	14.31	87.11	29.92	16.43%
RPG Life Sciences Limited**	Standalone	28,010.00	8.00	7.03	7.03	80.79	31.64	8.70%

*Source: Based on the Restated Standalone Financial Statements for the year ended March 31, 2016.

**Based on audited standalone financial results for the financial year ended March 31, 2016.

(1) Net Asset Value is calculated as Net Worth at March 31, 2016 divided by the number of shares as at March 31, 2016 based on the annual report for the Fiscal Year 2016.

(2) P/E ratio is computed based on closing market price as on March 31, 2016 available on www.bseindia.com divided by Basic EPS based on the annual report for the Fiscal Year 2016.

P/E and RoNW for year ended March 31 2016 cannot be computed as our EPS and net worth as per the standalone restated financial statements is negative.

Considering the nature and segment in which our Company operates, the listed peers are not strictly comparable as they also cater to different product portfolio and are different in revenue terms. However, they have been included for broad comparisons herein.

7. The Issue Price is 4.5 times of the face value of the Equity Shares

The Issue Price of ₹ 45.00 has been determined by our Company, in consultation with the Lead Manager, is justified in view of the above qualitative and quantitative parameters.

On the basis of basis of the above qualitative and quantitative parameters, our Company, in consultation with the Lead Manager, is of the opinion that the Issue Price of ₹ 45.00 is justified based on the above accounting ratios. For further details, please see the section entitled 'Risk Factors' on page 15 of this Letter of Offer and the financials of our Company including important profitability and return ratios, as set out in the chapter entitled 'Financial Statements' on page 143 of this Letter of Offer to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned under the section entitled 'Risk Factors' on page 15 of this Letter of Offer and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

To

The Board of Directors

Zenotech Laboratories Limited

Survey No. 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District

Hyderabad – 500 078

Telangana, India

Subject: Statement of possible special tax benefits ('the Statement') available to Zenotech Laboratories Limited ('the Company') and its Shareholders prepared in accordance with the requirement in SCHEDULE VIII – CLAUSE (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ('the Regulations')

We hereby report that the enclosed Annexure, states the possible special tax benefits available to the Company and to its Shareholders under the Income-tax Act, 1961 and Income Tax Rules, 1962 (together "tax laws") presently in force in India. These benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its Shareholders to derive these special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company or its Shareholder may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits available and do not cover any general tax benefits available to the Company and to its Shareholders. Further, the preparation of the enclosed Statement and its contents is the responsibility of the Management of the Company. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Rights Issue of equity shares ("the Issue") by the Company particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- i. The Company or its Shareholders will continue to obtain these benefits in future; or
- ii. The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed Statement are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

The enclosed annexure is intended solely for your information and for inclusion in the Draft Letter of Offer or Letter of Offer in connection with the Issue and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For PKF Sridhar & Santhanam LLP

Chartered Accountants

ICAI Firm's registration number: 003990S/S200018

Sd/-

S Prasana Kumar

Partner

Membership number: 212354

Place: Chennai

Date: May 20, 2017

Annexure to the statement of Possible Special Tax Benefits available to the Company and to its Shareholders

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Income-tax Act, 1961 and Income Tax Rules, 1962 (together “tax laws”) presently in force in India.

Special tax benefits available to the Company

There are no special tax benefits available to the Company under the tax laws.

Special tax benefits available to the Shareholders of the Company

There are no special tax benefits available to the Shareholders of the Company under the tax laws.

Note:

1. *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*
2. *The above statement covers only above mentioned tax laws benefits and does not cover any indirect tax law benefits or benefit under any other law.*

For PKF Sridhar & Santhanam LLP

Chartered Accountants

ICAI Firm’s registration number: 003990S/S200018

Sd/-

S Prasana Kumar

Partner

Membership number: 212354

Place: Chennai

Date: May 20, 2017

SECTION V – ABOUT US

INDUSTRY OVERVIEW

Unless otherwise stated, the information in this section is derived from “Report on Pharmaceutical Industry” by Credit Analysis & Research Limited. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

A view on Global Macroeconomic outline

As per the World Bank Report on Global Economic Prospects June 2016, the global economy has now entered its sixth year of stagnation, and the growth outlook for 2017 shows a continuation of this trend. A projected stabilization in energy and commodity prices may provide a small tailwind for resource-rich economies in 2017, but the medium-term trend continues to be dominated by weaker growth in key inputs, notably investment and labor supply. Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labor force skills, and greater productivity. However, those potentially favorable factors are under pressure from ongoing political, policy, and economic uncertainties around the world. This risks further inertia caused by a wait-and-see attitude among corporates and governments. Businesses have to prepare for more disruptions from geopolitical tensions, policy uncertainty, financial market volatility and rapid changes in technology, but they also need to stay focused on leveraging the qualitative sources of growth with investment in technology and business productivity even—or especially—in times of stagnation.

The World Bank has revised its 2016 global growth forecast to 2.4% from the 2.9% pace projected in January 2016. The move is due to sluggish growth in advanced economies, stubbornly low commodity prices, weak global trade, and diminishing capital flows. India’s robust economic expansion is expected to hold steady at 7.6%.

Major economies: Recent developments and outlook

Prospects for major advanced economies have deteriorated, amid weak global trade and manufacturing activity. Growth is now generally expected to level off in 2016, rather than strengthen, despite the positive effects on real incomes from lower oil prices and improving labor market conditions. With increasing downside risks to growth, and inflation persistently below target, the European Central Bank and Bank of Japan are pursuing further policy accommodation, while the U.S. Federal Reserve will normalize policy interest rates more slowly than expected in January 2016. China continues its gradual slowdown and rebalancing, as reforms are implemented and their impact is calibrated by policy easing.

Emerging market and developing economies: Recent developments and outlook

With 80% of the world’s population living in emerging markets, and their purchasing power increasing, they will become an increasingly important component of the global economy. Investors can gain exposure to a long-term favorable trend, by investing in emerging market equities. These markets have proved that the phenomenon has more of a structural nature than a cyclical one on account of their increasing urbanization and a burgeoning middle class with sufficient income to shift the consumption patterns to support their new lifestyles. The emerging markets have evolved into a major force in the world panorama with lower unemployment rates, higher savings rate, stronger balance sheets and younger work force.

Global Pharmaceutical Market

The global pharmaceutical industry consists of businesses that are primarily engaged in manufacturing and processing medicinal substances into finished pharmaceutical products for human and veterinary use. Ethical brand

name drugs, generic products and non-prescription or over-the-counter medication constitute the pharmaceutical industry sub-sectors. Research and Development in the pharmaceutical industry has helped companies to penetrate the markets and increase their exposure across the world. Global pharma industry is historically dominated by United States of America, Western Europe and Asia Pacific countries. The global pharmaceutical market size was US\$ 954 bn in 2015 as against US \$ 944 bn in 2014, recording a marginal y-o-y growth of ~1%. The slow growth in the industry in US market is on account of patent cliff, global macroeconomic scenario, changing combination of innovative and mature products apart from the rising penetration of healthcare access and funding on market demand.

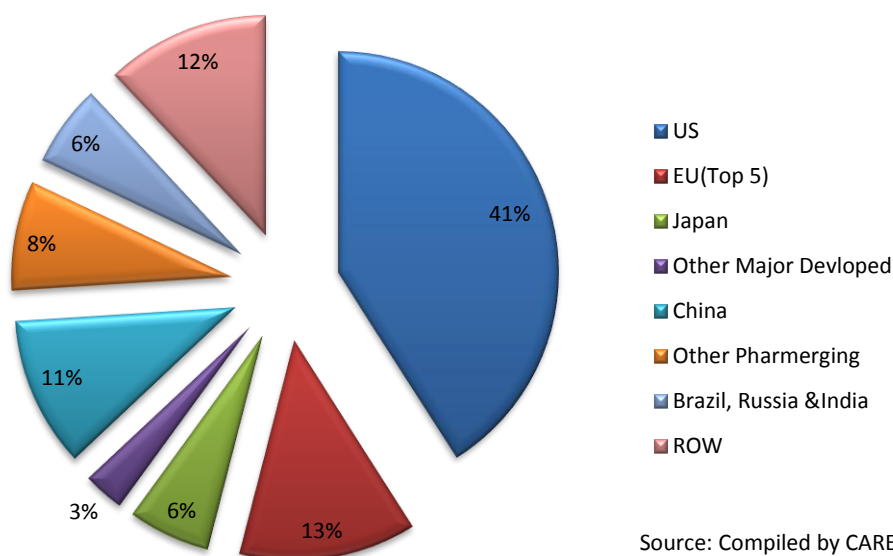
Revenue growth in pharma industry is primarily expected from increase in sales of drugs for Oncology, Biotechnology and cardiovascular therapeutic class and continued increase in the demand of generic drugs. The industry is expected to grow to US \$1350 bn in 2019.

Global Market Scenario and Growth in Global Pharma Market:

Global spending on medicines is expected to reach \$1.4 trillion by 2022, CAGR (Compound Annual Growth Rate) of around 30% from 2015, as against the increase of 35.4% in the past five years.

A distinct shift is also observed in the market share across the globe, with the US share of global spending declining from 41% in 2005 to 31% in 2015, along with the share of spending from Europe declining from 27% to 19% over the same period. Meanwhile, 17 high growth emerging markets including China, India, Brazil, Russia and Mexico have contributed about 28% of the total spending by 2015, up from only 12% in 2005.

Global Medicine Spending in 2020 by Geography



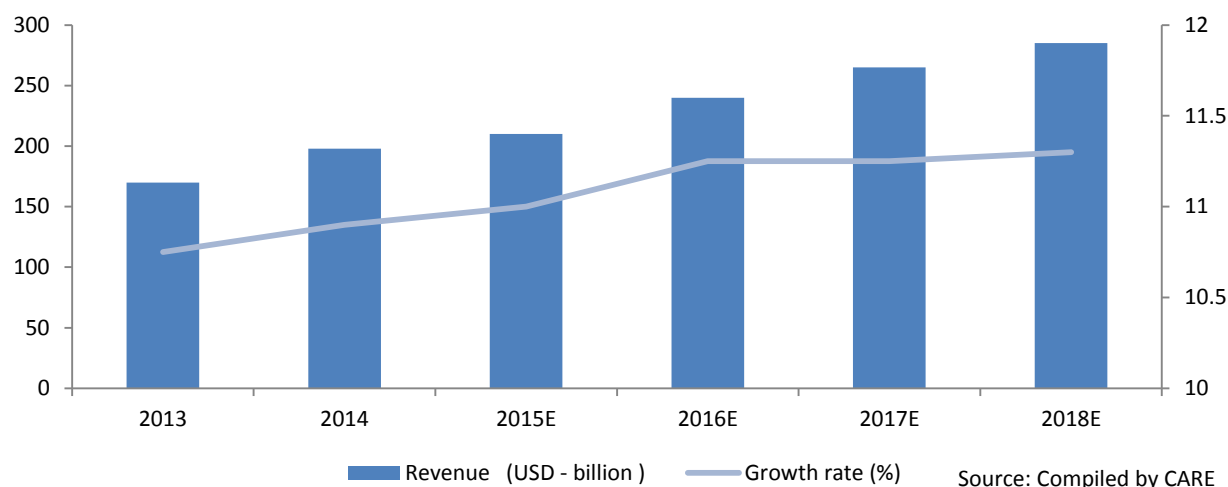
The developed markets led by the United States, the major five European markets (France, Germany, Italy, Spain, and United Kingdom) and Japan are the prime countries that drive the increased growth, while the emerging pharmaceutical markets will contribute to growth over the next five years and account for nearly 50% of absolute growth in 2018. The greater contribution to growth from developed countries through 2018 is being led by the US and Japan, with France, Germany, Spain, UK, and Italy maintaining relatively low growth levels. While these markets contribute towards cost-containment measures and further limit the price levels, rising volumes will continue to contribute to overall market growth. Only France amongst the developed markets will see a decline in the volume of medicine, due to policies intended to control spending growth.

Overall, global spending on medicines is expected to increase at a compound annual growth rate (CAGR) of between 4% and 7% between 2016 and 2020, with the global pharmaceutical market reaching \$1.4 trillion by 2020 (2015:US\$ 1.07 billion) as compared with CAGR of 6.2% during 2011-2015 (addition of US\$ 182 billion).

Global Generics Market

Generics are off-patented drugs. They are bioequivalent to their branded counterparts in terms of dosage, form, strength, quality, effect, intended use, side effects, and route of administration. As per D TTL Life Sciences, the global generics market was valued at about US\$ 220 bn in 2015 and is expected to grow at 11% CAGR during 2013 to 2018 to reach US \$ 283 bn.

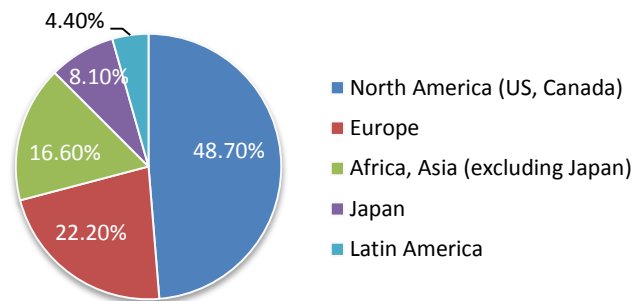
Global Generic Market Size and its expected growth rate



Following are the two key reasons on account of which the global generics market is expected to grow going forward:

- **Support from Government:** In developing and emerging markets, the primary concern has been the ability of general populace to afford the medication and high healthcare costs. Thus, the government in such markets is promoting to increase the use of the generic drugs at affordable price. Similar to developed markets, cost is spiraling due to aging population and rise in chronic diseases for which the government is trying to reduce their healthcare cost.
- **Patent expiration of branded drugs:** Pharmaceutical companies across the globe have the opportunity to capitalize on the patent cliff and gain a greater share of the growing generics market. During 2016-2019, about US\$ 79 billion worth of patented drugs are expected to go off patent in the USA.

Region-wise Market Size for 2015



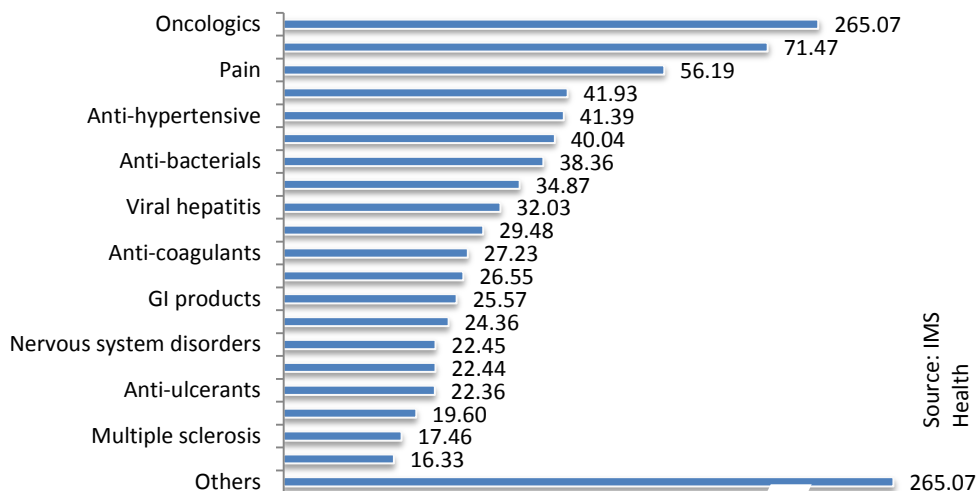
The global pharmaceutical market revenue was US\$ 954.1 billion in 2015 (against US\$ 943.9 billion in 2014) recording a marginal growth. During last three years, ie, FY13 to FY15, the global pharmaceutical market revenue has grown at a CAGR of 4%.

The North American region (\$ 465 bn) accounted for the largest share of the 2015 global pharma market (\$ 954 bn), followed by Europe (\$ 212 bn), Africa & Asia (\$ 158.4 bn), Japan (\$ 77 bn), and Latin America (\$ 42 bn).

Global Top Therapeutic Classes and Drugs

During 2015, therapeutic segments, viz, Oncology (US \$265 bn), Anti-diabetics (US \$71.5 bn) and pain (US \$56 bn) have remained the top contributors in generating revenue, aggregating to ~22% of global pharmaceutical sales. According to IMS Health, by 2020 cancer will account for 11% of patients' spend on global pharmaceutical products, or over US\$ 154 billion of sales. More efficacious anti-cancer drugs will play an increasing role in the portfolio of all pharmaceutical majors, whether in developed or pharmerging markets. This will not only necessitate a larger number of new filings across various geographies for both complex generics and biologics, especially biosimilars, but also faster regulatory decisions on such applications. Furthermore, oncology is expected to remain the fastest and largest growing segment till 2020 backed by forecasted increase in demand from products in line, potential new entrants and compensate for a number of major patent that have expired over the period.

Following chart depicts the top therapeutic class by global pharmaceuticals sales in 2015



Source: IMS
Health

The global pharmaceutical industry has been sailing through rough tides, being unable to break through the stagnant/low revenue growth rates. The performance of most of the top 10 global pharmaceutical companies has remained dismal along with declining profitability margins. The total revenue reported by the top 10 companies from pharmaceuticals and vaccine has increased just by about 0.41% to reach \$326.6 billion in 2015 from \$325.3 billion in 2014. Amongst the top 10 global pharma companies (includes Novartis, Pfizer, Sanofi, Roche, Gilead Sciences, Johnson & Johnson, GlaxoSmith Kline, Astra Zeneca, AbbVie and Merck), only two companies namely Gilead Science and AbbVie have reported a healthy double digit growth of about 31% and 15%, respectively, in revenue while the trend of the companies was either declining or at best stagnant.

The prime reasons for declining revenue of the top pharma companies was significant number of drugs attaining patent expiry, which resulted in rampant increase in both generic revenues and volumes, especially in regulated markets such as US and Europe. As per industry reports, these drugs if had not lost the patent would have contributed revenue of about \$45 to 50 bn. However, due the patent expiry, the revenue was lost to generics. The aforementioned situation has benefitted generic companies in boosting their revenue substantially both in emerging and regulated markets. While most of the top global pharma companies have shown de-growth, Gilead Science has shown a healthy revenue growth of about 31% during 2015 primarily fuelled by Hepatitis C related drugs. Apart from Gilead, Abbvie has reported double digit revenue growth of about 15%, which is majorly contributed by its product named Humira, which is used to treat rheumatoid arthritis, juvenile idiopathic arthritis, psoriatic arthritis, ankylosing spondylitis, plaque psoriasis, and chronic skin conditions.

Overview of Pharmerging Markets

The pharmerging markets are estimated to grow steadily at a CAGR of 13% during the 2016-20. The increase in public and private healthcare insurance and the increase in healthcare spending by governments are the primary growth drivers for this market. The governments of various pharmerging countries such as India, China, Brazil etc., have implemented several schemes that can be availed by patients to obtain free treatment for different diseases. Also, public and private multinational firms in collaboration with various insurance companies are providing healthcare coverage to their employees as a part of the employee welfare scheme, which is further leveraging people to seek treatment for the existing diseases. Governments and pharmaceutical companies in these regions are making huge investments to improve accessibility to healthcare services, which is primarily driven by rising incomes, macroeconomic expansion, affordability and government-supported policies and programs.

Segmentation and analysis of the pharmerging markets

Tier 1	Countries
Tier I countries	China
Tier II countries	Brazil, India, and Russia
Tier III countries	Poland, Argentina, Turkey, Mexico, Venezuela, Romania, Saudi Arabia, Colombia, Vietnam, South Africa, Algeria, Thailand, Indonesia, Egypt, Pakistan, Nigeria and Ukraine

The Tier I region (China) dominated the market during 2015, with a market share of 45%. An ageing population, increase in healthcare spending, and rise in market opportunities in suburban and rural areas are the main factors fueling the growth of the market in China.

Competitive landscape and key vendors

The pharmerging markets are highly fragmented due to the presence of numerous small and large Pharma cos. Most of the international pharmaceutical companies are facing challenges such as price pressure, regulatory constraints, and competition from local and other international pharmaceutical companies in the pharmerging markets. The competitive environment in the market is expected to intensify with an increase in product extensions, technological innovations, and increase in mergers and acquisitions. The leading Pharma cos in the market are: AstraZeneca, GlaxoSmithKline, Merck, Novartis, Pfizer, Sanofi etc.

In considering market selection on the basis of therapy areas, it is observed that communicable diseases will remain a major focus area in emerging markets and form a core revenue stream. Strategic investments, however, will be

more inclined towards chronic diseases. Communicable diseases such as tuberculosis, HIV, malaria, water-borne diseases, and hepatitis are highly prevalent in most emerging markets, hence, the focus will be to ensure patient access to the necessary medicines. The same set of markets, however, is now facing rapid growth of Western chronic diseases such as diabetes, hypertension, chronic respiratory problems, cancer, cardiac diseases, neurological disorders, and allergies. In leading emerging markets like India and China, many of these conditions (eg, diabetes) are turning into near-epidemic situations. In India, the prevalence of diabetes and cancer is projected to rise by 25–40% in the next 10 years. This shift gives pharma companies the opportunity to market their global products in emerging markets, backed by tested “go-to-market” strategies and operating models. Furthermore, many companies in pharmerging markets are gearing up in development of sprawling biosimilar products which is expected to register double digit growth in some of the markets for next half a decade.

Spending on Medicines

Pharmerging markets’ share of spending will increase by 10% to 30% of global spending over the next five years, as population and economic growth will drive a dramatically higher use of medicines in these markets. In pharmerging markets, generic and local companies will drive most of the increases in spending.

Indian Pharmaceutical Industry

Overview of Indian Pharmaceutical Industry (IPI)

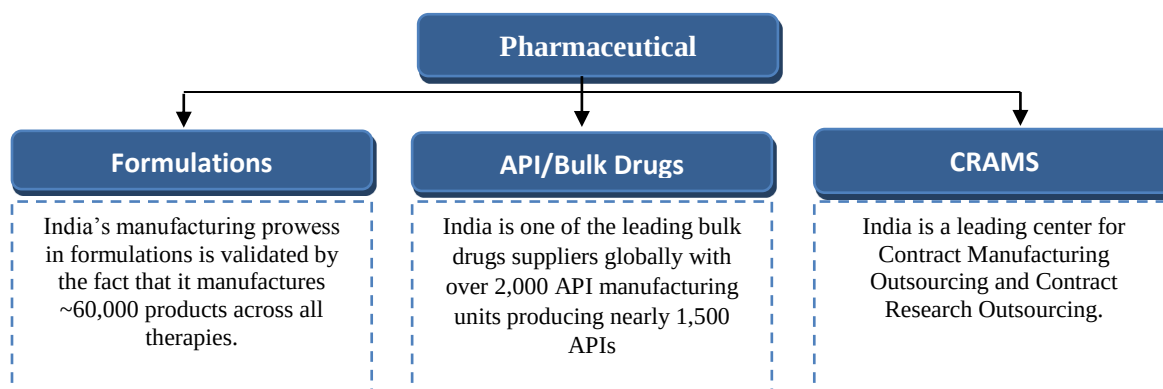
The Indian Pharmaceutical Industry (IPI) globally ranks third in terms of volume and thirteenth in terms of value. The lower market share in terms of value can be attributed to the predominance of generic medicines which command lower prices. As per industry, the domestic market size of Active Pharmaceuticals Ingredients (API), formulations and Contract Research And Manufacturing Services (CRAMS) is estimated at about USD 21.50 billion and the export market for the same is estimated at about USD 14.50 billion. All together the industry size is expected to grow at a CAGR of about 15% from USD over 36 billion in 2016 to USD 55 billion by 2020 given the huge export potential coupled with steady growth in the domestic formulation market. Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income. The export growth is expected to be led by increasing generic penetration in the regulated markets on the back of enhanced focus on the niche and complex product segments, patent expiries and growing demand from semi-regulated pharma markets. In the long term, growth in the exports market will be sustained by emerging markets such as Russia, Brazil, South Africa, etc.

Domestic & Export markets and its prospects

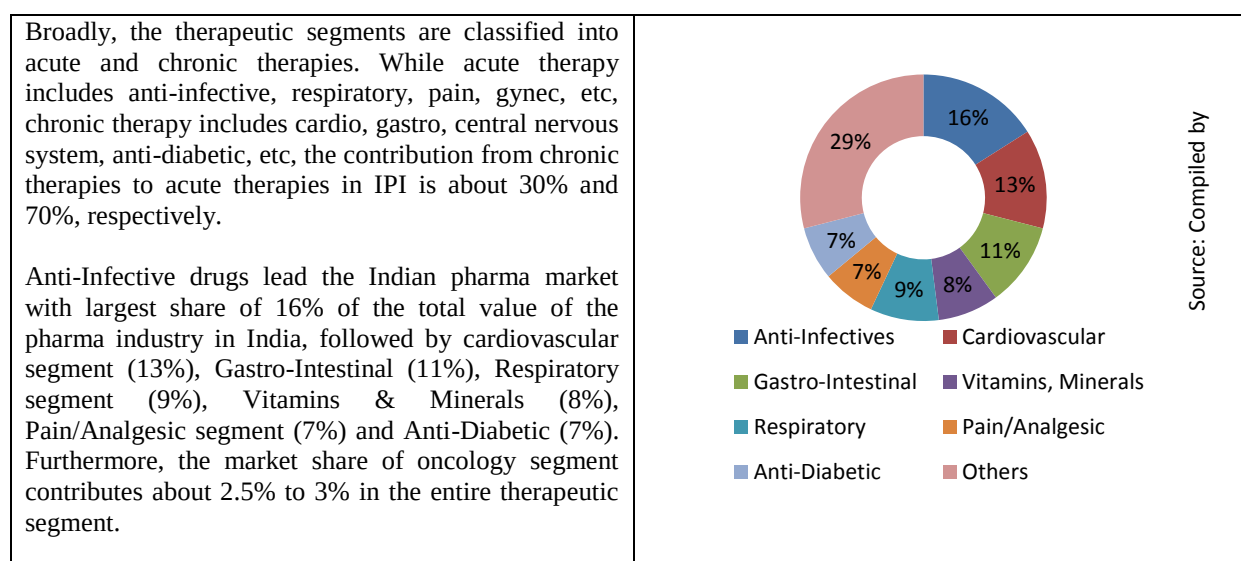
India’s drugs and pharmaceutical exports have increased by about 60% during the last five years and accounted for about 54-58% of the total industry sales during FY16 (refers to the period April 1 to March 31) compared with around 40-45% during FY11. Export market has grown at a CAGR of about ~10% in the past five years ended FY16; this can be attributed to a growing trend in outsourcing of pharmaceutical production by global pharmaceutical companies to low cost destinations like India and increasing penetration of generic drugs in the regulated markets on the back of patent expiries in the regulated markets. India exports pharmaceutical products to about 180 nations, and the United States of America (US) is the largest export market for India among all countries, being the world’s largest generic drug market.

Indian Pharmaceutical Industry (IPI) Structure

Over the years, the structure of IPI has evolved on account of changes in government regulations as well as innovation in product technology. On the basis of products, IPI can be classified into formulations, API (Active Pharmaceutical Ingredient)/bulk drugs and CRAMS (Contract Research & Manufacturing Services). The formulations can be further segregated on the basis of therapeutic segments like acute and chronic, while CRAMS can be categorized into contract research and contract manufacturing.



Therapeutic Area Break-up and Growth



Regulatory Framework

The approval, manufacturing and marketing of quality drugs at reasonable prices in Indian market are regulated by the regulatory bodies given below:

Central Drug Standards and Control Organization (CDSCO):

The CDSCO works under the ambit of Ministry of Health and Family Welfare and is responsible for prescribing standards and measures to warrant the safety, efficacy and quality of drugs, cosmetics, diagnostics and devices in India. The entity is also responsible for regulating the authorization of new drugs into the market, setting clinical trial standards, supervising import of drugs and approval of license for the manufacturing of said products.

National Pharmaceutical Pricing Authority (NPPA):

The NPPA works under the ambit of Department of Chemicals and Fertilizers, a part of Ministry of Chemicals and Fertilizers. NPPA is responsible for establishing/revising the price of decontrolled bulk drugs and formulations, updating the price control list for various drugs, maintaining the production, import, export and market share data of various pharmaceutical companies, monitoring and enforcing the availability of medicines and giving inputs to parliament in issues pertaining to pricing of drugs.

The drug approval process in India involves approvals from Drug Controller General of India (DCGI) along with various departments depending on type of drug. The additional departments that are involved in licensing, quality

control issues and market authorizations along with CDSCO are Department of Environment under Ministry of Environment and Forests and Department of Bio-technology under Science and Technology. The state drug controllers along with CDSCO have the authority to issue licenses for the manufacturing of approved drugs and monitor their quality.

Industrial policy issues such as regulation of patents, drug exports and support of government to the industry are handled by Directorate General of Foreign Trade (DGFT) and Department of Industrial Policy (DIPP), operating under the ambit of Ministry of Commerce and Industry.

Overview on Biotechnology Industry

The biotechnology industry in India, comprising about 40 companies, has been valued at about US\$ 0.9 billion during FY16 and has grown at a Compound Annual Growth Rate (CAGR) of over 20% during FY05-FY16. Furthermore, it is expected to grow at a CAGR of over 30% during FY16-FY25.

India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region. India is the largest producer of recombinant Hepatitis B vaccine. India has emerged as a leading destination for clinical trials, contract research and manufacturing activities owing to the growth in the bioservices sector.

Market Size

The key segments under Indian Biotechnology industry comprise Biopharma, Bioservices, Bioagri, Bioindustry and Bioinformatics. Biopharma is the largest sector contributing about 64% of the total revenue during FY16 followed by the other contributions, ie, bioservices (18%), bioagri (14%), bioindustry (3%), and bioinformatics (1%).

Strategies:

Strategic collaborations with niche players and government bodies

Indian biotech firms are partnering with niche players to broaden their product portfolio and strengthen global reach.

Major players in the industry:

The major players operating in Indian Biotechnology segment comprise Biocon, Serum Institute of India, Panacea Biotech, Biological E Ltd, Nicholas Piramal, Wockhardt Limited, GlaxoSmithKline, Bharat Serum, Krebs Biochemicals and Industries Limited, Zydus Cadila, Indian Immunologicals, Sun Pharmaceutical Industries Limited, Cadila healthcare, Lupin, Wockhardt, Dr. Reddy's Laboratories, Intas Pharmaceuticals Ltd, Emcure Ltd, Hetero group, Bharat Biotech International Ltd, Zenotech Laboratories Ltd, etc.

Growth Drivers

- The growth of Indian Biotechnology sector is driven by two major segments, ie, vaccines and recombinant therapeutics backed up by launching of new therapies namely monoclonal antibodies products, stem cell therapies and growth factors in the near future.
- In the segment of Bioactive therapeutic proteins, India has expertise in Stem cell research, cell engineering and cell-based therapeutics and the most promising areas for investments are Protein and antibody production and fabrication of diagnostic protein chips.
- Abundant skilled labor, attractive cost structure and access to major markets in Asia form tailwinds for healthy growth in the area of bioservices.
- Venture Capital funding of USD146.72 million introduced by the Government of India and the Department of Pharmaceuticals to accelerate growth in biotech and pharmaceutical industry is another opportunity for innovation.

Issues inhibiting the growth of sector

Government Health Expenditure

Most governments in developing countries usually finance programs that support child immunization against various diseases as part of the basic public health package. Though India too has such immunization programs, because of relatively high birth rate and population, the share of government health budget in total health care expenditure is relatively low. The total health expenditure in India is around 3.6% far below than that of other emerging economies.

Threat of Drug Substitution

The threat of substitutes in the biotechnology field depends on the area of therapeutic segment. While patent protection might stop the threat of alternative drugs and chemicals for a period of time, eventually there will be companies that can produce a similar product at a cheaper price.

Market share of the Key major constituents:

Product / Service	World	India
Biopharmaceuticals	worth about US\$137 billion today, is expected to touch US\$319 billion by 2020	Share miniscule 1.4% (at around US\$2 billion)
Vaccines	Expected to be \$10 billion in 2010	Indian vaccine market US\$900 million in 2011-12 and targets US\$4.6 billion revenue by 2017. Animal Vaccine market \$60-70 million in 2011-12
Bioinformatics	Market was valued at \$2.9 billion in 2012 and is poised to reach \$7.5 billion by 2017	\$55 million in 2012.
Enzymes		₹ 375 crore with growth rate of 17% for the year 2005-06
Nano biotechnology	\$3 billion in 2008. Around 500 companies involved in Nano biotechnology work.	
Clinical Trials	Clinical Research Market expected to be \$126 billion by 2016.	\$500 million in 2013, Projected to be \$1 billion by 2016.
Synthetic Biology	\$1.1 billion in 2010 and expected to be \$10.8 billion in 2016.	

Source: Biotech Support Services

Overview of Biosimilar

Biosimilars are defined as officially approved new version of innovator biotherapeutic products for which the patent has expired. Globally, a large number of blockbuster biotherapeutic products are going off patent in the next few years. India has a robust pharmaceutical industry including the biopharmaceutical sector which is actively engaged in the production and marketing of biosimilar products.

As per the industry the sales margins on Biosimilar drugs range from 20% to 80%. Out of 50 biotech products, 13 are available in India and 7 drugs are indigenously developed and produced by the Indian companies, as per IMS Health. The immuno-oncology space is emerging as a high-demand treatment area for biosimilars. The government plans to allocate USD \$ 70 million for local players to develop biosimilars.

The leading companies in Biosimilar segment in India are Biocon, Dr. Reddy's Laboratories, Wockhardt, ZydusCadila, Reliance Life Sciences, Intas Pharmaceutical Ltd, Emcure Ltd, Hetero Group, Aurobindo Pharma Ltd etc,

The market for biosimilars is an attractive one for Indian companies, with Japan being the third-largest market after the US and the European Union (EU), according to a recent report by IMS Institute for Healthcare Informatics.

Growth drivers for biosimilars

The main reason spurring the biosimilar growth story is that patents are expiring by 2020 on biologics worth about \$55 billion in current sales. The relatively high cost of branded biologic, lower labor costs, cheaper cost of goods, greater regulatory support and easier access to both domestic and regional markets are some of the reasons that are fuelling the demand for biosimilars in emerging markets. Rising cost of treatment with original branded products has also been resulting in biosimilars being used globally as substitutes, since they are 25%-40% less expensive compared with branded originators.

There are many Indian companies which are focusing on monoclonal antibodies (MAbs) for their role in cancer therapy. A large share of the market is expected from MAbs as well as for Enbrel, for treating inflammatory disease and insulin.

Future prospects:

Various factors such as the pharma industry gearing more towards substituting the polluting chemical processes into eco-friendly processes, India being equipped with sophisticated Research & Development facilities meeting international standards, cost effective labor provides immense potential to emerge as a global key player.

Overview on Ophthalmology Industry

India has tremendous unmet need for ophthalmic care. India has over 10% of the world's blind people. India's over US\$1.3 billion ophthalmic market is expected to grow at a compound annual rate (CAGR) of over 6% a year to about \$US2 billion by 2021. The factors that fuel India's ophthalmic market growth include an upsurge in dietary change-related eye diseases, growing incidence of myopia, a growing middle class and improved access to care. In terms of treatments for diseases or disorders, the largest markets are for cataract surgery, retinal drugs, and glaucoma medications.

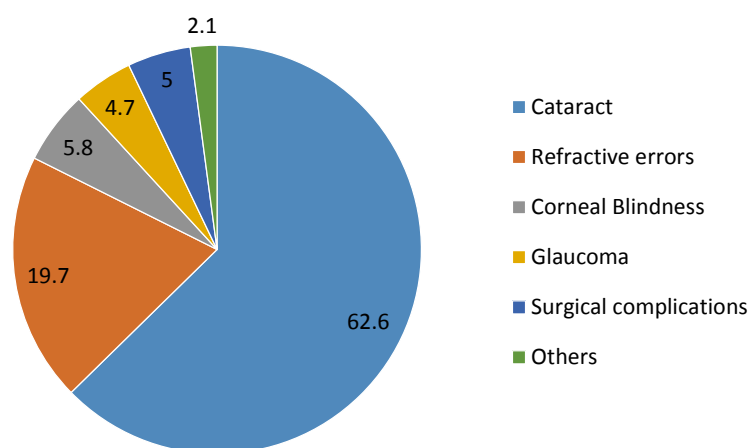
Major Players

There are more than 180 companies competing in India's ophthalmic market. Twelve companies (Alcon, Carl Zeiss Meditec, Bausch + Lomb, Genentech/Roche, Allergan, Abbott Medical Optics, Bayer Healthcare AG, Santen, Topcon, Nidek, Cipla Limited, and Sun Pharmaceutical Industries Ltd.) make up more than two-thirds of ophthalmic market, leaving the smaller market players competing for the remaining 30% of the ophthalmic market opportunity in India. Key players in the market focus on product launch, research & new product development, and mergers & acquisition.

Ophthalmic drug Market

By treatment, the market is segmented into Dry eye drugs, Retinal drugs, Anti-inflammatory/allergy/infective drugs, Anti-glaucoma drugs. Cataract has the largest market share in the ophthalmic drugs market. Ophthalmic drug type market is segmented into Prescription drugs and Over-the-Counter (OTC) drugs. OTC drugs for ocular allergy and dry eye is rapidly growing. Furthermore, geographically, ophthalmic drug market is segmented into North America (US), Europe (Germany, UK, and France) and Asia Pacific (Japan, India, and China). North America has the largest ophthalmic drugs market. Asia which comprises majority of pharmerging countries is the fastest growing ophthalmic drugs market. The major Ophthalmic drug market segments are Cataract, Glaucoma, Macular edema, Refractory error, Macular degeneration and Eye infections.

% Share of various causes for blindness in persons with age above 50 years



Growth Drivers

The increasing geriatric population and related increase in the prevalence of eye diseases and technological advancements in ophthalmology devices are key factors driving the market growth for ophthalmology devices. The untapped emerging regions are creating new growth opportunities for this market. The vision care devices segment accounted for the largest share of the ophthalmology devices market in 2015, owing to the technological advancements in lens materials and increasing preferences for contact lenses.

The Asia-Pacific region is expected to register the highest growth due to its large population and rising healthcare needs, increased spending capabilities of consumers on healthcare, improving healthcare infrastructure, and increasing investments by leading players and respective government agencies in the region.

Future prospects:

Over coming years, there will be much research in ophthalmic, especially for sustained release implants and injection technologies for retinal diseases. Sustained release formulations will offer marked potential for revenue growth. Diabetic Macular Oedema (DME) will also be important to the future of the ophthalmic drug market. The number of people developing Type II diabetes is rising, with many diabetic patients developing DME.

Overview on Oncology Industry

Oncology is the branch of medicine that deals with therapy related to cancer disease. The drugs used in various therapies include treatment options of the disease that comprise single or multiple therapies from amongst chemotherapy, immunotherapy, hormone therapy and radiation therapy. Except for radiation therapy, the other therapies are drug dependent and require quality formulations. Furthermore, oncologic treatment varies from patient to patient, depending upon the exact location, extent of spread, stage of diagnosis and general health condition.

Cancer is the second-most common cause of death in India, after cardiovascular diseases. According to IMS Health, by 2020, cancer will account for 11% of the patients spend on global pharmaceutical products or over \$154 billion of sales. There exists more than 100 types of cancers with breast, cervical, oral cavity, lung and colorectal being the top 5 types of cancers that have claimed most number of lives in India. Cancers of oral cavity and lungs in males, and cervix and breast in females, account for over 50% of all cancer-related deaths in India at present.

The oncology drug market in India has grown at a CAGR of 22% from over ₹ 12 billion in 2009 to about ₹ 3,000 crore in 2014 and is expected to grow at a CAGR of about 16% during 2015-2019.

The oncology market in India is growing at about 16% annually and is expected to touch about ₹ 3,900 crore by 2017 driven by the introduction of new treatments, increasing number of patients on chemotherapy, and improved access to modern cancer therapies. Chemotherapy, biologics, targeted therapy, hormonal therapy, and supportive care are the different types of available cancer treatment in India.

Increasing number of cancer cases, changes in treatment scenario, development of alternative cancer therapies, increase in Foreign Direct Investments are the major growth drivers for the Oncology market. However, it faces challenges such as increased competition, drug patents problem, etc. This industry is highly fragmented with much number of players including public and private companies.

India accounts for 20% of the global disease burden ratio and 60% of the total health expenditure in India is out-of-pocket expenses borne by the patient. Less than 3.4% of its population is covered under some form of health insurance, including government-supported schemes during FY16. Only around 2.2% of the population is covered under private health insurance, of which rural health insurance penetration is less than 10%.

Oncology and supportive care medicines to total drug costs account for about 2.5% in India, 15.9% in Germany, 15.8% in France, 9.4% in China, 6.7% in Brazil, 12% in Japan and 11.5% in US.

Indian market player

The major players in India functioning in oncology segment are NATCO, Dr. Reddy's Lab, Piramal Healthcare, Biocon Limited, Cipla Limited, Sanofi-Aventis, F. Hoffmann-La Roche Limited, Genentech Inc., AstraZeneca, GlaxoSmithKline, Hetero labs Limited, Sun Pharmaceutical Industries Limited, Torrent Pharmaceuticals Limited, etc.

Challenges and issues:

- In most of the cases, the identification of the cancer takes place at an advanced stage on account of lack of awareness due to which even the best of the treatments would become difficult to cure the disease.
- Availability of new cancer treatments is dependent on manufacturers filing for registration in the country, complexity and duration of regulatory process. Globally launched targeted immunotherapies and radiotherapy launched during 2010-2014 are not available in India. Of the 49 launched oncology medicines, only 7 medicines are available in India.

Overview on Injectable Industry

Injectable drugs offer a promising alternative for the delivery of drugs that are inappropriate or non-congenial when administered orally. Injectable drug delivery is aimed to maximize patient compliance and reduce the frequency of dosage administration without compromising the effectiveness of the treatment. Indian injectable market is estimated at about USD 1.5-2 billion and expected to grow at double digit. On account of the injectable products by nature being complex, the numbers of players are relatively small and competition is low. Some of the injectables that are complex in nature in manufacturing and towards which Indian players in this segment include lyophilized products, liposomes, etc.

The formulations segment is expected to grow at the highest owing to the rising prevalence of chronic diseases, increase in demand of self-injection devices, growth of the biologics market, technological advancements, emphasis on innovation of formulations, and benefits such as high efficacy and reduced side effects offered by formulations. On the basis of therapeutic application, the injectable drug delivery market is segmented into autoimmune diseases, hormonal disorders, oncology, orphan diseases, and other therapeutic applications. On the basis of usage pattern, the market is segmented into curative care, immunization, and others.

On the basis of mode of administration, the injectable drug delivery market is segmented into skin, organs, central nervous system, and circulatory/musculoskeletal system. On the basis of end user, the market is segmented into hospitals/clinics, home care settings, research laboratories, pharma and biotech companies, and other end users.

The larger part of the biological drugs is contributed by injectables and with increase in its focus especially for the treatment of targeted therapies such as cancer has helped the industry to register double digit growth. However, the growth in the segment is inhibited to certain extent on account of the complex process of manufacture, high capital and operational costs, and the compliance requirements for introducing the products in the market has led to a smaller number of players. Although the acquisition of the smaller players in the market by pharma giants has led to attenuation in number players, the same is fostering the growth for industry on account of synergies derived.

The major Indian companies operating injectibles market are Biological E Limited, Sun Pharmaceutical Industries Limited, Dr. Reddys, Piramal Enterprises Limited, Alkem Laboratories Limited, Cipla Limited, Lupin Limited, Aurobindo Pharma Limited, Mankind Pharma Private Limited, Cadila Pharmaceuticals Limited, Emcure Limited, Claris Injectables Limited, etc.

OUR BUSINESS

This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us, our Restated Financial Information, including the notes thereto, in the chapters “Risk Factors”, “Industry Overview”, “Financial Statements”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” on pages 15, 82, 143 and 205, respectively of the Letter of Offer.

Overview

We are a pharmaceutical company engaged in developing and producing generic pharmaceuticals and biological products in the form of injectables and oral solids. As on date of this Letter of Offer, our products portfolio currently comprises 59 products across several therapeutic segments. Our products have applications in several therapeutic segments, with an emphasis on oncology injectables and oral solids, biotech products and general injectable products. Over a decade, we have gained experience in developing generic drugs for human therapy in segments like oncology, gastrointestinal, cardiovascular, central nervous system, ophthalmology and antibiotics. We offer injectables in various delivery systems, such as glass vials, pre-filled syringes. We also produce gel preparation in lami tubes.

Our manufacturing units are located at Survey No. 250 – 252, Turkapally Village Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. Our manufacturing facilities are capable of producing pharmaceutical products encompassing a wide range of dosage forms including injectable, oral solids and sterile gel forms. Our manufacturing capabilities allow us to manufacture complex and diversified range of products. Further, we have 16 registered trademarks in India for the products manufactured by our Company. As on March 31, 2017, we had 62 full time employees. We also employ contract labour based on the work requirements.

Details of each segment of our products are as follows:

Oncological Injectables: We are primarily engaged in developing and producing oncological drugs in the form of injectables. As on date of this Letter of Offer, we have 46 products under this segment. Oncological Injectables are mainly used for the treatment of different types of cancers and are considered as lifesaving drugs. We manufacture our oncological injectables at Unit 1.

Oncological Orals: We are also engaged in developing and producing oncological drugs in oral forms i.e. tablets and capsules. As on date of this Letter of Offer, we have 3 products under this segment. Oncological Orals are solid versions of injectables and are also similarly used for the treatment of different types of cancers. We manufacture our oncological orals at Unit 1.

General Injectables and Sterile Gel and Drops: We are involved in developing and producing other drugs such as Ondansetran, Vancomycin and Bivalirudin in the form of injectables. As on date of this Letter of Offer, we have 5 products under this segment. These products are mainly used for the treatment of ailments related to cardiovascular system, gastrointestinal and infectious diseases. We also manufacture sterile gel in lami tubes and sterile eye drops for ophthalmological purposes. We manufacture our general injectable and sterile gel/drops at Unit 2.

Biologicals: We also have range of biological drugs like, Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100mg/ 10ml and Rituximab 500mg/ 50ml and have an underdevelopment product namely Etanercept. As on date of this Letter of Offer, we have 5 products under this segment. These products have wide variety of applications including cancer treatment, arthritis, neutropenia etc. We manufacture our biological products in vials and prefilled syringes form at Unit 2.

Our Company was incorporated in Hyderabad, Telangana, India as a private limited company on June 15, 1989, under the name of *Maa Shakti Tube Mill Private Limited*. On April 1, 1992, the name of our Company was changed to *Sunline Tubes Private Limited* and on August 25, 1993 our Company converted into a public limited company. Subsequently, on December 6, 2000, the name of our Company was changed to *Sunline Technologies Limited*. Pursuant to order of the High Court of Andhra Pradesh dated July 1, 2004, Zenotech Laboratories Private Limited merged with our Company and subsequently, the name of our Company was changed to Zenotech Laboratories Limited on August 10, 2004. In October 2007, Ranbaxy Laboratories Limited (“RLL”) entered into a share purchase

agreement with the erstwhile promoters of our Company, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC, a and share subscription agreement and became the promoter of our Company. Thereafter, in Financial Year 2010, Daiichi Sankyo Company, Limited made an acquisition of the Equity Shares representing 20.00% of the share capital of our Company and became one of the promoters of our Company. Subsequently, in March 2015, pursuant to a scheme of amalgamation RLL merged in Sun Pharmaceutical Industries Limited (“SPIL”) and SPIL became the promoter of our Company along with DSCL. However, as of now, Daiichi Sankyo Company, Limited (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of the Company.

Apart from manufacturing the products and selling under our own brand, our Company is also into P2P supplies and contract manufacturing wherein pharmaceutical companies outsource pharmaceutical products from the company and also we manufacture products on contract basis for other companies per their specifications. Presently, our Company carries out contract manufacture for one of our Promoters, Sun Pharmaceutical Industries Limited.

OUR COMPETITIVE STRENGTHS

The following are our key strengths which we believe enable us to be competitive in our business:

Our product portfolio

We believe we have a differentiated business model among Indian pharmaceutical companies due to our focus on a range of complex injectable products and lifesaving drugs. We have established a portfolio of injectable products across various therapeutic segments. We have developed 46 products in oncological injectables, 3 products in oncological orals and 5 products in general injectables and sterile gel/ drops. We are also having range of 5 biological products such as Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100 mg/ 10 ml and Rituximab 500 mg/ 50 ml used in wide variety of applications including cancer treatment, arthritis, neutropenia etc. The flexible manufacturing infrastructure helps us in changing our product mix in response to changes in market demand. Due to our differentiated business model, we are able to develop efficient and cost effective specialized processes.

Strong manufacturing facility to cater specialty products

Our products require an understanding of complex technical processes and quality assurance methods to be able to maintain sterility. We believe, we are capable of manufacturing a wide range of dosage forms including oral solids, and injectable. We have also demonstrated our ability to handle complex manufacturing processes, such as lyophilization and complete isolation technology to manufacture cytotoxic products. We also handle products that require a specialized environment with, among other things, controlled humidity and temperature conditions.

Support and strong parentage of Sun Pharmaceutical Industries Limited

We derive substantial synergies from Sun Pharmaceutical Industries Limited, one of our Promoters. We believe our relationship with Sun Pharmaceutical Industries Limited is a critical factor, enhancing our geographic reach and market penetration. We believe our relationship with Sun Pharmaceutical Industries Limited will accelerate our business growth and provides us with opportunities for repeat business and to cross sell our other products. We believe that the Sun Pharmaceutical Industries Limited is one of the well-respected companies across the globe, and provides us with a significant competitive advantage, particularly in attracting management talent and accessing capital.

Experienced senior management team and a well-qualified workforce

Our management team includes senior executives and key managerial personnel who has over ten years of experience in their respective fields and are valuable resources for the functioning of our Company. We believe our management team has a long-term vision and provides stability and continuity to our business. As on March 31,

2017, we had 62 full time employees. We also employ contract labour based on the work requirements. We recruit employees with a range of qualifications, including pharmacist etc. to maintain diverse knowledge base. We believe we benefit from a well-qualified workforce.

Our Strategy

Our business objective is to grow our business, increase our revenues and profits through increased market presence. We intend to do so by increasing our product offerings through strategic business arrangements as well as by maintaining our focus on our business. Our business strategy focuses on the following elements:

To enhance our portfolio of differentiated products

We intend to continue our focus on to increase our portfolio of differentiated products as well as expanding our presence in segments where we are currently present. We believe the continued expansion of our product portfolio will enable us to achieve significant operational efficiencies that will drive our profitability. In particular, we believe an expanded product portfolio will enable us to achieve higher sales efficiency to drive additional revenues through our existing arrangements. We also believe an expanded portfolio will enable us to better utilize our production capacity and increase returns on our investment in our production facilities.

To upgrade and expand manufacturing facilities for increase in capacities

We continue to upgrade and expand manufacturing capabilities of our facilities. All our manufacturing facilities operate under stringent manufacturing and quality control procedures. We continuously modernize and upgrade manufacturing facilities to meet evolving industry standards to assure products of high quality and standards. We continue to focus on improving cost efficiencies and productivity by improving manufacturing processes due to complex nature of these products.

To focus on oncology, ophthalmology and general injectable segments

We intend to differentiate ourselves from other pharmaceuticals manufacturers by offering technologically advanced and non-commoditized products having better margins. With this strategy, we are targeting growth in oncology, ophthalmology and general injectable segments. There exists a rising global need for these drugs. However, there is relatively less number of players having manufacturing capabilities due to complex nature of these products.

To increase market share in the domestic market and explore in the key emerging markets

We intend to continue to consolidate our position in our key therapeutic areas such as cardiology, gastrointestinal, central nervous system, ophthalmology and antibiotic and increase our overall domestic market share. We also intend to increasingly focus on oncology, ophthalmology and general injectables where we believe we have significant growth potential. We will continue to increase our penetration across India where we believe there is strong potential for our products and also in emerging international markets.

Description of our Business

Our products have applications in several therapeutic segments, with an emphasis on oncology, biotechnology, cardiovascular, gastrointestinal and central nervous system drugs. We also have capabilities to manufacture ophthalmological products. We have a range of formulations in various therapeutic segments across various dosage forms such as tablets, capsules, gels, and injections viz. vials, prefilled syringes etc.

A brief description of our key products is set forth below:

Oncological Injectable (Cytotoxic Injectable)

We have built a portfolio of oncology molecules. Cancer therapy involves a treatment protocol consisting of surgery to remove cancer cells, radiation and/or of chemotherapy to destroy cancer cells, and supportive medicine to manage the patients' pain and other side effects. With hard-earned experience of our employees, we are able to provide

precisely formulated Oncology Injectables. Our oncological injectables are processed by our experienced professionals using the quality medical grade chemicals as per the industry norms.

Oncological Injectable mainly used for the treatment and prevention of different types cancers. Further, this Injectable are packed in the most hygiene environment to ensure their safe transit at client's end. As on date of this Letter of Offer, we offer 46 products under Oncological Injectable (Cytotoxic Injectable). Our products currently sold in this therapeutic area include:

Products	Products / Brand Manufactured	Application/Therapeutic segment
Oncological Injectable (Cytotoxic Injectable)	Bleomycin IP 15 units	Anticancer
	Docetaxel concentrate IP 20 mg/0.5 ml	Anticancer
	Docetaxel concentrate IP 80 mg/2 ml	Anticancer
	Docetaxel concentrate IP 120 mg/3 ml	Anticancer
	Epirubicin hydrochloride 10 mg	Anticancer
	Epirubicin hydrochloride 50 mg	Anticancer
	Gemcitabine IP 200 mg	Anticancer
	Gemcitabine IP 1000 mg	Anticancer
	Irinotecan hydrochloride IP 40 mg	Anticancer
	Irinotecan hydrochloride IP 100 mg	Anticancer
	Oxaliplatin 50 mg	Anticancer
	Oxaliplatin 100 mg	Anticancer
	Paclitaxel IP 30mg/ 5 ml	Anticancer
	Paclitaxel IP 100mg / 16.7 ml	Anticancer
	Paclitaxel IP 250mg / 41.7 ml	Anticancer
	Paclitaxel IP 300mg / 50 ml	Anticancer
	L-Asparaginase 5000 IU	Anticancer
	L-Asparaginase 10000 IU	Anticancer
	Bleomycin USP 15 units	Anticancer
	Docetaxel USP 20mg/0.5 ml	Anticancer
	Docetaxel USP 80mg/ 2 ml	Anticancer
	Docetaxel USP 120mg/3 ml	Anticancer
	Epirubicin hydrochloride 10 mg	Anticancer
	Epirubicin hydrochloride 50 mg	Anticancer
	Gemcitabine USP 200 mg	Anticancer
	Gemcitabine USP 1000 mg	Anticancer
	Irinotecan hydrochloride tri hydrate 40 mg	Anticancer
	Irinotecan hydrochloride tri hydrate 100 mg/5 ml	Anticancer
	Oxaliplatin 50 mg	Anticancer
	Oxaliplatin 100 mg	Anticancer
	Paclitaxel USP 30 mg/5 ml	Anticancer
	Paclitaxel USP 100 mg/16.7 ml	Anticancer
	Paclitaxel USP 300 mg/50 ml	Anticancer
	Oxaliplatin USP 50 mg	Anticancer
	Oxaliplatin USP 100 mg	Anticancer
	Doxorubicin IP 10mg/5 ml	Anticancer
	Doxorubicin IP 50mg/25 ml	Anticancer
	Doxorubicin hydrochloride 10mg	Anticancer
	Oxaliplatin USP 50 mg	Anticancer
	Oxaliplatin USP 100 mg	Anticancer
	Paclitaxel IP 260 mg/43.4 ml	Anticancer
	Solvent for Docetaxel concentrate 120 mg	Solvent
	Solvent for Docetaxel concentrate 80 mg	Solvent
	Solvent for Docetaxel concentrate 20 mg	Solvent

Products	Products / Brand Manufactured	Application/Therapeutic segment
	Solvent for Docetaxel 20 mg	Solvent
	Solvent for Docetaxel 80 mg	Solvent

Oncological Orals

We have built a portfolio of Oncological Orals. Oral chemotherapy now plays a pivotal role in many patients treatment. Our oncological orals are processed by our experienced professionals using the quality medical grade chemicals as per the industry norms. Oncological orals mainly used for the treatment of different types of cancers. Further, these oncological orals are packed in the most hygiene environment to ensure their safe transit at client's end. As on date of this Letter of Offer, we have three (3) products under oncological orals. Our products currently sold in this therapeutic area include:

Products	Products / Brand Manufactured	Application/Therapeutic segment
Oncological Orals	Imatinib IP 100 mg	Anticancer
	Imatinib IP 400 mg	Anticancer
	Methotrexate IP 2.5 mg	Anticancer

General Injectables and Sterile Gel

We have also built a portfolio of general injectables and sterile gel. General injectable and sterile gel mainly used for the treatment and prevention of different types ailments related to cardiovascular system, gastrointestinal and infectious diseases. These general injectables and sterile gel are packed in the most hygiene environment to ensure their safe transit at client's end. As on date of this Letter of Offer, we have five (5) products under this segment. Our products currently sold in this therapeutic area include:

Products	Products / Brand Manufactured	Application/Therapeutic segment
General Injectable and Sterile Gel	Vancomycin 500 mg	Anti-infectives
	Vancomycin 1000 mg	Anti-infectives
	Ondansetron IP 2 mg	Antiemetic
	Bivalirudin 250 mg	Cardiovascular
	Vecuronium Bromide Injection IP 4mg/Vial	Central nervous system

Biologicals

We also have range of biological drugs like, Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100 mg/ 10 ml and Rituximab 500 mg/ 50 ml (5) and have an underdevelopment product namely Etanercept. As on date of this Letter of Offer, we have five (5) products under this segment. These products have wide variety of applications including cancer treatment, arthritis, neutropenia etc.

Products	Products / Brand Manufactured	Application/Therapeutic segment
Biologicals	Filgrastim	Anticancer
	Recombinant Human Interleukin-II	Anticancer
	Molgramostim	Anticancer
	Rituximab 100mg/ 10 ml	Anticancer
	Rituximab 500mg / 50 ml	Anticancer

Manufacturing Process

Injectable Form

After receiving the raw materials the containers are de-dusted using the vacuum cleaner along with counter checking the materials for their weights as per the purchase order. The quality control sampling team samples the raw materials for testing and accordingly approved and rejected labels are pasted after complete testing and release of the

material. The approved material are then transferred to the approved area. The approved material is dispensed as per bill of material and a batch is processed as per instruction provided in batch manufacturing record. The vials are washed in an automatic washing machine and dehydrogenated in tunnel and stoppers are subjected to moist heat sterilization before use. These vials are then filled with aseptically filtered batch solution in the automatic filling, bunging and sealing machine. The vials are optically inspected and packed, then transferred to finished goods Store as per specific storage condition.

Gel Form

The approved raw materials for the manufacturing of the gel are dispensed for batch manufacturing as per the instructions given in the batch manufacturing record. The batch is processed in pre-cleaned and sterilized manufacturing tank as specified in batch manufacturing record. The batch is sterilized in place and subsequently cooled before filtration. Batch is passed through cartridge filter and stored in aseptic conditions. The bulk gel released by the quality control is filled and sealed in the tubes using automatic tube filling machine under class 100 environments. The sealed tubes are then crimped in order to mark the batch number. The tubes are then packed and sent to quarantine area before dispatching to the markets. Product is dispatched after strict quality evaluation process and release by Quality Control department.

Eye drops:

The approved raw materials for the manufacturing of the eye drops are dispensed for batch manufacturing as per the instructions given in the batch manufacturing record. The batch is processed in pre-cleaned and sterilized manufacturing tank as specified in batch manufacturing record and allow to cool up to 45°C with continuous stirring. After compounding, all components are passed through 2 μ cartridge filter and then passed through 0. 2 μ capsule filter under aseptic conditions. The bulk drops released by the quality control is filled in HDPE container with the help of pressurized vessel and vent filter under class 100 environment. The sealed HDPE Container are then paste with the pre printed label with batch, manufacturing & expiry details. The containers are then packed and sent to quarantine area before dispatching to the markets. Product is dispatched after strict quality evaluation process and release by Quality Control department.

Packaging of the products

The basic packing material includes glass vials, pre-filled syringes, Lami tubes, blister and strip pack. Most of the packing materials are purchased directly from the manufacturers of repute. The formulations prepared by our Company have to be packed in a hygienic manner and therefore the materials used by our Company to pack these formulations have to be thoroughly controlled, tested and released before use. The packing is carried out SKU wise as specified in batch packing records using on-line equipment's for labeling, cartooning, check weighing and finally packing in shippers to make suitable for transportation.

Contract Manufacturing

Contract manufacturing involves manufacturing of products for other customers based on technology and process provided by the respective customer. Contract manufacturing involves manufacture of products on an exclusive basis for specific customers. We have identified contract manufacturing as one of the options to maintain growth and profitability as it provides predictable pattern of demand. Presently, our Company carries out contract manufacture for SPIL, one of our Promoter. Our Company has entered into a loan license agreement dated December 28, 2015 for manufacturing of certain products in accordance with the standards and specifications intimated by SPIL. SPIL supplies all requisite raw materials and packaging materials. Further, SPIL shall pay to ZLL conversion charges as mutually agreed from time to time in consideration of our Company for carrying out such services. For further details of loan license agreement, please refer to chapter titled "*History and Certain Corporate Matters*" on page 112 of the Letter of Offer. We believe that our well established infrastructure, technical skills, safety and environment systems, understanding of intellectual property issues provides us a platform to attract such business.

As on March 31, 2016 and December 31, 2016, total sale to SPIL accounted for 81.79% and 100.00% of the total turnover of our Company. However, till December 31, 2016, our Company has not carried out any contract

manufacturing for SPIL. For further information, see the chapter titled “*Financial Statements – Related Party Transactions*” on beginning on page 143 of this Letter of Offer.

Manufacturing Facilities and Approvals

We currently operate in two manufacturing facilities, both are situated at 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India.

Unit 1: The facility for manufacturing of oncologicals in injectable and oral solid forms.

Unit 2: The facility for manufacturing of general injectables, sterile gel ophthalmic preparation and biologics API.

Our manufacturing facilities are compliant with applicable domestic laws. Our manufacturing unit, equipped to produce quality of products and are regularly upgraded and their manufacturing capacities are periodically enhanced. We believe that quality, compliance and environmental, health and safety of our manufacturing facility is of paramount importance to our manufacturing operations. One environment, health and safety initiatives helps us to ensure the safety of the manufactured products, our employees and the environment. We have created facility to handle products with special needs such as facility using isolator technology for high potency products, temperature and humidity controlled environments.

Production Capacity and Capacity Utilization

The following table sets forth the aggregate production capacity of our manufacturing facilities:

Block	Category	Installed capacities per Annum (in Millions)		Utilized capacities (in millions)			Projected utilization (in millions)		
		Liquid filling	Lyo Inj.	2013- 14	2014- 15	2015- 16	2016- 17	2017- 18	2018- 19
		Single shift per Annum	3 days cycle per batch						
Unit – 1 Injectable/OSD	Liquid Inj.	5.18		0.02	0.02	0.01	0.02	0.04	0.04
	Lyo Inj.		0.58	0.04	0.04	0.04	0.05	0.06	0.07
	Tablets	21.00		-	-	-	4.86	9.57	11.01
	Capsules	1.51		-	-	-	0.24	0.47	0.54
Unit – 2	Liquid Inj.	5.18		-	-	-	0.91	2.46	2.70
	Lyo Inj.		0.72	-	-	-	0.17	0.46	0.52
	PFS	5.50		0.02	0.02	-	-	-	-
	Lami Tube	1.80		-	-	-	0.29	0.41	0.47
	Drops	10.56		-	-	-	-	2.58	3.79

Due to the financial condition of our Company and unavailability of sufficient working capital, our Company was not successfully utilizing the production capacity of our manufacturing facilities. Further, our Company has entered into a loan license agreement dated December 28, 2015 for manufacturing of certain products in accordance with the standards and specifications intimated by SPIL and therefore, we shall have projected capacity utilization by more than 25% of the average of the actual capacity utilization of the past three years.

COLLABORATIONS

Our Company has not entered into any technical or other collaboration as on the date of filing the Letter of Offer.

UTILITIES AND INFRASTRUCTURE FACILITIES

Raw Materials and Packaging Materials

Raw materials essential to our business are procured in the ordinary course of business from numerous suppliers. We carefully assess the reliability of all materials purchased to ensure that they comply with the rigorous quality and safety standards required for our products. In an effort to manage risks associated with raw materials supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability. Our raw material sourcing is not dependent on a single source of supply and we have access to alternate sources for our procurement of raw materials.

Quality Standards

We believe that quality function is critical to our continued growth. We perform regular audits on our manufacturing facility and regularly review and update our procedures and practices to ensure compliance with regulatory and cGMP requirements. Our manufacturing facility has received WHO GMP certification and cGMP certification. Our quality assurance unit is independent of our production unit. We recruit employees with a range of qualifications, including pharmacist etc. to maintain diverse knowledge base. All personnel are required to undergo thorough training programs designed to update them on latest quality norms and standards periodically. All products are subjected to extensive stability testing program to understand the real product behavior during its shelf life.

Competition

Our competition varies by market, therapeutic areas and type of product. Our principal competitors within India include leading Indian generics players as well as leading multi-national pharmaceutical companies who operate in the Indian pharmaceutical market, in similar therapeutic areas.

Employees

The manufacturing process requires an appropriate mix of skilled, semi-skilled and un-skilled labour, which is readily available. As on March 31, 2017, we had 62 full time employees at our manufacturing facilities and at our Registered Office. We also employ contract labour based on the work requirements. We maintain high safety standards at our facility to ensure that none of our employees are exposed to any hazardous materials.

Intellectual Property

Trademarks and other proprietary rights are essential to our business. It is our policy to protect our products through trademarks. This protection is sought in a manner that balances the cost of such protection against obtaining the greatest value for our Company. We will continue to take commercially reasonable steps to enforce our trademarks against potential infringers. As at March 31, 2017, we have 15 trademark applications pending including one for renewal before Trademark Registry, Chennai for registration and have registered 16 trademarks for various products

of our Company. Further, our company has registered our corporate logo  with Trademark Registry, Chennai from April 6, 2004 and trademark registration has been expired on April 6, 2014. Further, our Company has made an application for registration of trademark of our corporate logo on April 5, 2016 and the same is currently pending before Trademark Registry, Chennai. For further details of the trademarks owned by us, see section “Government and Other Approvals – Intellectual Property Rights” on page 238 of this Letter of Offer.

Regulatory and Environmental Matters

We are subject to significant Indian national and state environmental laws and regulations, including regulations relating to the prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution, in addition to the analogous laws and regulations in the foreign jurisdictions in which we do business. These laws and regulations govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. We also handle hazardous materials in dedicated production areas.

Please see “*Risk Factors – Internal Risk Factors – We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected*” on page 15 and “*Regulations and Policies*” on page 104 of this Letter of Offer.

Health and Safety

We are also subject to a broad range of safety, health, environmental, labour, workplace and related laws, which impose controls on the disposal and storage of raw materials, air and water discharges, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted a health and safety policy that is aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our facilities or under our management.

Insurance

Our operations are subject to hazards inherent in manufacturing facilities such as risk of work accidents, fire, earthquakes, flood and other force majeure events and acts of terrorism including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. Our principal types of coverage include the standard fire and special perils policy for our manufacturing facility and directors and officer liability policy insuring the management liability, company securities, non-executive directors etc. of our Company, group personal accident policy. Further, our insurance policies may not be sufficient to cover all our economic losses. See “*Risk Factors – Internal Risk Factors – Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition*” on page 15 of this Letter of Offer.

Property

Our Company owns the property situated at 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India where our registered office and manufacturing facilities are situated.

KEY REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws and regulations applicable to our Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations.

BUSINESS RELATED LAWS

Drugs and Cosmetics Act, 1940 and Drugs and Cosmetics Rules, 1945

The Drugs and Cosmetics Act 1940 regulates the import, manufacture, distribution and sale of drugs and cosmetics. The Central Government has passed the Drugs and Cosmetics Rules, 1945 in exercise of powers conferred by sections 6(2), 12, 33 and 33-N of the Drugs and Cosmetics Act, 1940. Pursuant to rule 69 of the Drugs and Cosmetics Rules 1945, application for grant or renewal of license to manufacture for sale or for distribution of drugs, other than those specified in Schedules C and C(1) shall be made to the licensing authority appointed by the State Government in form 24F. License granted under form 25 shall be valid for period of five years according to Rule 72. Further Rule 85 of the rules states that a licensee may be directed to stop manufacture, sale or distribution of the said drugs if the licensee fails to comply with any of the conditions of the license or any provisions of the Act or rules.

The Drugs (Prices Control) Order, 2013

The Central Government has under section 3 of the Essential Commodities Act, 1955 issued the Drugs Prices (Control) Order, 2013 ("Control Order 2013") which will replace the Drugs Prices (Control) Order, 1995. Under the provisions of the Control Order, 2013, every manufacturer of a schedule formulation intended for sale shall display in indelible print mark, on the label of container of the formulation and the minimum pack thereof offered for retail sale, the maximum retail price of that formulation based on the ceiling price notified in the Official Gazette or ordered by the Government in this behalf with the words "Maximum Retail Price" preceding it and the words 'inclusive of all taxes' succeeding it. The Control Order, 2013 inter alia, also provides for the list of price controlled drugs, procedures for fixing the prices of drugs, method of implementation of prices fixed by Government and penalties for contravention of provisions and formulations which fall within the purview of the legislation. Section 7 of the Essential Commodities Act, 1955 states the penalty for contravention of the Control Order, 2013 to be minimum imprisonment of 3 (three) months, which may extend to seven years and the violator is also liable to pay a fine.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 (the "Essential Commodities Act") provides for the regulations relating to production, supply, distribution, trade and commerce of the commodities that are declared as essential, for maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices. Fertilizers and heavy chemicals (whether organic or inorganic) are categorized as essential commodities under the Essential Commodities Act. The ministries/ departments of central government have issued control orders for regulating production, distribution, and quality aspects pertaining to the commodities which are essential and administered by them.

The Explosives Act, 1884 and Explosives Rules, 2008

The Explosives Act, 1884 ("Explosives Act") is an act which regulates the manufacture, possession, use, sale of explosives. In exercise of the powers conferred under the Explosives Act and in supersession of Explosives Rules,

1983, the Central Government makes the Explosives Rules, 2008 (“Explosives Rules”) to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use, sale, transport, import and export of explosives, or any specified class of explosives.

Where a person makes an application for license, the prescribed authority shall, subject to the provisions of the Explosives Act, either grant the license or refuse to grant the same. Under rule 7 of the Explosives Rules, the licensing authority shall grant a license where it is required for the purpose of manufacture of explosives if the licensing authority is satisfied that the person by whom license is required possesses technical know-how and experience in the manufacture of explosives and where it is required for any other purpose, if the licensing authority is satisfied that the person by whom license is required has a good reason for obtaining the same. Rule 106 states that the licensing authority may grant a license for a period of 6 months for import export of explosives or for 5 years in case of manufacture of explosives.

The Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011

The Legal Metrology Act, 2009 (the “Legal Metrology Act”) was enacted with the objectives to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and replaces the Standard of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology (Packaged Commodities) Rules, 2011 (the “Legal Metrology Rules”) were issued by the Central Government under the Legal Metrology Act. Under the Legal Metrology Act, every unit of weight or measure shall be in accordance with the metric system based on the international system of units. Using or keeping any weight or measure otherwise than in accordance with the provisions of the Legal Metrology Act is an offence, as is tampering or altering any reference standard, secondary standard or working standard. Pursuant to section 19 of the Legal Metrology Act, no person shall import any weight or measure unless he is registered with the Director in such manner and on payment of such fees, as may be prescribed. Further section 23 of the Act provides that no person shall manufacture, repair or sell, or offer, expose or possess for repair or sale, any weight or measure unless he holds a license issued by the Controller. According to the Legal Metrology Rules, no person shall pre-pack or cause or permit to be pre-packed any commodity for sale, distribution or delivery unless a declaration is made on the package as required under the Legal Metrology Rules. Every manufacturer, packer and importer who pre-packs or imports any commodity for sale, distribution or delivery is required to be registered.

Indian Boilers Act, 1923

The Indian Boilers Act, 1923 (the “Boiler Act”) and the Indian Boilers Regulation, 1950 (the “Boiler Regulations”) provide for standards in respect of materials, design and construction, inspection and testing of boilers and boiler components for compliance by the manufacturer’s and users of boilers in India. The Boilers Act prohibits the use of boilers except under and in accordance with the conditions of registration and certificate granted under the provisions of this Act.

The Foreign Trade (Regulation and Development) Act, 1992

The Foreign Trade (Regulation and Development) Act, 1992 (the “Foreign Trade Act”) was enacted to provide for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India. The Foreign Trade Act prohibits anybody from undertaking any import or export except under an importer-exporter code number granted by the Director General of Foreign Trade pursuant to section 7. Hence, every entity in India engaged in any activity involving import/export is required to obtain an Importer Exporter Code (“IEC”) unless specifically exempted from doing so. The IEC shall be valid until it is cancelled by the issuing authority.

Petroleum Act, 1934 and Petroleum Rules, 2002

The Petroleum Act, 1934 (“Petroleum Act”) regulates the import, transport and storage of petroleum. Under the Petroleum Rules, 2002 (“Petroleum Rules”) no person shall import, transfer or store petroleum except under and in accordance with a license granted under these rules. Every person desiring to obtain a license to import and store petroleum shall submit to the licensing authority an application for registration in Form XV or in Special Form, within the prescribed time limit. On expiry of a license, the applicant has to make an application for renewal of license. A license may be renewed by the authority empowered to grant such a license, provided that a license which

has been granted by the Chief Controller may be renewed without alteration, by a Controller duly authorized by the Chief Controller. Pursuant to Section 23, whoever contravenes any of the provisions of the Petroleum Act, shall be punishable with simple imprisonment which may extend to one month, or with fine which may extend to ₹ 1000 or with both.

Regulation of Foreign Investment in India

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) read with the applicable FEMA Regulations and the extant consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. Under the current consolidated FDI Policy, effective from June 7, 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (the “Consolidated FDI Policy”), which consolidates the policy framework on FDI, up to 100% FDI through the automatic route is permitted in sectors and activities not specifically restricted under the Consolidated FDI Policy. Therefore, our business is not subject to sectoral investment limits enumerated under the Consolidated FDI Policy.

The Apprentices Act, 1961

The Apprentices Act, 1961 (“**Apprentices Act**”) is an Act to provide regulation and control of training of persons who are undergoing course of training in any industry or establishment pursuant to a contract of apprenticeship. Further, the Apprenticeship Act states that for a person to be qualified as apprentice to undergo apprenticeship training, the person shall not be less than 14 years and not less than 18 years for designated traders related to hazardous industries and have to comply with standards of education and physical fitness as may be prescribed. No person can be engaged as an apprentice to undergo apprenticeship training unless that person has entered into a contract with the employer. The contract of apprenticeship has to be sent by the employer within 30 days to the Apprenticeship Adviser who registers the contract within 30 days from the date of the receipt.

Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974

Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (“**COFEPOSA Act**”) is an Act to prevent detention in certain cases for the purposes of conservation and augmentation of foreign exchange and prevent smuggling activities. COFEPOSA Act provides for the Central or State Government not below the rank of Joint Secretary or Secretary respectively to pass orders for detention of any person to prevent him from (i) smuggling goods, (ii) abetting the smuggling of goods, (iii) engaging in transporting or concealing or keeping smuggled goods; (iv) dealing in, smuggled goods otherwise than by engaging in transporting or concealing or keeping smuggled goods; and (v) harbouring persons engaged in smuggling goods or in abetting the smuggling of goods. The detention order may be executed for the execution of warrants of arrest under the Code of Criminal Procedure, 1973. The maximum period of detention for cases in which the persons may be detained for period longer than three months without obtaining the opinion of Advisory Board is 2 (two) years and to the cases in which the persons may be detained for period longer than three months without obtaining the opinion of Advisory Board is not applicable is 1 (one) year.

LABOUR LAWS

Factories Act, 1948

Factories Act, 1948 (“**Factories Act**”) regulates the provisions relating to labour in factories. The Factories Act defines a factory as any premises on which ten or more workers are employed or were employed on any day of the preceding twelve months and on which an electronic manufacturing process is carried on. Further, it also includes any premises on which twenty or more workers are employed or were employed on any day of the preceding twelve months and on which a manufacturing process is ordinarily carried on without the use of electricity. The applicant needs to submit the prior plans and obtain the approval of the respective State Government for the establishment, registration and licensing of factories. The provisions for the same are contained in the rules made by the respective State Governments.

The Factories Act defines occupier of a factory as the person who has ultimate control over the factory. In case of a company, any one of the directors shall be deemed to be the occupier. Fifteen days before the occupier begins to use the factory premises, he shall send a notice to the Chief Inspector in writing containing details of the factory (name and situation) and the occupier (name and address). The occupier is responsible for varied functions including the health, safety and welfare of the workers, maintenance of the plant and systems operating in the factory, safety and risk-free environment in relation to the use, handling, storage and transport of substances, monitoring the work environment. The Factories Act provides for provisions relating to health and safety, cleanliness and safe working conditions. Employment of women and children in the factories is prohibited under the Factories Act. Violations to any of the provisions of the Factories Act or the rules framed there under may lead to the imprisonment of the occupier or the manager of the factory for a term not exceeding two years and/or with a fine of ₹ 1,00,000 or both. If any continuing violation after conviction is observed, a fine of up to ₹ 1,000 per day of violation may be levied.

The Ministry of Labour and Employment proposes to amend the Factories Act, 1948 vide Office Memorandum dated June 5, 2014 wherein it is proposed to redefine the term “hazardous process” as a process in which a hazardous substance is used and the term “hazardous substance” would have the same meaning as assigned in the Environment Protection Act, 1986. An Occupier would now be required to take permission from the State Government for expansion of a factory within certain prescribed limits. Various safety precautions have been taken by the State Government to prevent persons to enter any confined space unless a written certificate has been given by a competent person and such person is wearing a suitable breathing apparatus. The occupier of a factory which is engaged in a hazardous process is required to inform the Chief Inspector within 30 days before the commencement of such process. An Inquiry Committee will be appointed by the Central Government to inquire into the standards of health and safety observed in the factory.

The following is an indicative list of labour laws applicable to the business and operations of Indian companies engaged in manufacturing activities:

- Payment of Gratuity Act, 1972;
- Workmen’s Compensation Act, 1923;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Contract Labour (Regulation and Abolition) Central Rules, 1971;
- The Child Labour (Prohibition and Regulations) Act, 1986
- The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the schemes formulated there under;
- Employees State Insurance Act, 1948;
- The Maternity Benefits Act, 1961;
- The Industrial Employment (Standing Orders) Act, 1946;
- The Industrial Dispute Act, 1947;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- Payment of Wages Act, 1936;
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; and
- Sexual Harassment of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013

INTELLECTUAL PROPERTY RIGHTS

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Patents Act, 1970

The Patents Act, 1970 ("Patents Act") governs the patent regime in India. Historically, India granted patent protection only to processes and not to products in respect of food, medicine or drugs. However, as a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS"), India was required to ensure that its patent laws were in compliance with the TRIPS by January 1, 2005. Under this new patent regime, India is required to recognize product patents as well as process patents.

In addition to broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of the application for the patent. The Patents Act deems that computer programs per se are not 'inventions' and are therefore, not entitled to patent protection. This position was diluted by The Patents Amendment Ordinance, 2004, which included the following as patentable subject matter:

- a. Technical applications of computer programs to industry; and
- b. Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005 does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs per se from patent protection. The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on the grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence not patentable), inter alia, by the existence of:

- a. any earlier patent on such invention in any country;
- b. prior publication of information relating to such invention;
- c. an earlier product showing the same invention; or
- d. a prior disclosure or use of the invention that is sought to be patented.

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post-grant. The grounds for such patent opposition proceedings, inter alia, include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.

The proviso to section 11A (7) has been introduced in the Patents Act to provide protection to those Indian enterprises which have made significant investment and have been producing and marketing a product prior to January 1, 2005, for which a patent has been granted through an application made under section 5(2) of the Patents Act and have continued to manufacture the product covered by the patent on the date of grant of the patent. In such a case, the patent-holder shall only be entitled to receive reasonable royalty from such enterprises and cannot institute infringement proceedings against such enterprises.

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period. Patents are territorial by nature, as a result of which an invention patented in one country does not enjoy protection in another country. The Patent Cooperation Treaty to which India is a signatory tries to fill this lacuna to an extent and makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries through a single application process.

ENVIRONMENTAL LAWS

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act, 1974 (the “WPA”), the Air (Prevention and Control of Pollution) Act, 1981 (the “APA”) and the Environment Protection Act, 1986 (the “EPA”).

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board. The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

EPA has been enacted for the protection and improvement of the environment. EPA provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

The issue of management, storage, and disposal of hazardous waste is regulated by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the “HWM Rules”) made under the EPA Act. The HWM Rules become applicable in case of an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Under the HWM Rules, the Pollution Control Boards are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

In addition, the Ministry of Environment and Forests, Government of India (the “MoEF”) looks into environment impact assessment (the “EIA”). The MoEF receives proposals for expansion, modernization and setting up of projects, and the impact such projects would have on the environment is assessed by the MoEF before granting clearances for the proposed projects. Furthermore, the Manufacture, Storage and Import of Hazardous Chemicals

Rules, 1989 (the “Hazardous Chemicals Rules”) stipulate that an occupier in control of an industrial activity has to provide evidence for having identified the major accidental hazards and taking adequate steps to prevent major accidents and to limit their consequences to persons and the environment. The persons working on site have to be provided with information, training and equipment including antidotes necessary to ensure their safety.

Public Liability Insurance Act, 1991

Public Liability Insurance Act, 1991 (“Public Liability Act”) provides for the public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for matters connected therewith. Under the Public Liability Act, every owner or controller of hazardous substances is required to take out one or more insurance policies providing for contracts of insurance stating that he is insured against the liability to give relief before he starts handling the hazardous substance. Consecutively, he is required to renew the abovementioned policies from time to time before their expiry so that the insurance policies remain valid throughout the period during which such hazardous waste is handled.

The Public Liability Act empowers the Central Government to establish the Environment Relief Fund by notification in the Official Gazette. Pursuant to the provisions of the Public Liability Insurance Rules, 1991, every owner or handler is obliged to contribute to the Environment Relief Fund a sum equal to the premium payable to the insurer. Every contribution to the Environmental Relief Fund shall be payable to the insurer, together with the amount of premium

TAX RELATED LAWS

The Customs Act, 1962

The Customs Act, 1962 (the “Customs Act”) contains provisions relating to customs. All the matters relating to customs are handled by the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963. Under the Customs Act, goods cannot be taken by the importers without clearance. For this, all the importers are required to file a bill of entry or a cargo declaration containing all the particulars of the goods being imported with the appropriate authority. After registration of the bill of entry, it is forwarded to the concerned appraising group in the custom house. Following this, the assessment officer determines the amount of duty to be levied on the goods. It is important that the correct description is provided in the bill of entry as the goods are examined for verification. It is only after this that the importer can take the delivery of the goods.

Central Excise

Excise duty is to be paid by manufacturers on manufacture or production of goods. The Central Excise Act, 1944 contains provisions relating to levy and collection of excise duty. Credit of the duty paid by the manufacturer on the inputs and the capital goods can be availed, and the same can be utilised while paying duty on the final products. The rates of excise duties for various goods, as applicable, are laid down in the Central Excise Tariff Act, 1985.

Value Added Tax

Value Added Tax (“VAT”) is a multi-stage levy of tax in the supply chain system. Tax is paid during the purchase of raw materials and goods by a manufacturer and trader respectively. However, tax is levied only on the amount of value addition. Persons liable to pay tax shall get themselves registered and obtain a registration number under the respective State Act. Each State has introduced its own VAT Act.

Sales Tax

When an inter-state sale or purchase takes place, the provisions of the Central Sales Tax Act, 1956 shall apply. Conversely, in case of a sale or purchase within the state which does not contemplate movement of goods outside the state, the local laws of sales tax or VAT shall apply. Every dealer liable to pay tax under the Central Sales Tax Act, 1956 shall be registered by making an application to the appropriate authority in that state.

Income Tax Act, 1961

IT Act is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this act or rules made under it depending upon its “Residential Status” and “Type of Income” involved. Pursuant to Section 139(1) every Company is required to file its income tax return for every previous year by October 31 of the assessment year. Other compliances like those relating to tax deduction at source, fringe benefit tax, advance tax, and minimum alternative tax and the like are also required to be complied by every Company.

Tax on profession, trade, callings and employment

Every person engaged in profession, trade, callings and employment is liable to pay tax at the rate prescribed. It is considered necessary to levy tax on profession, trade callings and employment in order to augment state revenues. Every state is empowered to make laws relating to levy of tax on profession, trade, callings and employment that shall serve as the governing provisions in that state.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was incorporated as “*Maa Shakti Tube Mill Private Limited*” on June 15, 1989 as a private limited company under the Companies Act, 1956 with the RoC. The name of our Company was changed to “*Sunline Tubes Private Limited*” and a fresh certificate of incorporation dated April 1, 1992 was issued by the RoC. Pursuant to a special resolution of the shareholders passed on July 21, 1993, our Company was converted into a public limited company and the name of our Company was subsequently changed to “*Sunline Tubes Limited*” vide a fresh certificate of incorporation consequent to the conversion was issued by the RoC on August 25, 1993. The name of our Company was changed to “*Sunline Technologies Limited*” and a fresh certificate of incorporation consequent to change of name dated December 6, 2000 was issued by the RoC. The name of the Company was further changed to “*Zenotech Laboratories Limited*” and a fresh certificate of incorporation consequent on change of name was issued on August 10, 2004 by the RoC.

Our Company was initially set up for manufacturing of lancing tubes and electric resistance welded tubes and subsequently change its activities to carry out activities of engineering project execution including heavy machinery and commissioning for process industries. In the year 1996, our Company made an initial public offering and got listed on BSE, Calcutta Stock Exchange Association of India Limited and Hyderabad Stock Exchange. In the year 2000, our Company was involved in the business of software development activities and the focus was on e – commerce, web/portal development activities. In the year 2000, K. Rajeswari, P. Varalakshmi and Dr. L.S.S. Reddy entered into an agreement dated September 25, 2000 with S. K. Giri and certain other shareholders of our Company to acquire 15,40,000 equity shares of ₹ 10 each representing 26.78% of the subscribed equity share capital of our Company. As a result of this transaction, K. Rajeswari and P. Varalakshmi became the promoters of our Company.

In the year 2003, our Company further diversified its business into biotechnology and manufacturing of pharmaceuticals. In 2004, our Company entered into a scheme of amalgamation with Zenotech Laboratories Private Limited (“**ZLPL**”). The scheme of amalgamation was sanctioned *vide* order of High Court of Andhra Pradesh dated July 1, 2004 with effect from November 1, 2003 and pursuant to which the name of our Company was changed to its present name with effect from August 10, 2004. Pursuant to the scheme, 91,82,500 equity shares of our Company were allotted to the shareholders of ZLPL, which included 86,90,000 equity shares, allotted to Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech Inc., U.S.A. Subsequently, Zenotech Inc., U.S.A. transferred the shares held by it to Zenotech LLC. Pursuant to these transactions, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC became the promoters of our Company (“*Erstwhile Promoters*”). Pursuant to the scheme of amalgamation, our Company filed an information memorandum for the listing of the remaining equity shares issued pursuant to the scheme on the stock exchanges.

Our Company entered into a second scheme of amalgamation with Credence Pharmaceuticals Limited (“**CPL**”) and Hemarus Healthcare Private Limited (“**HHPL**”) which was approved by High Court of Andhra Pradesh at Hyderabad *vide* order dated May 2, 2006 with effect from October 1, 2005 and the same was taken on record by the RoC *vide* its letter dated December 29, 2006.

On August 25, 2006 Ranbaxy Laboratories Limited (“**RLL**”) were allotted 20,00,000 fully paid-up equity shares of our Company on preferential basis at ₹ 100 each which represented 6.94% of the paid-up equity capital of our Company. Subsequently, on October 3, 2007, RLL entered into a share purchase agreement with the Erstwhile Promoters for the acquisition of 78,78,906 equity shares at ₹ 160 per equity share representing 27.35% of the paid up capital of our Company. Further, RLL also entered into a share subscription agreement with our Company and the Erstwhile Promoters, wherein our Company issued 54,89,536 fully paid up shares of face value of ₹ 10 each, at a cash price of ₹ 160 to RLL on preferential basis. Pursuant to the subsequent acquisition and subscription of shares, an open offer was made by RLL to the existing shareholders of the Company. Post completion of open offer, RLL became the major shareholder representing 46.94% of the total paid-up shares of our Company and resulting into RLL becoming the promoter of our Company.

In the Financial Year 2010, Daiichi Sankyo Company, Limited (“**DSCL**”) made an open offer for the acquisition of 68,86,500 fully paid up equity shares representing 20% of the share capital of our Company at ₹ 113.62 per fully paid up equity shares of face value of ₹ 10 each which was a result of an indirect substantial acquisition of shares

accompanied with change in control which had been caused by the acquisition of RLL by DSCL. Since RLL held 46.85% of the equity share capital of our Company as on October 20, 2008, DSCL indirectly acquired 46.85% of the issued and outstanding equity share capital of our Company on October 20, 2008. Pursuant to this acquisition, DSCL and RLL became the promoters of our Company.

Subsequently, in March 2015, Sun Pharmaceutical Industries Limited (“SPIL”) made an open offer to the shareholders of our Company to acquire 96,93,332 fully paid up equity shares representing 28.16% of the fully diluted share capital of our Company at an offer price of ₹ 20.87 per equity share which was a result of the scheme of arrangement which resulted in the merger of RLL into SPIL. The merger of RLL into SPIL pursuant to the Scheme resulted in SPIL owning 46.84% of the voting rights held by RLL in our Company. Pursuant to this acquisition, SPIL became the promoter of our Company along with DSCL. However, as of now, Daiichi Sankyo Company, Limited (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of the Company.

As on March 31, 2017, the total number of holders of Equity Shares of our Company is 5,838. For further details of our shareholding pattern, please see “Capital Structure” on page 58 of this Letter of Offer.

For information on our Company’s profile, activities, market, growth, technology, managerial competence, please see chapter titled ‘Industry Overview’, ‘Our Business’, ‘Our Management’, ‘Financial Statements’ and ‘Management’s Discussion and Analysis of Financial Condition and Results of Operations’ on pages 82, 95, 122, 143 and 205 of this Letter of Offer, respectively.

Change in registered office of the Company

We are unable to trace copies of prescribed forms filed by us with the RoC in respect of change in registered office and respective board resolutions since our incorporation until 2004. While we believe that these forms were duly filed, we have not been able to obtain copies of these documents, including from the RoC. Details of change of our registered office post August 1, 2004, are as below:

Date of Change of Registered Office	Old Address	New Address	Reason for Change
August 1, 2004	845 Banjara Avenue, Road No.1, Banjara Hills, Hyderabad – 500 034, Telangana, India	Plot No.19. H.No.8-3-677/15, Srikrishnadevaraya Nagar, Srinagar Colony, Hyderabad – 500 073, Telangana, India	Administrative Convenience
February 28, 2007	Plot No.19. H.No.8–3–677/15, Srikrishnadevaraya Nagar, Srinagar Colony, Hyderabad – 500 073, Telangana, India	8–2–120/112/88–89/P/2, 4th floor, Park View Estate, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana, India	Administrative Convenience
August 1, 2011	8–2–120/112/88–89/P/2, 4th floor, Park View Estate, Road No. 2, Banjara Hills, Hyderabad – 500 034, Telangana, India	Survey No. 250-252, Turkapally Village, Shameerpet Mandal, Hyderabad – 500 078, Telangana, India	Administrative Convenience

Main Objects of the Memorandum of Association of our Company:

The main objects of our Company are:

“1. To carry on the business of manufacturers, producers, processors, importers, exporters, buyers, dealers, distributors, and seller of all kinds of Tubes and pipes of any kind of metal including mild steel, galvanized sheet, aluminum sheet, copper sheet, cast iron, carbon steel, stainless steel of any size and pattern used or capable, for being used for any industrial, commercial, agricultural and or domestic purposes and to treat and utilize any waste arising from any such production so as to produce, manufacture by products of any kind of nature.

2. To produce, manufacture, procure, refine, import, export, sell, distribute, deal in and dispose of raw materials of every class and description. All kind of plant, machinery, equipment, spare parts, accessories, other things and articles capable of being used or deemed to be necessary in conducting of the business of the company.
3. To acquire factories, workshops and carry on the business of workshop and factory owners, mechanical, electrical and civil engineers, iron founders, tool makers, brass founders, metal worker boiler makers, mill wrights, machinists, assemblers, fitters, iron and steel converters, smiths, wood workers, wire drovers, manufacturer, repairs and dealers in iron and steel, rolling stock, timber, metals, paints, varnishes.
4. To carry on the business of software, hardware and information technology, trainers, assemblers, researchers, developers, designers, manufacturers buyers and sellers in India and abroad, importers and exporters and agents for all varieties of services such as training, computer communication solution, commercial and technical applications, bit operating systems, microprocessors, enterprise resource planning, internet solutions, transactions processing, database management, technical, accounting, financial computer aided designs, and systems, drives, automation programs, networking products, cross platform, software, quality, information and electronic solutions, electronic and information products, peripheral equipment of electronic and information technology industries.
5. To carry on the business of development, sale, trade, deal install, purchase, fabricate, design, distribute, maintain, alter, hire, exchange, import and export of computer hardware, software multimedia equipments, data process equipments including systems programs, management concepts, related services.
6. To carry on the business of providing management consultancy services related to computer Software, Hardware, Multimedia and information technology to any individual or Organization, Body corporate etc., and develop systems of any kind by processing or entering job work and/or hiring out machine and man power and/or assist to setup. Operate and supervise operation of the data processing of other companies or organizations in India or elsewhere.
7. To carry on in India or Abroad business to develop, import, export, transfer, lease or carry on research in the field of molecular modeling for various applications in the field of bio-technology or any other steam of basic/complex sciences and to develop, create, manage, market, encourage the establishment on manufacturing facilities /research centers various applications of bio technology in the fields of development of medicines for human, plant or animal uses.
8. To promote establish, organize, maintain, operate, manage in India or Abroad centers engaged in the field of informatics and to carry on advanced research in the fields of molecular of gene technology for various commercial non-commercial applications, to enter into joint Venture, to take or grant licenses for applications of research and other rights attained by the company in related areas of operations.
9. To set up laboratories develop extract, import, export, but, sell deal in hire the technology, process methods systems to manufacture import but, sell deal in, hire the equipment, instruments chemical enzymes, drugs, bulk drugs, pharmaceutical, medicines, patents, formulations of kinds, types nature and description of including ayurvedic, unani, allopathic, homeopathic and nature cure for whatsoever purposes such as prevention, curation, prophylactic, nourishment beauty aids and hygienic and any items which are capable of being used in the fields of genetic engineering and any other methodology process developed from time to time for manufacture vaccine and other related products.”

Amendments to the Memorandum of Association

Since incorporation, the following amendments have been made to the Memorandum of Association of our Company, except for the change in name, which has been reflected above:

Date of shareholder's resolution	Nature of amendments
September 25, 1992	Increase in the authorized share capital of the Company from ₹ 25,00,000 divided into 2,50,000 equity shares of ₹ 10 each to ₹ 50,00,000 divided into 5,00,000 equity shares of ₹ 10 each
August 10,	Increase in the authorized share capital of the Company from ₹ 50,00,000 divided into 5,00,000

Date of shareholder's resolution	Nature of amendments
1994	<i>equity shares of ₹ 10 each to ₹ 2,00,00,000 divided 20,00,000 equity shares of ₹ 10 each</i>
July 3, 1995	<i>Increase in the authorized share capital of the Company from ₹ 2,00,00,000 divided 20,00,000 equity shares of ₹ 10 each to ₹ 6,00,00,000 divided 60,00,000 equity shares of ₹ 10 each</i>
February 10, 2000*	Change in the Main Object Clause of the Company to include the business of software, hardware and information technology
September 30, 2003*	Change in the Main Objects Clause of the Company to include the business of biotechnology and bio pharmaceuticals
August 5, 2004	<i>Increase in the authorized share capital of the Company from ₹ 6,00,00,000 divided 60,00,000 equity shares of ₹ 10 each to ₹ 16,00,00,000 divided into 1,60,00,000 equity shares of ₹ 10 each</i>
September 29, 2005	<i>Increase in the authorized share capital of the Company from ₹ 16,00,00,000 divided into 1,60,00,000 equity shares of ₹ 10 each to ₹ 35,00,00,000 divided into 3,50,00,000 equity shares of ₹ 10 each</i>
August 13, 2013	<i>Increase in the authorized share capital of the Company from ₹ 35,00,00,000 divided into 3,50,00,000 equity shares of ₹ 10 each to ₹ 1,00,00,00,000 divided into 10,00,00,000 equity shares of ₹ 10 each</i>

* We are unable to trace copies of certain prescribed forms filed by us with the RoC in respect of, inter alia, form for registration of resolution and respective shareholders resolutions since our incorporation until 2005. While we believe that these forms were duly filed, we have not been able to obtain copies of these documents, including from the RoC. See the section "Risk Factors – Some of our corporate records relating to certain filings made with the Registrar of Companies for the period between 1989 and 2006 are not traceable".

Major Events in the history of our Company

The table below sets forth some of the key events, milestones, achievements and awards in our history since inception:

Year	Events
1989	Our Company was incorporated in the name of "Maa Shakti Tube Mill Private Limited"
1992	The name of our Company was changed to "Sunline Tubes Private Limited"
1993	Conversion of our Company from private limited to public limited
1996	Our Company made an initial public offering and got listed on BSE, Calcutta Stock Exchange Association of India Limited and Hyderabad Stock Exchange
2000	The name of our Company was changed to "Sunline Technologies Limited"
2000	Acquisition of our Company by K. Rajeswari, P. Varalakshmi and Dr. L.S.S. Reddy
2004	The name of our Company was changed to "Zenotech Laboratories Limited" pursuant to the scheme of amalgamation.
	Information memorandum was submitted to BSE Limited for the listing of 91,82,500 equity shares of ₹ 10 each which was issued pursuant to the scheme of amalgamation.
2006	Amalgamation of Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited with our Company
2007	Acquisition of our Company by Ranbaxy Laboratories Limited
2008	Voluntary delisting of equity shares from Calcutta Stock Exchange
2009	Indirect substantial acquisition of shares of our Company by DSCL which was a result of the acquisition made by DSCL in RLL
2015	Indirect substantial acquisition of shares of our Company by SPIL which was a result of merger of RLL into SPIL

Issuance of Equity or Debt

Other than information as disclosed in 'Capital Structure' on page 58 of this Letter of Offer, our Company has not issued any capital in the form of equity or debt. For details on the description of our Company's activities, the growth of our Company, please see 'Our Business', 'Management's Discussion and Analysis of Financial

Conditions and Results of Operations’ and *‘Basis for Issue Price’* on pages 95, 183 and 76, respectively of this Letter of Offer.

Overrunning time and cost in setting up project

Our Company have not experienced time and cost overruns in relation to the projects executed by us.

Defaults or rescheduling of borrowings of our Company with financial institutions

Our Company has defaulted in repayment of loans and interest thereon taken from Technology Development Board and Biotech Consortium (India) Limited, due to poor financial status of our Company. For the details of the loan, total outstanding and period of default, please refer to chapter titled *“Financial Indebtedness”* on page 218 of this Letter of Offer.

Lock-out or strikes

Pursuant to the change of management, our Company has appointed Late B.K. Raizada as another managing director for a period of 2 years with effect from March 19, 2011. Subsequently, the Board of Directors in its meeting held on July 21, 2011, removed Dr. Jayaram Chigurupati, erstwhile promoter of our Company from the position of managing Director due to unsatisfactory performance of Dr. Jayaram Chigurupati. Pursuant to that, our erstwhile management instigated the employees of our Company to go on illegal strike to protest the employment of the new management. As a consequence of the strike, the new management of our Company was not in a position to access the registered office and factory premises of our Company. There are various litigations involving the strike which are currently pending in various forums. For further details, please refer to the chapter titled *“Outstanding Litigation and Material Developments”* on page 221 of this Letter of Offer.

Changes in the activities of our Company in the last five years

There has been no change in the activities of our Company in the last five years.

Injunction or Restraining Order

As on the date of this Letter of Offer, there are no injunctions or restraining orders against our Company.

Holding Company

As on the date of this Letter of Offer, our Company does not have a holding company

Business Acquisition, Mergers and Amalgamations

Except as discussed below, there have been no business acquisition, merger and amalgamation made by our Company since incorporation.

Date of Acquisition/ Merger	Particulars
July 2004	Amalgamation of Zenotech Laboratories Private Limited with Sunline Technologies Limited
May 2006	Amalgamation of Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited with our Company

Revaluation of assets

Our Company has not revalued its assets since incorporation.

Our Subsidiaries

Our Company has the following Subsidiaries:

- (i) Zenotech Farmaceutica Do Brasil Ltda;
- (ii) Zenotech Laboratories Nigeria Ltd;
- (iii) Zenotech Inc., USA

Details of the Subsidiaries

Our Company does not have any records such as incorporation documents, books of accounts and other related records in respect of its Subsidiaries. Pursuant to change in management in the year 2011, we have noticed that no books of accounts and records of our overseas subsidiaries were available. Further, we had approached the consultant and advisors of the subsidiaries in the relevant countries and tried to retrieve the relevant information. However we were unable to retrieve any relevant information, books and records. As these Subsidiaries were defunct and there was no information as well as no accounts were available for the respective years since 2011, the Statutory Auditors could not prepare restated accounts on a consolidated basis. Due to non-availability of the books of account and other related records and documents of the overseas subsidiaries, our Company is unable to prepare consolidated restated audited financial statements in terms of the applicable provisions of the Companies Act, 2013, SEBI ICDR Regulation and the SEBI Listing Regulations and also unable to make the disclosures as required under the SEBI ICDR Regulations. As a matter of prudent practice, our Company has written down, the entire amount of investments and loan and advances made into these Subsidiaries in its Restated Standalone Financial Statements. For details, see *“Risk Factors – Our corporate records for the period from incorporation to November, 2011 (during which period, our Company was under different management) are not available. Further, our Company did not comply with Section 129 of the Companies Act, 2013 and Section 212 of the Companies Act, 1956 regarding the consolidation of the accounts of our subsidiaries from fiscal years 2011 onwards, due to unavailability of the accounts of our subsidiaries. Such non-compliances may result into penalties or other action on our Company by the statutory authorities.”*

Further, the Board of Directors of our Company vide its meeting held on February 13, 2017 approved the winding up of Zenotech Farmaceutica Do Brasil Ltda one of the defunct Subsidiaries of our Company. Further, the Board of Directors of our Company vide a circular resolution dated March 2, 2017, approved the winding up of another defunct subsidiary of our Company, Zenotech Laboratories Nigeria Limited.

After evaluating the extent of the missing information and the regulatory non compliances etc., relating to our Subsidiaries, we had issued a legal notice to Dr. Jayaram Chigurupati, former Managing Director and erstwhile promoter of our Company, to immediately release all the details pertaining to these subsidiaries including the documents / certificates related to all the foreign exchange transactions which include certain loans and investments made in those Subsidiaries. Our Company has also initiated proceedings against Dr. Jayaram Chigurupati, former Managing Director and erstwhile promoter of our Company for retrieving missing information of our corporate records including books of accounts and other related records in respect of its Subsidiaries, which are currently pending. For further details, please refer to the chapters titled **“Risk Factors”** and **“Outstanding Litigation and Material Developments”** on pages 15 and 221 of this Letter of Offer.

Shareholders and other Material Agreements

Except as disclosed below, there are no other material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us:

Share purchase and share subscription agreement dated October 3, 2007 entered amongst Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC (“Erstwhile Promoter or Seller”), RLL (“Purchaser”) and our Company

The Sellers were the registered holders of 1,64,53,906 equity shares aggregating to 57.11% of the total issued and subscribed paid up share capital of the Company. The Seller agreed to sell to the Purchaser, 78,78,906 equity shares (representing in the aggregate 27.35% of the total issued and subscribed paid up share capital of the Company to the

Purchaser) (“Sale Shares”) at the price of ₹ 160 per equity share aggregating to ₹ 12,606.25 Lacs (“Consideration”). The Purchaser acquired the Sale Shares. Further, RLL also entered into a share subscription agreement with our Company and the Erstwhile Promoters, wherein our Company issued 54,89,536 fully paid up shares of face value of ₹ 10 each, at a cash price of ₹ 160 to RLL on preferential basis. Pursuant to the subsequent acquisition and subscription of shares, an open offer in accordance with the provisions of SEBI Takeover Regulations (“Offer”) was made to the existing shareholders of the Company other than Seller.

Other Agreements

Loan license agreement dated December 28, 2015 entered between SPIL and ZLL (collectively as the “Parties”)

Pursuant to this agreement, ZLL has offered to SPIL that it has necessary manufacturing facilities and spare capacity which will be upgraded to be capable of manufacturing products in accordance with SPIL’s specifications, adequate equipment and complete staff at its manufacturing facilities situated at 250 – 252, Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India..

Further, ZLL has agreed to manufacture the products Gemtaz 1 GM, Gemtaz 200, Pexitaz 100 mg, Pexitaz 500 mg, Oxiplat 100, Oxiplat 50 and Indo IV, Docefrez 20, Docefrez 80, Oncotrex 10, Oncotrex 2.5, Oncotrex 5, Oncotrex 7.5, Imalek 100, Imalek 400, Letroz, Caxeta 500, Carcadox, Gliotem-100, Gliotem-20, Gliotem-250, Len zest 10, Len zest 25, Len zest 5, Anabrez, Thaloma-100, Tyrogef, Vecuron 4mg/ 2ml, Facidase Inj 2ml and Eyemistgel for and on behalf of SPIL. It has been agreed by the Parties that in consideration of ZLL carrying out the services as agreed for SPIL, SPIL shall pay to ZLL conversion charges as mutually agreed from time to time in consideration of our Company carrying out such services. In the event SPIL supplies all raw materials and packing materials, SPIL assures that it will get the products manufactured at ZLL. If ZLL sells or transfers its plant or machinery or sells its business to anyone during the period of one year, ZLL will ensure that the buyer or acquirer of its plant or machinery will accept and will be bound by the agreement.

This Agreement shall commence with effect from November 20, 2015 and shall be in force for a period of 2 years subject to prior termination. The validity of the Agreement can be extended as may be agreed between Parties.

Development, License and Supply agreement for marketing and sales dated January 31, 2007 entered between SPIL (erstwhile RLL) and ZLL

Pursuant to this agreement, SPIL has agreed to obtain rights on license basis for sales and marketing of the products and to further obtain license from ZLL for use of Zenotech Intellectual Property (which means the technical information owned or controlled by ZLL concerning the development, manufacture, production, quality control, storage, distribution and sales of the product), and in turn ZLL has agreed to grant such license rights to SPIL. The license granted by SPIL shall be sub-licensable in the territories where SPIL will invest in the production development and/or registration costs. The consideration for such license shall be ₹ 100 Lacs and the consideration of the rights granted to SPIL on license basis to market, distribute, import, offer for sale and/or sell, the products within the territories, either on its own, or through its affiliates or sub-licensees shall be ₹ 800 Lacs. Therefore, the aggregate consideration shall be ₹ 900 lakhs under the Development, License and Supply agreement for marketing and sales dated January 31, 2007.

Further, it is agreed that the ownership of inventions, whether patentable or not, developed in connection with this agreement, shall be with ZLL, for all products and data existing before the date of the agreement and with SPIL for all products developed during the course of this agreement. SPIL shall control and make all decisions regarding the strategy and tactics of marketing, selling and commercializing the products including the method of sales and distribution, packaging and labeling, appointment of sub-licensees and distributors. During the term of this agreement and for a period of 5 years after its expiration or earlier termination, each party shall obtain cost and expense liability insurance applicable to its performance.

Material transfer agreement dated March 21, 2016 entered between ZLL and SPIL

Pursuant to this agreement, ZLL agrees to provide certain material owned by ZLL, for evaluation to SPIL, which shall be used by SPIL solely for the purposes of performing research and development and undertakes to obtain and

keep valid at its cost, all the required approvals, permissions and licenses in connection with the transfer of the materials to SPIL under the agreement. The material shall not be used in any evaluation that is subject to consulting or licensing obligations to another institution, corporation and business entity, unless written permission is obtained in advance from ZLL. Further, the materials shall not be used for *In Vivo* application in humans.

SPIL undertakes that it shall not distribute, release or disclose the materials to any other person or entity other than the employees, business associates, consultants and agents of SPIL (“Permitted Recipients”) and shall ensure that no one will be allowed to take or send the materials to any other location other than the location of SPIL and its Permitted Recipients, unless permission is obtained in advance from ZLL in writing. Further, SPIL shall destroy or return the materials to ZLL, upon the request of ZLL.

All patentable and unpatentable inventions, ideas, discoveries, design, copyright, trade secrets made, developed or conceived in connection with the agreement and solely related to the materials will be the exclusive property of SPIL regardless of inventorship and ZLL will assign all ownership rights it has in any such intellectual property. Further, there is no expressed or implied expectation of any kind or type of payment or other compensation by either party arising out of the agreement, except as may be set forth in any subsequent agreement between the parties

This Agreement shall commence with effect from May 21, 2016 and shall be in force for a period of 5 years subject to prior termination.

Agreement for Manufacture and Supply of Pharmaceutical Formulation dated April 1, 2013 between SPIL (erstwhile RLL) and ZLL

Pursuant to this agreement, ZLL has agreed to manufacture certain products namely Paclitaxell IIP/USP 6 mg for brand names Clixel 30, Clixel 100, Clixel 300 and Gemcitabine Hydrochloride equivalent to Gemcitabine USP 200 mg for brand names Xtroz 200mg and Xtroz 1000 mg (together referred to as “**Products**”) and sell them to SPIL at a price agreed between the parties. SPIL in turn shall buy the products from ZLL to be sold, distributed and marketed by SPIL in Nepal and India. ZLL has further agreed to manufacture the Products as per good manufacturing practice approved by Food and Drugs authorities. The marketing of the product shall be carried out by SPIL under its own trademark.

Further, ZLL has agreed to obtain insurance, at its own expense, throughout the continuance of this agreement and for 5 years thereafter, adequate product liability insurance, for bodily injury, death or property damage, insuring SPIL and its affiliates from loss, liability, damage directly or indirectly arising from or incidental to resulting from any defect in manufacture of the Products including products not conforming to specifications for Products manufactured by ZLL. Our Company shall sell and supply the product to SPIL at prices mutually agreed between the parties from time to time in respect of the product.

This Agreement shall commence with effect from April 1, 2013 and was extended for a period of 3 years with effect from April 1, 2015.

Licensing and Marketing agreement dated April 1, 2013 executed between SPIL (erstwhile RLL) and ZLL

Pursuant to this agreement, ZLL has agreed to grant SPIL a license for sale, marketing and distribution of certain fully finished and packed products developed by ZLL namely Rubizen 10, Rubizen 50, Zenotere 20, Zenotere 80, Zenotere 120, Irnozen 40, Irnozen 100, Oxidach 50 and Oxidach 100 (together referred to as “**Products**”) in Nepal and India. SPIL in turn has agreed to sell, advertise, and promote the Products at its own expense.

Further, it is agreed that the Product shall carry a legend “manufactured by ZLL and marketed by SPIL under agreement with ZLL”. ZLL has agreed to procure all government approvals necessary as per applicable regulatory requirements and maintain the same throughout the term of the agreement. ZLL has further agreed to procure insurance for the products whilst in the premises or during delivery including risk of fire, flood, etc. including product liability claims or to adequate cover the value of the products. SPIL shall pay our Company a purchase price and the payment terms for the product supplied by our Company, in accordance with the terms separately agreed by the parties in writing.

This Agreement shall commence with effect from April 1, 2013 and was extended for a period of 3 years with effect from April 1, 2015.

Trademark license user agreement dated September 30, 2011 entered between SPIL (erstwhile RLL) and ZLL

Pursuant to this agreement, SPIL, owner of the trademarks namely 'Clixel' and 'Xtroz' ("Trademarks"), has agreed to grant ZLL non-exclusive license to use the Trademarks during the term of the agreement in connection with the packaging, advertisement, sale and distribution of the products manufactured by ZLL in India. It is agreed that ZLL shall pay license fee at 1% of the value of purchase price for the products sold to third party. Further, ZLL has agreed that without prior approval of SPIL it shall not use the Trademarks in the packaging material for the products.

This agreement shall commence with effect from September 30, 2011 and shall be in force for a period of 18 months subject to prior termination. The parties have extended the term of the agreement for 5 years with effect from April 1, 2013.

Schemes entered into by the Company

A brief summary of the scheme of amalgamation which has been entered into by the Company is as follows:

A scheme of amalgamation and arrangement between Zenotech Laboratories Private Limited ("Transferor Company") and Sunline Technologies Limited ("Transferee Company")

A scheme of amalgamation of Transferor Company with Transferee Company was approved by the High Court of Andhra Pradesh vide order dated July 1, 2004 with effect from November 1, 2003 ("Appointed date"). As a result of the scheme becoming effective,

- (i) The Transferor Company shall stand dissolved without any process for winding up
- (ii) The entire undertaking of the Transferor Company will be transferred to Transferee Company
- (iii) All liabilities, debts, duties and obligations shall be transferred to the Transferee Company
- (iv) All legal and other proceeding in any court or tribunal or before any authority with which the Transferor Company is concerned may be enforced against the Transferee Company
- (v) All the employees of Transferor Company shall become the employees of the Transferee Company without interruption in service;
- (vi) The shareholders of Transferor Company would be issued 5 equity shares of ₹ 10 each fully paid up for every 1 equity shares of ₹ 10 each fully paid up, held by the shareholders of the Transferor Company;
- (vii) All contracts, deeds and agreement to which Transferor Company was a party shall be enforced as if the Transferee Company was a party to the same;
- (viii) The name of the Transferee Company shall be changed to Zenotech Laboratories Limited.

A scheme of amalgamation between Credence Pharmaceuticals Limited ("Transferor Company 1") and Hemarus Healthcare Private Limited ("Transferor Company 2"), (together referred to as Transferor Companies) and Zenotech Laboratories Limited ("Transferee Company")

A scheme of amalgamation of Transferor Companies with Transferee Company was approved by the High Court of Andhra Pradesh vide order dated May 2, 2006 with effect from appointed date, i.e. October 1, 2005 . The salient features of the Scheme of Amalgamation are as follows:

- (i) The transfer of all assets and liabilities of the Transferor Companies to the Transferee Company
- (ii) The employees, workmen and other staff of the Transferor Companies, would become the employees of the Transferee Company, without effecting their continuity of service.
- (iii) On the scheme becoming effective, the shareholders of Transferor Company 1 would be issued 2 equity shares of ₹ 10 each fully paid up for every 3 equity shares of ₹ 10 each fully paid up, held by the shareholders of the Transferor Companies. Similarly, the Transferee Company shall, upon the scheme becoming effective, issue 51 equity shares of ₹ 10 each fully paid of the Transferee Company to the

shareholders of the Transferor Company 2 for every 10 equity shares of the value of ₹ 10 each fully paid up, and the Transferor Companies would get dissolved without winding up orders.

Scheme of amalgamation and arrangement between Ranbaxy Laboratories Limited (“Transferor Company”) and Sun Pharmaceutical Industries Limited (“Transferee Company”)

A scheme of amalgamation of Transferor Company with Transferee Company was approved by the High Court of Gujarat and High Court of Punjab and Haryana vide orders dated November 14, 2014 and March 9, 2015 respectively with effect from March 24, 2015 and the appointed date being April 1, 2014. The salient features of the scheme of amalgamation are as follows:

- (i) The transfer of all the assets and liabilities of the Transferor Company to the Transferee Company;
- (ii) Issue and allotment to the shareholders of the Transferor Company equity shares of ₹ 1 each in the ratio of 0.80 equity shares of Re. 1 each of the Transferee Company for every 1 equity share of ₹ 5 each on the record date;
- (iii) Issue of stock options to the employees of the Transferor Company holding transferor options entitling the eligible employees to purchase equity shares of the Transferee Company;
- (iv) The permanent employees of the Transferor Company would become the employees of the Transferee Company without any break or interruption in the service;
- (v) The Transferor Company shall stand dissolved without winding up;
- (vi) Increase in the authorized share capital of the Transferee Company to ₹ 6,000,000,000 divided into 5,990,000,000 equity shares of Re. 1 each and 100,000 preference shares of ₹ 100 each and subsequent amendment in clause V of the MOA and article 4 of the AOA of the Transferee Company; and
- (vii) Appointment of 1 non-executive director designated in writing by Daiichi Sankyo Company, Limited on the board of the Transferee Company. The appointment shall be terminated permanently subject to reduction of the shareholding of DSCL below 5% of equity shares of Transferee Company.

Strategic Partners

As on the date of this Letter of Offer, our Company does not have any strategic partners.

Financial Partners

As on the date of this Letter of Offer, apart from the various arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

OUR MANAGEMENT

Board of Directors

As per the AOA of our Company, we shall not have less than 3 (three) or more than 15 (fifteen) Directors on our Board of Directors. The following table sets forth certain details regarding the Board of Directors as on date of this Letter of Offer:

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorship
1.	Azadar Khan Address: B-202, Hill View Park, Thakur Village, Kandivali (E), Mumbai – 400 101, Maharashtra, India Designation: Non – Executive and Non – Independent Director Occupation: Service DIN: 01219312 Term: Liable to retire by rotation Nationality: Indian	58	i. Nimbua Greenfield (Punjab) Limited ii. Foundation for Disease Elimination and Control of India
2.	Jignesh Goradia Address: 403, Doshi Mansion, M.G. cross road no. 3, opposite Saraswat Co-operative Housing Society, Kandivali (W), Mumbai – 400 067, Maharashtra, India Designation: Non – Executive and Non – Independent Director Occupation: Practicing Chartered Accountant DIN: 07229899 Term: Liable to retire by rotation Nationality: Indian	49	i. TG Terminals Private Limited
3.	Chintan Shah Address: B-201, Pankaj building, Kamal apartments, Shankar lane, Kandivali (W), Mumbai – 400 067, Maharashtra, India Designation: Independent Director Occupation: Practicing Chartered Accountant	33	i. Vidyut Investments Limited ii. Neetnav Real Estate Private Limited iii. Skisen Labs Private Limited

Sr. No.	Name, Address, Occupation, DIN, Term and Nationality	Age (in years)	Other Directorship
	DIN: 07325664		
	Term: For a period of five years effective from January 27, 2016		
	Nationality: Indian		
4.	Kavita Shah	49	i. Kapstone Constructions Private Limited
	Address: C-302, Raj Heights, M.G. road, opposite Anand Nagar, Kandivali (W), Mumbai – 400 067, Maharashtra, India		
	Designation: Independent Director		
	Occupation: Service		
	DIN: 02566732		
	Term: For a period of 5 years effective from April 1, 2015		
	Nationality: Indian		

Confirmations

None of the Director is or was a director of any listed company in India during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on BSE and NSE during the term of their directorship in such company.

Further, none of the Directors is or was a director of any listed company, which has been or was delisted from any recognized stock exchange in India during the term of their directorship in such company.

Relationship between Directors

None of the Directors of our Company are related to each other.

Brief Profiles

Azadar Khan, aged 58 years, is a Non – Executive and Non – Independent Director of our Company. He holds a Post Graduate Diploma in Psychological Counselling and Master's degree of Science in Counselling and Psychotherapy from Institute of Psychotherapy and Management Sciences. Prior to joining our Company, he has worked with Tamil Nadu Dadha Pharmaceuticals Limited. He has an experience of over 18 years in human resource and corporate relations sector and presently working with one of our Promoters, Sun Pharmaceutical Industries Limited. He is associated with our Company as a director since August 25, 2015.

Jignesh Goradia, aged 49 years, is a Non – Executive and Non – Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India and is a practicing chartered accountant. He is the proprietor of M/s. Jignesh Goradia & Associates, Chartered Accountants, and has an experience of over 22 years in the field of audit, income tax and sales tax matters. He is associated with our Company as a director since July 8, 2015.

Chintan Shah, aged 33 years, is an Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India and is a practicing chartered accountant. He has an experience of over 8 years in the field of consultancy and advisory services in finance, indirect tax, direct tax, audit, income tax and sales tax matters. He is associated with our Company as a director since January 27, 2016.

Kavita Shah, aged 49 years, is an Independent Director of our Company. She is a qualified chartered accountant and is a member of the Institute of Chartered Accountants of India. She also possesses Merchant Banking Certification from National Institute of Securities Market. Presently, she is associated with INGA Capital Private Limited. She has an experience of over 25 years in accounting, auditing, taxation, company law matters, project financing, corporate restructuring, corporate and management consultancy, merchant banking, investment banking, etc. She is associated with our Company as a director since April 1, 2015.

Details of any arrangement or understanding with major shareholders, customers, suppliers or others

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above mentioned Directors have been appointed on the Board. However, Azadar Khan, our Non – Executive and Non – Independent Director is presently working with one of our Promoters, Sun Pharmaceutical Industries Limited.

Details of Service Contracts for providing benefits upon termination

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination of employment.

Payment or benefit to Directors of our Company

Except as disclosed in the “*Related Party Transactions*” in “*Financial Statements*” beginning on page 143 of this Letter of Offer, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration or sitting fees for services rendered as Directors, officers or employees.

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders at the AGM of the Company held on September 29, 2014 and in accordance with the provisions of the Companies Act and rules made thereunder, our Board has been authorised to borrow any sum of money from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceeds the aggregate of the paid up share capital and free reserves of our Company, but be subject to an overall limit of ₹ 10,000 lacs at any time.

Compensation to Non-Executive Directors

Pursuant to a resolution of our Board dated November 9, 2016 our non-executive and independent Directors are entitled to receive sitting fees of ₹ 10,000 for attending each meeting of our Board. There is no sitting fee for attending each meeting of the committees of our Board. Details of the sitting fees paid to our Directors in Fiscal Year 2017 are as follows:

(₹. In lakhs)		
Sr. No.	Name of the Director	Amount paid in Fiscal year 2017
1.	Azadar Khan	Nil
2.	Jignesh Goradia	0.30
3.	Chintan Shah	0.30
4.	Kavita shah	0.30

Shareholding of Directors in our Company

None of our Directors hold any equity shares of our Company as on March 31, 2017.

Interest of the Directors

None of the Directors of our Company were paid any remuneration. However, all of our Directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them.

Further, none of our Directors are interested in the promotion of our Company.

Further, our Directors may also be regarded as interested in the Equity Shares that may, pursuant to this Issue, be allotted to their relatives or to companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

Our Company does not have any Group Company.

Except as stated in the section titled “*Related Party Transaction*” under the chapter “*Financial Information*” beginning on page 143 of this Letter of Offer and described herein our Directors do not have any other interest in our business.

None of our Director is a party to any bonus or profit sharing plan of our Company.

Our Directors have no interest in any property acquired by us within two years of the date of the Letter of Offer or proposed to be acquired by us.

Our Directors are not interested in the appointment of or acting as Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in the Board of Directors in the last three years

There has been no change in the Board of Directors, except as stated below during the last three years:

Name of the Director	Designation	Date of Appointment	Date of Cessation	Reason
Chintan Shah	Independent Director	January 27, 2016	-	Appointment
Vijay Agarwal	Independent Director	April 1, 2015	June 30, 2015	Appointment and Resignation
Azadar Khan	Non-Executive Non-Independent Director	August 25, 2015	-	Appointment
Jignesh Goradia	Non-Executive Non-Independent Director	July 8, 2015	-	Appointment
Kavita Shah	Independent Director	April 1, 2015	-	Appointment
Virendra Bhatt	Independent Director	June 30, 2015	January 27, 2016	Appointment and Resignation
Surinder Kohli	Director	November 8, 2014	June 30, 2015	Appointment and Resignation
Rajiv Gulati	Director	-	November 8, 2014	Resignation
Kundan Khurana	Independent Director	-	March 26, 2015	Resignation
Ranbir Bakshi	Director	-	June 1, 2015	Resignation
Junichi Koga	Director	-	June 10, 2014	Resignation
Sudershan Arora	Alternate Director to Junichi Koga	-	June 10, 2014	Resignation

Corporate Governance

We have complied with the provisions of the SEBI Listing Regulations, Companies Act and the SEBI ICDR Regulations in respect of the constitution of the Board and the committees thereof. Our Board presently comprises of 4 (four) directors of which 2 (two) are independent directors, and 2 are non-executive directors. Our Board of Directors includes Kavita Shah as a woman Director.

Committee of the Board of Directors

Our Board of Directors presently has 3 (three) committees which have been constituted in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations: (i) Audit Committee, (ii) Nomination and Remuneration Committee and (iii) Stakeholder's Relationship Committee.

(a) *Audit Committee*

Our Audit Committee was re-constituted pursuant to a board resolution dated January 27, 2016. It currently consists of the following members:

Name	Position on the committee
Kavita Shah	Chairperson
Jignesh Goradia	Member
Chintan Shah	Member

The Company Secretary shall act as the secretary to the Audit Committee.

Scope and terms of reference: The terms of reference of the Audit Committee include:

Powers of Audit Committee

A. The Audit Committee shall have the following powers:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

B. Terms of Reference/Role of the Audit Committee

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions;
 - vii. modified opinion(s) in the draft audit report;

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

Further, the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(b) Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was re-constituted pursuant to a board resolution dated January 27, 2016. It currently consists of the following members:

Name	Position on the committee
Kavita Shah	Chairperson
Jignesh Goradia	Member
Chintan Shah	Member

The Company Secretary shall act as the secretary to the Nomination and Remuneration Committee.

Scope and terms of reference: The terms of reference of the Nomination and Remuneration Committee include:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal;
6. To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(c) Stakeholders' Relationship Committee

Our Stakeholders' Relationship Committee was re-constituted as 'Stakeholder's Relationship Committee' on January 27, 2016. It currently consists of the following members:

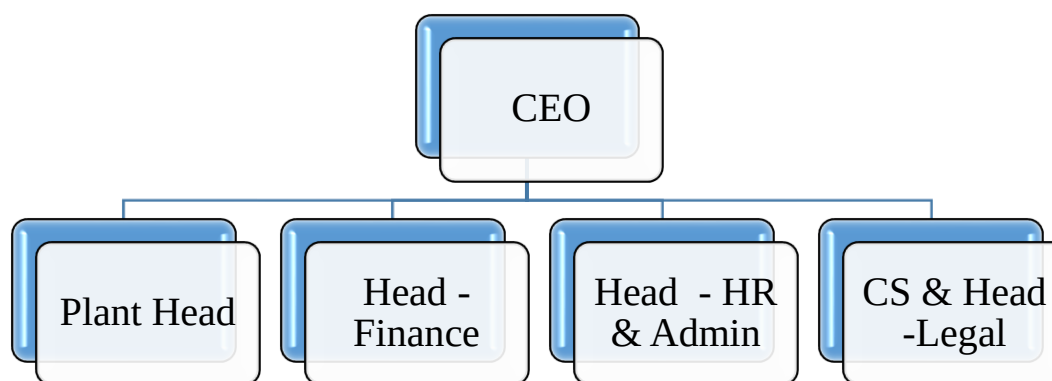
Name	Position on the committee
Jignesh Goradia	Chairman
Chintan Shah	Member

The Company Secretary shall act as the secretary to the Stakeholders' Relationship Committee.

Scope and terms of reference: The terms of reference of the Stakeholders' Relationship Committee include:

1. To redress the grievances of shareholders, debenture holders and other security holders;
2. To resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non – receipt of declared dividends; and
3. To approve share transfers, dematerialization, re – materialization and all other similar functions.

Management Organization Structure



Key Management Personnel

The following are the key managerial personnel of our Company:

Dinesh Kapoor, aged 52 years, is the chief executive officer of our Company. He holds Master's degree in Marketing Management from Narsee Monjee Institute of Management Studies, Mumbai. He has over 31 years of experience in pharma industry and is currently responsible for the business and operations of the Company. He has been associated with our Company since August 1, 2013. During the Fiscal 2017, he was paid a gross annual compensation of ₹ 61.78 lacs.

Kachappilly Varghese Poly, aged 47 years, is the chief financial officer of our Company. He holds a Bachelor's degree in Commerce from Calicut. He has over 25 years of experience in accounts and finance and is currently responsible for accounting and financial matters. He has been associated with our Company since February 3, 2015. During the Fiscal 2017, he was paid a gross annual compensation of ₹ 13.57 lacs.

Abdul Gafoor Mohammad, aged 37 years, is the company secretary and compliance officer of our Company. He holds a Bachelor's degree in Business Management from Nagarjuna University and is a law graduate from Osmania University. He is a member of the Institute of Company Secretaries of India. He has over 11 years of experience in corporate laws compliance and is currently responsible for handling legal and secretarial matters in our Company. He joined our Company on March 11, 2016. Prior to joining our Company, he was associated with Sai Regency Power Corporation Private Limited and Tanla Solutions Limited. During the Fiscal 2017, he was paid a gross annual compensation of ₹ 12.08 Lacs.

All the Key Managerial Personnel mentioned above are permanent employees of our Company.

Nature of any family relation between any of the key managerial personnel

None of the Key Managerial Personnel of our Company are related to each other.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Key Managerial Personnel was selected as member of senior management.

Bonus or profit sharing plan for Key Managerial Personnel

Our Company does not have a performance linked bonus or profit sharing plan for the Key Managerial Personnel as on date of this Letter of Offer.

Shareholding of the Key Managerial Personnel

Except for Dinesh Kapoor who holds 13 Equity Shares and Kachappilly Varghese Poly who holds 1 Equity Share in our Company, no other Key Managerial Personnel holds any Equity Shares of our Company as on March 31, 2017.

Changes in Key Managerial Personnel

Except as mentioned below, there has been no change in Key Managerial Personnel during the last three years:

Name of Employee	Designation	Date of change	Reason
Abdul Gafoor Mohammad	Company Secretary and Compliance Officer	March 11, 2016	Appointment
Chinmoy Patnaik	Company Secretary and Head, Legal	November 16, 2015	Resignation
Kachappilly Varghese Poly	Chief Financial Officer	February 3, 2015	Appointment

Interest of Key Managerial Personnel

Except as disclosed in this Letter of Offer, the Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of their shareholding and remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Loans taken by Directors or Key Managerial Personnel

None of our Directors or Key Managerial Personnel has taken any loan from our Company.

Employees' Stock Option Plan

As on date of this Letter of Offer, our Company does not have any employee stock option scheme.

Payment or Benefits to Officers of our Company

Except as disclosed in this Letter of Offer, other than statutory payments and remuneration, in the last two years our Company has not paid or intended to pay any non-salary amount or benefit to any of its officers.

OUR PROMOTER AND PROMOTER GROUP

Sun Pharmaceutical Industries Limited and Daiichi Sankyo Company, Limited are the Promoters of our Company. Our Promoters currently holds 2,30,14,578 Equity Shares, equivalent to 66.85% of the pre-issue issued, subscribed and paid-up Equity Share Capital of our Company. However, as of now, Daiichi Sankyo Company, Limited (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of the Company.

On June 11, 2008, Daiichi Sankyo Company, Limited entered into a Share Purchase and Share Subscription Agreement (“**SP SSA**”) with (a) Malvinder Mohan Singh; (b) Shivinder Mohan Singh; and (c) Others (collectively known as “**Sellers**”) and Ranbaxy Laboratories Limited (“**RLL**”) to acquire controlling stake in RLL. Pursuant to the SPSSA, Daiichi Sankyo Company, Limited made an open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the issued Equity Shares of the Company held by the public. Pursuant to such public offer and following its completion, Daiichi Sankyo Company, Limited acquired 68,86,500 Equity Shares of the Company, representing 20% of the pre-issue issued, subscribed and paid-up Equity Share Capital of the Company.

Pursuant to the scheme of arrangement between Sun Pharmaceutical Industries Limited and Ranbaxy Laboratories Limited approved by High Court of Gujarat by its order dated November 14, 2014 and High Court of Punjab and Haryana by its order dated March 9, 2015 which become effective on March 24, 2015 (“**Scheme of Arrangement**”), Sun Pharmaceutical Industries Limited acquired 1,61,27,293 Equity Shares, equivalent to 46.84% of the pre-issue issued, subscribed and paid-up Equity Share Capital of our Company. Pursuant to the Scheme of Arrangement, Sun Pharmaceutical Industries Limited made an Open Offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and acquired 785 Equity Shares of our Company on July 24, 2015.

Sun Pharmaceutical Industries Limited (“SPIL”)

Corporate Information

SPIL was incorporated as a partnership firm named “Sun Pharmaceutical Industries” *vide* Partnership Deed dated April 8, 1982 which was later converted into a public limited company under the name of “Sun Pharmaceutical Industries Limited” on March 1, 1993 *vide* Certificate of Incorporation bearing registration number 019050, issued by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. SPIL received its Certificate for Commencement of Business from the Registrar of Companies, Gujarat on March 18, 1993. The CIN of SPIL is L24230GJ1993PLC019050. SPIL’s equity shares have been listed on BSE and NSE since December 19, 1994.

SPIL is currently engaged *inter alia* in the development, manufacturing and commercialization of pharmaceutical products including a variety of pharmaceutical formulations and active pharmaceutical ingredients.

SPIL is promoted by Dilip Shanghvi.

Board of Directors

The board of directors of SPIL as on the date of this Letter of Offer are as under:

Sr. No.	Name of Director	Designation
1.	Israel Makov	Chairman and Non – Executive Director
2.	Dilip Shanghvi	Managing Director
3.	Sudhir Valia	Whole-time Director
4.	Sailesh Desai	Whole-time Director
5.	Kalyanasundaram Iyer Natesan Subramanian	Whole-time Director
6.	Keki Mistry	Independent Director

Sr. No.	Name of Director	Designation
7.	Ashwin Dani	Independent Director
8.	Rekha Sethi	Independent Director
9.	Mohanchand Dadha	Independent Director
10.	Hasmukh Shah	Independent Director

Further, none of the directors of SPIL are holding any Equity Shares in our Company.

Changes in the management and control

There has been no change in the management and control of SPIL in the three years preceding the date of the Letter of Offer.

Shareholding pattern

The authorised capital of SPIL is ₹ 60,000 Lacs divided into 59,900 lacs equity shares of the face value of ₹ 1 each and 100,000 Cumulative Preference Shares of ₹ 100 each. As on March 31, 2017, the issued, subscribed and paid-up share capital of SPIL is ₹ 2,39,92,91,181 divided into 2,39,92,91,181 equity shares of the face value of ₹ 1 each.

The Summary Statement holding of specified securities of SPIL as on March 31, 2017 is as follows:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	25	1,30,48,55,381	1,30,48,55,381	54.39	3,96,76,000	3.04	1,30,48,43,381
(B) Public	5,71,972	1,09,44,05,434	1,09,44,05,434	45.61		0.00	1,08,01,53,028
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust	1	30,366	30,366	0.00		0.00	30,366
(C) Non Promoter-Non Public	1	30,366	30,366	0.00		0.00	30,366
Grand Total	5,71,998	2,39,92,91,181	2,39,92,91,181	100.00	3,96,76,000	1.65	2,38,50,26,775

We confirm that the PAN, bank account number, the company registration number and address of the RoC where SPIL is registered has been submitted to the Stock Exchange at the time of filing of the Draft Letter of Offer.

Daiichi Sankyo Company, Limited (“DSCL”)

Corporate Information

DSCL, is a company incorporated on September 28, 2005 under the laws of, Japan and bearing registration number 0100-01-095640 and has its registered office at 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo – 103 8426, Japan. DSCL is engaged in the business of research, development and marketing of pharmaceuticals.

Board of Directors

The board of directors of DSCL as on the date of this Letter of Offer are as under:

Sr. No.	Name of Director	Designation
1.	Joji Nakayama	Representative Director, Chairman and CEO
2.	Kazunori Hirokawa	Representative Director, Member of the Board, Executive Vice President and CFO
3.	Sunao Manabe	Representative Director, Member of the Board, President and COO
4.	Toshiaki Sai	Member of the Board and Senior Executive Officer
5.	Katsumi Fujimoto	Member of the Board and Senior Executive Officer
6.	Toshiaki Tojo	Member of the Board and Senior Executive Officer
7.	Hiroshi Toda	Member of the Board (Outside)
8.	Noritaka Uji	Member of the Board (Outside)
9.	Naoki Adachi	Member of the Board (Outside)
10.	Tsuguya Fukui	Member of the Board (Outside)

As on date of this Letter of Offer, none of the Directors of DSCL is holding any equity Shares of our Company.

Shareholding pattern

The shareholding pattern of DSCL as on March 31, 2017 are as under:

Category	Number of shares held (Shares in thousand)	As a % of total no. of shares
Government and Public	0	0.00
Financial institutions	307,305	43.34
Financial Instruments Firms	16,682	2.35
Domestic corporations	33,165	4.68
Foreign individuals and foreign corporations	196,747	27.75
Individuals and others	109,324	15.42
Treasury stock	45,785	6.46
Total	709,011	100.00%

We confirm that the Permanent Account Number, bank account number and the Company Registration Number and address of the registrar of companies where DSCL are registered, will be submitted to the Stock Exchanges at the time of filing this Letter of Offer.

Interest of Promoters in promotion of our Company

Our Promoters are interested in our Company to the extent it has promoted our Company and to the extent of its shareholding and the dividend payable, if any and other distributions in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see “*Capital Structure*” on page 58 of the Letter of Offer.

Interest of Promoters in property of our Company

Our Company has entered into a loan licensing agreement dated December 28, 2015 with SPIL for manufacturing of certain products in accordance with the standards and specifications intimated by SPIL. SPIL supplies all requisite raw materials and packaging materials. Further, SPIL shall pay to ZLL conversion charges as mutually agreed from time to time in consideration of our Company carrying out such services.. For further details, see “*Our Business*”, “*History and Certain Corporate Matters*” and “*Financial Statements - Related Party Transactions*” on pages 95, 112 and 143, respectively of this Letter of Offer.

Except as stated in this section, Our Promoters has no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of the Letter of Offer, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Conflict of Interest

Our Promoters undertakes the business of development, manufacturing and commercialization of pharmaceutical products, which is also an activity undertaken by our Company and hence, there may be a conflict of interest between our Promoters and our Company. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and our Promoters.

Related Party Transactions

For details of related party transactions entered into by our Promoters, Promoter Group and Company during the last five Financial Year and for the nine months period ended December 31, 2016, the nature of transactions and the cumulative value of transactions, see “*Financial Statements - Related Party Transactions*” on page 143 of the Letter of Offer.

Interest of Promoter in Sales and Purchases

Other than as disclosed in “*Financial Statements - Related Party Transactions*” on page 143 of the Letter of Offer, there are no sales/purchases between our Company and our Promoter Group and Group Entities when such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company or any business interest between our Company, our Promoters Group and Group Entities, as on the date of the last financial statements. Payment of benefits to our Promoter or our Promoter Group Except as stated in the “*Financial Statements - Related Party Transactions*”, “*Our Management*” and “*Our Promoter and Promoter Group*” on pages 143, 122 and 131, respectively, of this Letter of Offer neither has there been any payment of benefits to our Promoters or Promoter Group during the two years preceding the filing of the Letter of Offer, nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

Except as stated in the “*Related Party Transactions*” , “*History and Certain Corporate Matters*”, “*Our Management*” and “*Our Promoter and Promoter Group*” on pages 143, 112, 122 and 131, respectively, of the Letter of Offer, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Letter of Offer or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with.

Litigation involving our Promoters

For details of legal and regulatory proceedings involving our Promoters, see “*Outstanding Litigation and Material Developments*” on page 221 of the Letter of Offer.

Confirmations

Our Promoters have not been declared as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and except as disclosed under “*Outstanding Litigations and Material Developments*” at page 221 of the Letter of Offer there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against our Promoters.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Except disclosed below, there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of the Offer against our Promoter:

(i) *Letter dated August 10, 2016 issued by SEBI to DSCL*

DSCL has received a notice bearing no. EFD/DRA-III/MC/NRM/22446/2016 dated August 10, 2016 issued by the SEBI to initiate/ launch adjudication proceedings under Section 15A (b) of the Securities and Exchange Board of India Act, 1992 for the alleged violations of provisions of (i) the Securities and Exchange Board of India Act, 1992; (ii) regulation 7(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and (iii) regulation 13(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in relation to the acquisition of 19.79% shareholding of the Company by DSCL on September 24, 2010. Consequent to the notice, DSCL has filed a settlement application with the SEBI on November 8, 2016 under regulation 3(1) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned non-compliance. Accordingly, the matter is currently pending before the SEBI. No interim or final orders establishing any violation of the alleged provisions has been passed and no penalties have been imposed by SEBI in this regard so far.

(ii) *Letter dated July 11, 2016 issued by SEBI to Sun Pharmaceutical Industries Limited, its directors and officials and of erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of Daiichi Sankyo Company, Limited)*

SEBI has issued letter bearing no. EFD/DRA-II/SPV/RK/19588/1-11/2016 dated July 11, 2016 to Sun Pharmaceutical Industries Limited, certain of the Directors and the Company Secretary of Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) (“**Noticees**”) regarding initiation of adjudication proceedings under Section 15HB of the Securities and Exchange Board of India Act, 1992. The letter requires the above-mentioned persons to show cause for the alleged violations of Regulation 12(2) read with Regulation 12(1) of the SEBI (Prohibition of Insider Trading Regulations), 1992. In this regard, Sun Pharmaceutical Industries Limited has filed a consolidated settlement application, on behalf of Sun Pharmaceutical Industries Limited, the respective Directors and the Company Secretary of the Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) to the SEBI on September 22, 2016 in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned alleged non-compliance. Further, Sun Pharmaceutical Industries Limited *vide* a letter dated May 23, 2017 offered a sum of ₹ 18.00 Lac to SEBI towards settlement terms on behalf of all the Noticees. The adjudication of the said proceedings is pending before SEBI.

For further detail, please refer to the chapter titled “*Outstanding Litigation and Material Developments*” on page 221 of the Letter of Offer.

Our Promoters are not and has never been a promoter or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Sick Company

No winding up proceedings have been initiated against our Promoters. Neither our Promoters nor any of our Promoter Group companies have become defunct in the five years preceding the date of the Letter of Offer.

Companies with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated itself from any company or firm during the three years preceding the Letter of Offer, except as stated below:

Companies/firms from which DSCL has disassociated itself	Terms, circumstances and reasons
Ranbaxy Unichem Company Limited	Held temporarily in the process of reorganization of Thai joint venture company with Ranbaxy
Astellas Pharma Inc.	Sold as mutual selling off of stock cross-holdings
DNAVEC Corporation	Exchanged with shares of From Holdings
Celestar Lexico-Sciences, Inc.	Sold as research collaboration was dissolved
Toyo Keizai Inc.	Applied to its share buybacks offer
From Group Co., Ltd.	Obtained through share exchange of DNAVEC and sold as no reason to retain
ImmunoFrontier, Inc.	Sold to its directors upon request
AnGes MG, Inc.	Sold as collaboration relationship was dissolved
Nishimura Shiki Co., Ltd.	Applied to its share buybacks offer
Ranbaxy Laboratories Ltd.	Merger with Sun Pharmaceutical Industries Ltd.
Sun Pharmaceutical Industries Limited	Sold from the perspective of the improvement of corporate value
AXA Life Insurance Co., Ltd.	Applied to its share buybacks offer
Shinkawa Jouhou (English name not available)	The company was liquidated
GRANVISTA Hotels & Resorts Co., Ltd	Sold to GRANVISTA Holdings
DAIICHI SANKYO MEXICO PHARMA S.A. DE C.V.	The company was liquidated
SymBio Pharmaceuticals Limited	Sold as no reason to continue investment
Thomas Weisel Healthcare Venture Partners, L.P.	Sold as no reason to continue investment
VITAL KSK HOLDINGS, INC.	Sold to its directors upon request
SHIBUYA CORPORATION	Sold as mutual selling off of stock cross-holdings
Asahi Kogyo (English name not available)	Sold as mutual selling off of stock cross-holdings
NAGASE & CO., LTD	Sold as mutual selling off of stock cross-holdings
FUJI GLASS.CO.,LTD	Sold as mutual selling off of stock cross-holdings
Nippon Kayaku Co., Ltd.	Sold as mutual selling off of stock cross-holdings
NIHON NOHYAKU CO.,LTD.	Sold as mutual selling off of stock cross-holdings
Oji Holdings Corporation	Sold as mutual selling off of stock cross-holdings
TAISEI CORPORATION	Sold as mutual selling off of stock cross-holdings
U3 Pharma GmbH	The company was closed

Companies/firms from which SPIL has disassociated itself	Terms, circumstances and reasons*
Daiichi Sankyo (Thailand) Limited	Divestment
Silverstreet Developers LLP	Divestment of 95%
Taro Hungary Intellectual Property Licensing Limited Liability Company	Liquidated
Sun Pharmaceutical Spain, S.L.U	Liquidated
Sirius Laboratories, Inc.	Dissolved
Perryton Wind Power LLC	Dissolved

Companies/firms from which SPIL has disassociated itself	Terms, circumstances and reasons*
DUSA Pharmaceuticals New York, Inc.	Dissolved
MSD - Sun FZ LLC	De-registration
Ranbaxy Portugal Com-E Desenvolv De Prod Farmaceuticos Unipessoal Lda	Liquidated
Ranbaxy Belgium NV	Liquidated
Orta Ltd.	Liquidated
Tarochem Limited	Liquidated
Aditya Pharma Private Limited	Liquidated
Ranbaxy USA, Inc.	Liquidated

**Disassociation does not include merger and amalgamation of entities with which SPIL was associated.*

Change in the management and control of our Company

Pursuant to the Scheme of Arrangement in the years 2014 - 2015, Sun Pharmaceutical Industries Limited acquired 16,127,293 Equity Shares, equivalent to 46.84% of the pre-offer issued, subscribed and paid-up Equity Share Capital of our Company and become one of the Promoters of our Company. Pursuant to the Scheme of Arrangement, Sun Pharmaceutical Industries Limited made an Open Offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and acquired 785 Equity Shares of our Company on July 24, 2015.

Our Promoter Group

Apart from our Promoters, our Promoter Group shall comprise of persons and entities forming part of our Promoter Group in terms of the Regulation 2(1)(zb) of the ICDR Regulations and persons and entities as disclosed to BSE under Regulations 31 of the SEBI Listing Regulations in filing made by our Company.

Set forth below is a list of the members forming part of our Promoter Group, as on the date of this Letter of Offer:

Spil De Mexico S.A. DE C.V.	Daiichi Sankyo Espha Co., Ltd.
Sun Pharmaceutical (Bangladesh) Limited	Daiichi Sankyo Healthcare Co., Ltd.
Sun Pharma Holdings	Im Co.,Ltd.
Sun Pharma De Mexico S.A. DE C.V.	J Contents Co.,Ltd.
Sun Pharmaceutical Peru S.A.C.	Im America Co.,Ltd.
OOO "Sun Pharmaceutical Industries Limited"	IMRF International Singapore Pte. Ltd.
Green Eco Development Centre Limited	IM Riceforce Malaysia Sdn. Bhd.
Sun Pharma de Venezuela C.A.	IMRF International HongKong Limited
Sun Pharma Laboratories Limited	Daiichi Sankyo Propharma Co., Ltd.
Neetnav Real Estate Private Limited	Daiichi Sankyo Chemical Pharma Co., Ltd.
Skisen Labs Private Limited	Asubio Pharma Co.,Ltd.
Softdeal Trading Company Private Limited	Daiichi Sankyo RD Novare Co.,Ltd.
Faststone Mercantile Company Private Limited	Daiichi Sankyo Business Associe Co., Ltd.
Realstone Multitrade Private Limited	Daiichi Sankyo Happiness Co., Ltd.
Ranbaxy Drugs Limited	Kitasato Daiichi Sankyo Vaccine Co., Ltd.
Vidyut Investments Limited	Japan Vaccine Co., Ltd.
Gufic Pharma Limited	Japan Vaccine Distribution Co., Ltd.
Ranbaxy (Malasiya) Sdn. Bhd.	Hitachi Pharma Evolutions Ltd.
Ranbaxy (Netherlands) B.V.	Daiichi Sankyo U.S. Holdings, Inc.
Ranbaxy Nigeria Ltd	Daiichi Sankyo, Inc.
Ranbaxy Pharmacie Generiques	Daiichi Sankyo de Puerto Rico, Inc.
Sun Pharmaceutical Industries, Inc.	Plexxikon Inc.
Sun Farmaceutica do Brasil Ltda.	Ambit Biosciences Corp.
Foundation for disease elimination and control of India (Section 8 Company)	Ambit Europe Limited

Universal Enterprises Private Limited	Ambit Biosciences (Canada) Corporation
Office Pharmaceutique Industriel Et Hospitalier	Luitpold Pharmaceutical, Inc.
Sun Pharma Global FZE	American Regent, Inc.
Sun Pharmaceuticals (SA) (Pty) Ltd.	PharmaForce, Inc.
Sun Laboratories FZE	LP International, Inc.
Alkaloida Chemical Company ZRT	Dentagenetics, Ltd.
Sun Pharmaceutical Industries (Australia) Pty Limited	Roxro, Inc.
Sun Global Development FZE	Daiichi Sankyo Europe GmbH
Sun Pharmaceuticals Korea Ltd.	Daiichi Sankyo France SAS
Sun Global Canada Pty. Ltd	Daiichi Sankyo Deutschland GmbH
Sun Pharma Philippines, Inc	Daiichi Sankyo Italia S.p.A.
Sun Pharma Healthcare FZE	Daiichi Sankyo Espana S.A.
Sun Pharma Japan Ltd.	Daiichi Sankyo UK Ltd.
Sun Pharma East Africa Limited	Daiichi Sankyo (Schweiz) AG
Caraco Pharmaceuticals Private Limited	Daiichi Sankyo Portugal, Lda.
Pharmalucence Inc.	Daiichi Sankyo Austria GmbH
The Taro Development Corporation	Daiichi Sankyo Belgium N.V.-S.A.
DUSA Pharmaceuticals, Inc.	Daiichi Sankyo Nederland B.V.
Chattem Chemicals Inc.	Daiichi Sankyo Ilaç, Ticaret Ltd. Şti.
Mutual Pharmaceutical Company, Inc.	Daiichi Sankyo Ireland Ltd.
PI Real Estate Ventures, LLC	Daiichi Sankyo Altkirch Sarl
Morley & Company, Inc.	Daiichi Sankyo Northern Europe GmbH
URL PharmPro, LLC	Daiichi Sankyo Real Estate GmbH
Dungan Mutual Associates, LLC	Daiichi Sankyo Oncology Europe GmbH
Taro Pharmaceutical Industries Ltd. (TARO)	Daiichi Sankyo Development Ltd.
Sun Pharmaceuticals UK Limited	Daiichi Sankyo (China) Holdings Co., Ltd.
Sun Pharmaceuticals France	Daiichi Sankyo Pharmaceutical (Beijing) Co., Ltd.
Sun Pharmaceutical Industries (Europe) B.V.	Daiichi Sankyo Pharmaceutical (Shanghai) Co., Ltd.
Sun Pharmaceuticals Germany GmbH	Daiichi Sankyo Taiwan Ltd.
Sun Pharmaceuticals Italia S.R.L.	Daiichi Sankyo Korea Co., Ltd.
Aditya Acquisition Company Limited	Daiichi Sankyo (Thailand) Ltd.
Alkaloida Sweden AB	Daiichi Sankyo Hong Kong Ltd.
Sun Pharma Switzerland Ltd.	Daiichi Sankyo Brasil Farmaceutica LTDA.
Taro Pharmaceuticals North America, Inc.	Daiichi Sankyo Venezuela, S.A.
Taro Pharmaceutical U.S.A., Inc.	Daiichi Sankyo India Pharma Private Ltd.
MedInstill LLC	Hokusan Co., Ltd.
Taro International Ltd.	Sogo Pharmaceutical Co., LTD
Taro Pharmaceuticals Europe B.V.	Vaccine SAFE Co.
Taro Pharmaceuticals Inc.	Chitose Laboratory Corp.
3 SkyLine LLC	OiDE Fund Investment Limited Partnership
One Commerce Drive LLC	Kearny Venture Partners, L.P.
Taro Pharmaceutical Laboratories Inc.	
Taro Pharmaceuticals (UK) Limited	
Taro Pharmaceutical India Private Limited	
Taro Pharmaceuticals Ireland Ltd	
Taro Pharmaceuticals Canada, Ltd.	
S. C Terapia S.A.	
Laboratorios Ranbaxy S.L.U.	
AO Ranbaxy (Formerly known as ZAO Ranbaxy)	
""Ranbaxy Pharmaceuticals Ukraine""LLC	
Ranbaxy Pharmaceuticals Proprietary Limited (Previously known as BE- Tabs Pharmaceuticals (Proprietary) Ltd	

Ranbaxy South Africa Proprietary Limited
Ranbaxy Holdings (U.K.) Limited
Ranbaxy Farmaceutica Ltda.
Ranbaxy (Thailand) Company Limited
Ranbaxy (Poland) Sp.zo.o
Sun Pharmaceutical Industries S.A.C. (previously known as Ranbaxy-PRP (Peru) S.A.C.)
Ranbaxy Egypt LLC
Ranbaxy Italia S.P.A.
Ranbaxy (U.K.) Limited
Sun Pharma ANZ Pty LTD (name change from Ranbaxy Australia Pty Limited)
Ranbaxy Ireland Limited
Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morrocco LLC)
Ranbaxy Pharmaceuticals Canada Inc.
Basics GMBH
Ranbaxy GMBH
BE-Tabs Invesments Proprietary Limited
Sonke Pharmaceuticals Proprietary Limited
Ranbaxy Inc.
Ranbaxy Europe Limited
Ranbaxy Laboratories, Inc.
Ranbaxy Pharmaceuticals, Inc.
Ohm Laboratories, Inc.
Ranbaxy Signature LLC
Insite Vision Incorporated
Insite Vision Ltd.
Rexcel Egypt LLC
Sun Pharma Medisales Pvt Ltd (Previously known as Solrex Pharmaceuticals Company - partnership firm)
2 Independence Way LLC
JSC Biosintez
Ocular Technologies SARL
Sun Pharmaceuticals Holdings USA, INC
Sun Pharmaceutical Medicare Limited
MSD - Sun LLC
S & I Ophthalmic LLC
Artes Biotechnology GmbH

OUR GROUP ENTITIES

Details of our Group Company

In terms of the SEBI ICDR Regulations and in terms of the policy of materiality defined by our Board pursuant to the resolution passed on September 24, 2016, our Company has considered (i) companies included in the list of related parties prepared in accordance with Accounting Standard 18 in our Restated Financial Information; and (ii) other companies which are considered material by our Board.

A company has been considered material by the Board, if such company fall under accounting standard 18 issued by the Institute of Chartered Accountants of India in our Restated Financial Information and the Promoter Group entered into a transaction with our Company, individually or cumulative exceeds 10% of the total revenue of our Company;

Based on the above, there are no group companies of our Company. For avoidance of doubt, it is clarified that the Promoters and subsidiaries of our Company shall not be considered 'group companies'.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. Our Company has no formal dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see “*Financial Indebtedness*” on page 218 of the Letter of Offer.

Our Company has not adopted a Dividend Distribution Policy as on the date of this Letter of Offer. We have not declared any dividends during the nine months ended December 31, 2016 and the last five Financial Years preceding the filing of the Letter of Offer.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL STATEMENTS

The Board of Directors

Zenotech Laboratories Limited

Survey No. 250-252, Turkapally Village
Shameerpet Mandal,
Ranga Reddy District
Hyderabad, Telengana-500 078

Dear Sirs,

Re: Proposed Rights Issue of equity shares of face value of Rs. 10/- each by Zenotech Laboratories Limited (“ZLL”)

1. We have examined the attached restated standalone financial statements of Zenotech Laboratories Limited (the “Company”), which comprise the Standalone Summary Statement of Assets & Liabilities, as restated (Annexure 1) as at December 31, 2016, March 31, 2016, 2015, 2014, 2013 and 2012, the Standalone Summary Statement of Profit and Loss, as restated (Annexure 2) and the Standalone Summary of Cash Flows, as restated (Annexure 3) for the nine months period ended December 31, 2016 and years ended March 31, 2016, 2015, 2014, 2013 and 2012 and the Summary of Significant Accounting Policies (“the Restated Standalone Financial Statements”) as approved by the Board of Directors of the Company at their meeting held on 20th May, 2017 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Rights Issue and prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (“the Act”) read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (“the Rules”); and
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 (“ICDR Regulations”).

The preparation of the Restated Standalone Financial Statements (including the interim financial information mentioned in paragraph 4 below) is the responsibility of the Management of the Company for the purpose set out in paragraph 9 below. The Management’s responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Standalone Financial Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and ICDR Regulations.
2. We have examined such Restated Standalone Financial Statements taking into consideration
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 17th May, 2017 in connection with the proposed Rights Issue of the Company and
 - b) The Guidance Note on Reports in Company Prospectus (Revised 2016) issued by the Institute of Chartered Accountants of India (“The Guidance Note”).
3. These Restated Standalone Financial Statements have been compiled by the Management from the audited standalone financial statements for the nine months period ended December 31, 2016 and years ended March 31, 2016, 2015, 2014, 2013 and 2012, prepared in accordance with the accounting principles generally accepted in India at the relevant time and which have been approved by the Board of directors at their meetings

held on 20th May, 2017, 21st May 2016, 26th May 2015, 26th May 2014, 25th May 2013 and 14th November 2012 respectively.

Audit for the years ended March 31, 2015, 2014, 2013 and 2012 was conducted by previous auditors, M/s. B S R & Associates, and accordingly reliance has been placed on the audit undertaken by them and in view of the inability of the previous auditors to issue examination report for the previous periods on the Restated Standalone Financial Statements, we have undertaken adequate additional procedures to identify and deal with the material adjustments in those periods on the Restated Standalone Financial Statements.

4. We have also examined the financial information of the company for the period 1st April 2016 to 31st December 2016 prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company.

Based on the above, we report that in our opinion and according to the information and explanations given to us, the above interim financial information are in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable and the interim financial information are presented in the Restated Standalone Financial Statements appropriately.

5. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations and the Guidance Note, we report that:

- a) The Standalone Summary Statement of Assets and Liabilities, as restated of the Company as at December 31, 2016 and March 31, 2016, 2015, 2014, 2013 and 2012 examined by us, as set out in Annexure - 1 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- b) The Standalone Summary Statement of Profit and Loss, as restated of the Company for the nine months period ended December 31, 2016 and years ended March 31, 2016, 2015, 2014, 2013 and 2012, examined by us, as set out in Annexure - 2 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- c) The Standalone Summary Statement of Cash Flows, as restated of the Company for the nine months period ended December 31, 2016 and years ended March 31, 2016, 2015, 2014, 2013 and 2012, examined by us, as set out in Annexure - 3 to this report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Summary Statement of Adjustments to Audited Financial Information, as set out in Annexure - 4.
- d) Based on the above and according to the information and explanations given to us, we further report that the Restated Standalone Financial Statements
 - (i) do not contain any changes in accounting policies which require any adjustment retrospectively in respective financial years / period to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
 - (ii) have been made after incorporating adjustments for the material amounts in the respective financial years / period to which they relate;
 - (iii) do not contain any extra-ordinary items that need to be disclosed separately (other than those presented) in the Restated Standalone Financial Statements
 - (iv) have been made after incorporating adjustments for audit qualifications requiring such adjustments, which are as follows;

Qualifications in the Auditor's report as appearing in financial year ended 31st March 2012, 2013, 2014, 2015 and 2016 which require adjustments and which has been done in these Restated Standalone Financial Statements, are as follows.

1. As more fully explained in note to the Restated Standalone financial statement, the Company's application under the Companies Act, 1956, to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of INR 30.00 Lacs payable to Late Mr. B.K.Raizada, another erstwhile Co- Managing Director for the period from 19 March 2011 to 18 March 2013 was conditionally approved by MCA on 27 February, 2012. Pending compliance with the conditional approval by the Company, during the nine months period ended December 31, 2016 the same has been reversed from the other current liabilities and reflected as prior period adjustment in Statement of Profit and Loss. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to. Please refer note 3 of Annexure 4 to this Restated Standalone Financial Statement.
 2. As more fully explained in note to the Restated Standalone financial statement, the Company has filed a legal case against Dr.Jayaram Chigurupati, the erstwhile Co-Managing Director for recovering the managerial remuneration paid amounting to INR 79.80 Lacs during the period from 1 October 2007 to 31 March 2011, including an amount of INR 22.80 Lacs which was in excess of the prescribed limits for the year ended 31 March 2011 without obtaining the necessary prior approval from the Central Government of India which is in contravention of the provisions of the Companies Act, 1956. During the current period ended December 31, 2016 the same has been disclosed as recoverable from erstwhile Co-Managing Director and accordingly provisions has been made to that extent in the books of account (both debit and credit to other current assets). However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to. Please refer note 3 of Annexure 4 to this Restated Standalone Financial Statement
- (v) have not been adjusted for audit qualifications which could not be adjusted in these Restated Standalone Financial Statements, which are as follows

Qualifications in the Auditor's report which could not be adjusted in these Restated Standalone Financial Statement, are as follows.

Financial year ended 31-March-12:

Paragraph 3 under Auditor's Report

As more fully explained in note 2.27 to the financial statements, the Company is not in possession of certain books and records including supporting documents and statutory registers required to be maintained as per the various provisions of the Companies Act, 1956. Attention is also invited to the fact that the financial statements for the year ended 31 March 2011 were prepared by the Management based on reconstructed books of account. This process was continued with respect to transactions during the current year ended 31 March 2012 as certain original books and supporting documents are not available up to 12 November 2011 when the current Management was able to obtain full possession of the operations. The Company has reconstructed the books of account on the basis of intensive efforts made to obtain and establish appropriate alternate evidence of transactions. Photocopies/duplicate copies of relevant documents and records have been obtained from external sources in support of many transactions for which the original documents and records were not available. The Company has represented to us that it has been able to substantively reconstruct the books of account and that based on the steps taken by Management and evidence available from subsequent events, it believes that in its assessment the risk that the financial statements may be materially misstated is not significant. However, we are unable to confirm this assertion. In view of this we carried out reasonable alternative audit procedures to obtain sufficient appropriate evidence except as stated below:

Paragraph 3(a) of Auditor's Report

We have not been able to obtain corroborative documentary evidence for administrative and other expenses aggregating to INR 3.82 lakhs, certain manufacturing expenses aggregating to INR 18.85 lakhs recognized in the statement of profit and loss. In the absence of such documents, we are unable to comment on the private or business nature, completeness, validity and accuracy of the above expenditures for the year ended 31 March 2012. Further, we were not been able to obtain corroborative documentary evidence for administrative and other expenses aggregating to INR 205.20 lakhs, product development expenses of INR 120.63 lakhs, certain manufacturing expenses aggregating to INR 218.29 lakhs recognized in the statement of profit and loss for the year ended 31 March 2011. In the absence of such documents, we are unable to comment on the private or business nature, completeness, validity and accuracy of the above expenditures for the comparative period ended 31 March 2011 and the likely impact on the opening reserves for the year ended 31 March 2012;

Paragraph 3(b) of Auditor's Report

As more fully explained in Note 2.27 to the financial statements, the Company has not complied with many provisions of applicable laws and regulations. In the absence of complete documentation, the financial implications of such non compliances cannot presently be determined, and no provision for any potential financial consequence has been made in the financial statements. Accordingly we are unable to comment on the impact, if any, of such non compliances on the loss and the opening reserves for the year ended 31 March 2012 and net assets of the Company as at 31 March 2012 and for the comparative period figure;

Paragraph 3(c) of Auditor's Report

The Company had under the new Management carried out an operational and business review including technical assessment of manufacturing facilities by an independent valuation expert, basis which it recorded certain exceptional charges aggregating to an amount of INR 2301.03 lakhs towards impairment charges relating to certain fixed assets, capital work in progress identified as unsuitable for use, provision for doubtful debts, write down of investment in subsidiaries and provision for loans and advances and demands from authorities for the year ended 31 March 2011. While these charges were appropriate in the context of information available in this regard, we were unable to conclude whether this would be so, had original books of accounts and complete information been available. Accordingly we are unable to comment on the consequential impact of the same on the opening reserve for the year ended 31 March 2012

Paragraph 3(d) of Auditor's Report

As more fully explained in Note 2.41 to the financial statements, regarding completeness of the list of related parties with the Company due to non-receipt of form 24AA "Notice by the Interested Directors" pursuant to Section 299 of the Companies Act, 1956 from one of its directors, Dr. Jayaram Chigurupati, for the year ended 31 March 2012 and from two of its directors for the year ended 31 March 2011, and in the context of non-availability of complete information in this regard, we are unable to comment on the completeness of disclosures related to related parties as required under Accounting Standard 18 "Related Party Disclosures" as well as whether there would be any other impact on the financial statements for the year ended 31 March 2012 and the comparative information for the year ended 31 March 2011

Paragraph 7 (i) of Auditor's Report

In view of the matters discussed above, we have not been able to obtain all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

Paragraph 7 (ii) of Auditor's Report

As explained in Paragraph 3 above, Certain records and supporting documents were not available for our examination. In our opinion the Company has made comprehensive efforts to reconstruct the books of account. However, we are unable to express an opinion whether proper books of account as

required by law were kept by the Company and whether these were maintained at the registered office of the Company

Paragraph 7 (iv) of Auditor's Report

In our opinion, subject to adjustments, if any, as might have been determined to be necessary had all original documents, vouchers and records been available as discussed in paragraphs 3 and 4 above, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

Paragraph 7 (v) of Auditor's Report

Dr. Jayaram Chigurupati, Co-Managing Director has not produced written representation as to whether the companies in which Dr. Jayaram Chigurupati is also a director as on 31 March 2012, have not defaulted in terms of section 274(1)(g) of the Companies Act, 1956. In the absence of this representation, we are unable to comment whether Dr. Jayaram Chigurupati is disqualified from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. As far as other directors are concerned, on the basis of the written representations received from such directors, and taken on record by the Board of Directors, we report that none of the remaining directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

Paragraph 7 (vi) of Auditor's Report

Because of the significance of the matters discussed in paragraphs 3-5 above, we are unable to express an opinion on the financial statements.

Clause (ii) (c) of Annexure to the Auditor's Report

The internal control procedures were inadequate with regard to tracking quantitative movements of inventories and maintaining adequate records during the year. On obtaining physical possession of factory premises by the current Management, the Company has implemented an internal control system for tracking inventory movements. The discrepancies noticed on verification between the physical stocks and the book records at year end were not material.

Clause (iii) of Annexure to the Auditor's Report

As fully explained in the note 2.27 to the financial statements, the Company is not in possession of the mandatory secretarial records required to be maintained as per various provisions of the Companies Act, 1956 till 12 November 2011. Subsequently, the Company has maintained required records. However, in the absence of complete records of the year, we are unable to comment on clause 4(iii), (v) and (xv) of the Companies (Auditor's Report) Order.

Clause (iv) of Annexure to the Auditor's Report

In our opinion and according to the information and explanations given to us, there were weaknesses in internal control procedures with regard to purchase of inventory and fixed assets and for sales of goods and services during the year including absence of a formal internal control framework. However, the current Management has initiated the process of formulating an internal control framework over purchases of goods and fixed assets and sale of goods and services post access to factory premises. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system in respect of these areas post access to factory premises by the current Management

Clause (vi) of Annexure to the Auditor's Report

During the year, the Company has instituted an internal audit system, however, the internal audit is currently under progress.

Clause (viii) (a) of Annexure to the Auditor's Report

According to the information and explanations given to us and on the basis of examination of the statutory returns of the Company, supporting records, amounts deducted/accrued in the books of

account in respect of undisputed statutory dues including Income tax, Sales-tax, Service tax, Custom Duty, Excise duty, and Wealth tax have generally been regularly deposited with the appropriate authorities though there have been serious delays in the large number cases of Employees' state insurance, Provident fund, Professional tax dues.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales tax, Excise duty and Wealth tax, and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable except for following dues of Service tax and Customs duty.

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Nature of Dues	Date of payment	Due date
The Customs Act, 1962	Financial Year 2006-07	121.45	Customs Duty	16-Apr-12, 23-Apr-12 and 2-May-12	F.Y. 2006-07
The Central Sales Tax Act, 1956	Financial Year 2007-08	2.18	Sales Tax	Yet not paid	20-Apr-11
The Finance Act, 1994	Financial Year and 2009-10 and 2010-11	30.35	Service Tax	Yet not paid	Various
The Finance Act, 1994	Financial Year and 2009-10 and 2010-11	3.60	Service Tax	Yet not paid	Various

Clause (viii) (b) of Annexure to the Auditor's Report

According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Wealth tax, Custom duty, Excise duty and Cess which have not been deposited with the appropriate authorities on account of any dispute as at balance sheet date. The Company however disputes the following Service tax dues

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Forum where dispute is pending*	Nature of Dues
The Finance Act, 1994	Financial Year 2007-08	85.04	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	45.22	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	110.16	Superintendent of Central Excise Medchal Range Sector II	Service tax

*The Company is in process of filing an appeal with the concerned authorities in respect of these disputes.

Clause (ix) of Annexure to the Auditor's Report

The Company's accumulated losses at the end of the financial year are not less than fifty percent of its net worth and it has incurred cash losses in the current year and immediately preceding financial year.

Clause (x) of Annexure to the Auditor's Report

On the basis of audit procedures performed by us, and according to the information, explanations and representation given to us by the Management, the Company had delayed in repayments of certain dues (including interest) to financial institutions. The delayed principal amount and the interest aggregates to

₹ 309.94 lakhs and Rs 47.21 lakhs respectively, and delays ranges from 304 days to 1,572 days. The Company has outstanding dues of ₹ 357.15 lakhs as of balance sheet date.

Clause (xiv) of Annexure to the Auditor's Report

In the absences of adequate documentations and records, we are unable to comment whether the term loans taken by the company have been applied for the purpose for which they were raised during earlier years.

Clause (xv) of Annexure to the Auditor's Report

According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that funds of ₹ 719.42 lakhs raised on short term basis have been used for long-term investment and to finance operating losses.

Clause (xix) of Annexure to the Auditor's Report

According to the information and explanations provided to us, given the state of affairs which exists and the events arising out of the ongoing disputes as more fully explained in note 2.27 to the financial statement, the irregularities noted are under investigation. Pending assessment of the financial consequences by the current Management, we are unable to comment whether any fraud on or by the Company has been noticed or reported during the year.

Financial year ended 31-March-13:

Paragraph 1 of Basis for Qualified Opinion under Independent Auditor's Report

As more fully explained in note 2.26 to the financial statements, as a result of the ongoing dispute being adjudicated before the Company Law Board, between the current Management and the erstwhile co-managing director, who is also a significant shareholder of the Company and its erstwhile promoter, the Company is not in possession of certain books and records including supporting documents and statutory registers required to be maintained as per the various provisions of the Companies Act, 1956 for periods upto 12 November 2011. The books of account upto the said period have been reconstructed by the Management post 12 November 2011 on the basis of intensive efforts made to establish alternative appropriate evidence of transactions. Photocopies/duplicate copies of relevant documents and records have been obtained from external sources in support of many transactions for which the original documents and records were not available. In view of this, we had carried out reasonable alternative audit procedures to obtain sufficient appropriate evidence except as stated below:

Paragraph 1(a) of Basis for Qualified Opinion under Independent Auditor's Report

We were not able to obtain corroborative documentary evidence for certain administrative and other expenses aggregating to INR 3.82 lakhs and certain product development and manufacturing expenses aggregating to INR 18.85 lakhs recognized in the statement of profit and loss for the year ended 31 March 2012. Further, we were not been able to obtain corroborative documentary evidence for administrative and other expenses aggregating to INR 205.20 lakhs, product development expenses of INR 120.63 lakhs and certain manufacturing expenses aggregating to INR 218.29 lakhs recognized in the statement of profit and loss for the year ended 31 March 2011. Therefore, we are unable to comment on the private or business nature, completeness, validity and accuracy of the above expenditures and their consequent impact on the financial statements.

Paragraph 1(b) of Basis for Qualified Opinion under Independent Auditor's Report

The Company had not complied with many provisions of applicable laws and regulations in the period upto 12 November 2011. In the absence of complete documentation, the financial implications of such non compliances cannot presently be determined, and no provision for any potential financial consequence has been made in the financial statements. The Management is of the view that since matters relating to several financial and non financial irregularities are sub judice and various legal proceedings are ongoing, any further adjustments /disclosures in the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties can be reliably determined and the consequential adjustments/ disclosures are identified.

Accordingly, we are unable to comment on the impact, of any, of such irregularities on the financial statements.

Paragraph 1(c) of Basis for Qualified Opinion under Independent Auditor's Report

The Company had under the new management carried out an operational and business review including technical assessment of manufacturing facilities by an independent valuation expert, basis which, in the financial statements for the year ended 31 March 2011, it had recorded certain exceptional charges aggregating to an amount of INR 2301.03 lakhs towards impairment charges relating to certain fixed assets, capital work in progress identified as unsuitable for use, provision for doubtful debts, write down of investment in subsidiaries and provisions for loans and advances and demands from authorities. While these charges were appropriate in the context of information available in this regard, we are unable to conclude whether this would be so, if complete information is available.

Paragraph 1(d) of Basis for Qualified Opinion under Independent Auditor's Report

As more fully explained in Note 2.37 to the financial statements, regarding completeness of the list of related parties with the Company due to non-receipt of form 24AA "Notice by the Interested Directors" pursuant to Section 299 of the Companies Act, 1956 from one of its ex-directors, Dr. Jayaram Chigurupati, for the years ended 31 March 2013 and 31 March 2012 and in the context of non-availability of complete information in this regard, we are unable to comment on the completeness of disclosures related to related parties as required under Accounting Standard 18 "Related Party Disclosures" as well as whether there would be any other impact on the financial statements for the year ended 31 March 2013 and the corresponding figures for the year ended 31 March 2012.

The Company has represented to us that it has been able to substantively reconstruct the books of account and that based on the steps taken by management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low. Further no additional significant claims have been received or any additional significant adjustments identified after 31 March 2012.

In view of the non-resolution of above significant matters, our opinion on the current period's financial statements is qualified in respect of both, the current period and the corresponding period, as we are unable to determine the adjustments/ disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

Paragraph 2(a) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the current period except for the matters explained in Basis of Qualified opinion para above.

Paragraph 2(b) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

As explained in Basis for Qualified Opinion paragraph, not all the original books and supporting documents upto 12 November 2011 were available for our examination. The company has made comprehensive efforts to reconstruct the books of account. In our opinion, in respect of the transactions of the current period, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. However, we are unable to express an opinion whether proper books of account as required by law were kept by the Company in the previous year and whether these were maintained at the registered office of the Company

Paragraph 2(d) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

In our opinion, except for possible effects, if any, as might have been determined to be necessary had all original documents, vouchers and records been available as discussed in Basis for Qualified Opinion paragraph 1 above the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement

comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable

Clause (ix)(a) of Annexure to Independent Auditor's Report

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Sales tax, Excise duty and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there are slight delays in few cases of Provident fund, Employees' state insurance, Service tax and Income tax. As explained to us, the Company did not have any dues on account of Custom duty, Investor Education and Protection Fund and Wealth tax.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable except for following dues of Sales tax and Service tax.

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Nature of Dues	Date of payment	Due date
The Central Sales Tax Act, 1956	Financial Year 2007-08	2.18	Sales Tax	08-Apr-13	Various
The Central Sales Tax Act, 1956	Financial Year 2008-09	4.37	Sales Tax	08-Apr-13	Various
The Finance Act, 1994	Financial Year and 2009-10 and 2010-11	33.95	Service Tax	Yet not paid	Various

Clause (ix)(b) of Annexure to Independent Auditor's Report

According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Excise duty, Custom duty and other material statutory dues which have not been deposited by the Company on account of disputes. However, the Company disputes the following Service tax dues.

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Forum where dispute is pending*	Nature of Dues
The Finance Act, 1994	Financial Year 2007-08	84.98	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	46.11	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	111.24	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2009-10	10.90	Superintendent of Central Excise Medchal Range Sector II	Service tax

*The Company is in process of filing an appeal with the concerned authorities in respect of these disputes.

Clause (x) of Annexure to Independent Auditor's Report

The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current year and immediately preceding financial year.

Clause (xi) of Annexure to Independent Auditor's Report

On the basis of audit procedures performed by us, and according to the information, explanations and representation given to us by the Management, the Company had delayed in repayments of certain dues (including interest) to financial institutions. The delayed principal amount and the interest aggregates to ₹ 299.84 lakhs and ₹ 95.22 lakhs respectively, and delays ranges from 142 days to 1,937 days. The Company has outstanding dues of ₹ 391.70 lakhs as of balance sheet date. The Company did not have any outstanding debentures during the year.

Clause (xvii) of Annexure to Independent Auditor's Report

According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that funds of ₹ 2895.41 lakhs raised on short term basis have been used for long term investment.

Financial year ended 31-March-14:**Paragraph 1 of Basis for Qualified Opinion under Independent Auditor's Report**

As more fully explained in note 2.25 to the financial statements, based on the available information the books of account for the financial years ended 31 March 2011 and 2012 were reconstructed by the Management post 12 November 2011. Given the fact that certain matters relating to the differences between the current Management and the then Co-Managing Director are currently sub-judice and unresolved, our audit opinion on the related financial statement for the years ended 31 March 2011, 31 March 2012 and 31 March 2013 were modified accordingly. These related to obtaining audit evidence on the related financial statements and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustment/ disclosures arising out of the outcome of ongoing legal proceedings.

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low. Further no additional significant claims have been received or any additional significant adjustments have been identified after 31 March 2012.

In view of the non-resolution of these, our opinion on the current year's financial statements is qualified in respect of both, the current year and the corresponding year, as we are unable to determine the adjustments/ disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

Paragraph 4 of Basis for Qualified Opinion under Independent Auditor's Report

As more fully explained in Note 2.35 to the financial statements, regarding completeness of the list of related parties with the Company due to non receipt of form 24AA "Notice by the Interested Directors" pursuant to Section 299 of the Act from one of its ex-directors, Dr. Jayaram Chigurupati for the year ended 31 March 2013 and in the context of non-availability of complete information in this regard, we are unable to comment on the completeness of disclosures related to related parties as required under Accounting Standard 18 "Related Party Disclosures" as well as whether there would be any other impact on the financial statements for the corresponding year ended 31 March 2013.

Paragraph 2(a) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the current period except for the matters explained in the Basis for Qualified Opinion paragraph.

Paragraph 2(d) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

In our opinion, except for possible effects, if any, as discussed in Basis for Qualified Opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act, to the extent applicable.

Clause (ix)(a) of Annexure to Independent Auditor's Report

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Sales tax, Provident fund, Employees' state insurance, Income tax, Customs duty, Excise duty and other material statutory dues that were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable except for following dues of Service tax:

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Nature of Dues	Date of payment	Due date
The Finance Act, 1994	Financial Year 2009-10 and 2010-11	33.95	Service Tax	Yet not paid	Various

Clause (ix)(b) of Annexure to Independent Auditor's Report

According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth tax, Excise duty, Custom duty and other material statutory dues, which have not been deposited by the Company on account of disputes. However, the Company disputes the following Service tax dues:

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR	Forum where dispute is pending	Nature of Dues
The Finance Act, 1994	Financial Year 2007-08	84.98	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	46.11	Superintendent of Central Excise Medchal Range Sector II	Service tax
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	111.24*	Commissioner of Customs and Central Excise, Hyderabad	Service tax
The A.P. Vat Act, 2005	Financial Year 2009-10, 2010-11, 2012-2013	39.52	Deputy Commissioner Commercial Taxes (Appeal)	Value added tax

*(₹10 lakhs paid under protest)

Clause (x) of Annexure to Independent Auditor's Report

The company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current year and immediately preceding financial year.

Clause (xi) of Annexure to Independent Auditor's Report

On the basis of audit procedures performed by us, and according to the information, explanations and representation given to us by the Management, the Company had delayed in repayments of certain dues (including interest) to financial institutions. The delayed principal amount and the interest aggregates to ₹ 303.20 lakhs and ₹ 139.63 lakhs respectively, and delays ranges from 142 days to 2,302 days. The Company has outstanding dues of ₹ 442.83 lakhs as of balance sheet date. The Company did not have any outstanding debentures during the year.

Clause (xvii) of Annexure to Independent Auditor's Report

According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that funds of ₹ 4982.75 lakhs raised on short term basis have been used for long term investment.

Financial year ended 31-March-15:**Paragraph 1 of Basis for Qualified Opinion under Independent Auditor's Report**

As more fully explained in note 2.25 to the financial statements, based on the available information the books of account for the financial years ended 31 March 2011 and 2012, were reconstructed by the Management post 12 November 2011.

Given the fact that certain matters relating to the differences between the current Management and the then Co-Managing Director are currently sub-judice and unresolved, our audit opinion on the related financial results for the years ended 31 March 2011, 31 March 2012, 31 March 2013 and 31 March 2014 were modified accordingly.

These related to obtaining audit evidence on the related financial statements and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustments/disclosures arising out of the outcome of ongoing legal proceedings.

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low.

In view of the non-resolution of these, our opinion on the current year's financial statements is qualified in respect of both, the current year and the corresponding year, as we are unable to determine the adjustments/disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

Paragraph 2(a) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

We have sought and obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the current period except for the matters number 1 explained in the "Basis for Qualified Opinion" paragraph.

Paragraph 2(e) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

In our opinion, the matter described in matter number 1 in the "Basis for Qualified Opinion" paragraph above, may have an adverse effect on the functioning of the company.

Clause (vii)(b) of Annexure to Independent Auditor's Report

According to the information and explanations given to us, there are no dues of Income tax, Wealth tax, Duty of Customs and Duties of excise which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Value added tax and Service tax have not been deposited by the Company on account of disputes:

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR*	Forum where dispute is pending	Nature of Dues
The Finance Act, 1994	Financial Year 2007-08	84.98	Commissioner of Central Excise and Service Tax, Hyderabad IV	Service tax

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR*	Forum where dispute is pending	Nature of Dues
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	46.11	Commissioner of Central Excise and Service Tax, Hyderabad IV	Service tax
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	111.24**	Commissioner of Central Excise and Service Tax, Hyderabad IV	Service tax
The A.P. Vat Act, 2005	Financial Year 2009-10, 2010-11, 2012-2013	39.52***	Deputy Commissioner Commercial Taxes (Appeal)	Value added tax

* excluding interest and penalty

** (₹10.00 lakhs paid under protest)

*** (₹ 16.64 lakhs paid under protest)

Clause (viii) of Annexure to Independent Auditor's Report

The company's accumulated losses at the end of the financial year are more than 50% of its net worth and it has incurred cash losses in the current year and immediately preceding financial year.

Clause (ix) of Annexure to Independent Auditor's Report

On the basis of audit procedures performed by us, and according to the information, explanations and representation given to us by the Management, the Company had delayed in repayments of certain dues (including interest) to financial institutions. The delayed principal amount and the interest aggregates to INR 304.88 lakhs and INR 184.79 lakhs respectively, and delays ranges from 142 days to 2,678 days. The Company has outstanding dues of INR 489.67 lakhs as of balance sheet date. The company did not have any outstanding debenture during the year.

Financial year ended 31-March-16:

Paragraph 1 of Basis for Qualified Opinion under Independent Auditor's Report

As more fully explained in the notes 2.25 to the financial statements the books of account for the financial years ended 31 March 2011 and 2012, were reconstructed by the Management post 12 November 2011. Certain matters relating to the differences between the current Management and the then Co-Managing Director are currently sub-judice and still unresolved.

These related to obtaining audit evidence on the related financial results and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustments/disclosures arising out of the outcome of ongoing legal proceedings.

The company has represented to us that based on the steps taken by management and evidence available so far, in its assessment the risk that the financial results may be materiality misstated is low.

In view of the non-resolution of these, our opinion on the current year's financial statements is qualified in respect of both, the current year and the corresponding year, as we are unable to determine the adjustments/disclosures which may become necessary depending upon the outcome and the possible effects of the matters mentioned above.

Emphasis of Matter

The Company has, notwithstanding, accumulated losses its net worth being completely eroded, prepared the accounts on a going concern basis, as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival. Our report is not qualified in this regard.

Paragraph 2(a) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the current period except for the matter number 1 explained in the "Basis for Qualified Opinion" paragraph.

Paragraph 2(e) of Report on Other Legal and Regulatory Requirements under Independent Auditor's Report

In our opinion, the matter discussed in matter number 1 explained in the "Basis for Qualified Opinion" paragraph and the matter discussed in "Emphasis of Matter" paragraph 2 above, may have an adverse effect on the functioning of the Company.

Clause (vii)(b) of Annexure to Independent Auditor's Report

Dues relating to income tax / sales tax / service tax / duty of custom / duty of excise / value added tax which have not been deposited on account of any disputes, are stated in the table below:

Name of the Statute	Period to which the amount relates	Amount in lakhs of INR*	Forum where dispute is pending
The Finance Act, 1994	Financial Year 2007-08	44.98	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2007-08, 2008-09 and 2009-10	46.11	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial Year 2006-07 and 2007-08	101.24	Commissioner of Central Excise and Service Tax, Hyderabad IV
The AP VAT Act, 2005	Financial Year 2009-10, 2010-11 and 2012-13	22.67	Deputy Commissioner Commercial Taxes (Appeal)

* excluding interest and penalty

Clause (viii) of Annexure to Independent Auditor's Report

Based on our audit procedures and as per the information and explanation given by the management, the company has defaulted in repayment of loans and borrowings to financial institutions, Government which are as follows:

Name of the Lender	Period to which the amount relates	Amount in lakhs of INR*
Biotech Consortium India Limited	Financial Year 2008-09	13.55
Technology Development Board	Financial Year 2012-13	524.31

*including accrued interest and penal interest

For the period ended 31-December-16:

Basis for Qualified Opinion under Report on Review of Interim Financial Information

Based on the information provided to us by management, the books of account for the financial years ended 31 March 2011 and 2012, were reconstructed by the Management post 12 November 2011. Certain matters relating to the differences between the current Management and the then Co-Managing Director are currently sub-judice and still unresolved.

These related to obtaining audit evidence on the related financial results and the consequential impact of the adjustments if any relating to the unresolved matters pertaining to non-compliance with applicable laws and regulations and any consequential adjustments/disclosures arising out of the outcome of ongoing legal proceedings.

The Company has represented to us that based on the steps taken by the Management and evidence available so far, in its assessment the risk that the financial statements may be materially misstated is low.

Emphasis of Matter

The Company has, notwithstanding, accumulated losses and its net worth being completely eroded, prepared the accounts on a going concern basis, as it is working on plans to raise further funds with which it will be able to meet its business operations for growth and revival. Our report is not qualified in this regard.

6. We have also examined the following restated standalone financial information of the Company set out in the Annexures, prepared by the management and approved by the Board of Directors for the period ended December 31, 2016 and years ended March 31, 2016, 2015, 2014, 2013 and 2012

- i. Annexure 4 - Summary Statement of Adjustments to Audited Financial Information
- ii. Annexure 5 - Summary of Significant Accounting Policies and Notes to Accounts
- iii. Annexure 6 - Summary Statement of Share Capital, as restated
- iv. Annexure 7 - Standalone Summary Statement of Reserves and Surplus, as restated
- v. Annexure 8 - Standalone Summary Statement of Secured and Unsecured Loans, as restated
- vi. Annexure 9 - Standalone Summary Statement of Provisions, as restated
- vii. Annexure 10 - Standalone Summary Statement of Other Current Liabilities, as restated
- viii. Annexure 11 - Standalone Summary Statement of Fixed Assets, as restated
- ix. Annexure 12 - Standalone Summary Statement of Non-Current Investments, as restated
- x. Annexure 13 - Standalone Summary Statement of Loans & Advances, as restated
- xi. Annexure 14 - Standalone Summary Statement of Inventories, as restated
- xii. Annexure 15 - Standalone Summary Statement of Trade Receivables, as restated
- xiii. Annexure 16 - Standalone Summary Statement of Cash & Bank Balances, as restated
- xiv. Annexure 17 - Standalone Summary Statement of Other Current Assets, as restated
- xv. Annexure 18 - Standalone Summary Statement of Revenue and Other Income, as restated
- xvi. Annexure 19 - Standalone Summary Statement of Cost of Materials Consumed, as restated
- xvii. Annexure 20 - Standalone Summary Statement of Change in Inventories, as restated
- xviii. Annexure 21 - Standalone Summary Statement of Manufacturing Expenses, as restated
- xix. Annexure 22 - Standalone Summary Statement of Employee Benefit Expenses, as restated
- xx. Annexure 23 - Standalone Summary Statement of Finance Cost, as restated
- xxi. Annexure 24 - Standalone Summary Statement of Other Expenses, as restated
- xxii. Annexure 25 - Standalone Summary Statement of Dividend Paid / Proposed by the Company
- xxiii. Annexure 26 - Standalone Summary Statement of Accounting Ratios
- xxiv. Annexure 27 - Standalone Statement of Capitalization, as restated
- xxv. Annexure 28 - Standalone Statement of Tax Shelter, as restated

According to the information and explanations provided to us and the also based on the reliance placed on the audit conducted by the previous auditors, in our opinion, the Restated Standalone Financial Statements and the above restated financial information contained in Annexures 4 to 28 accompanying this report read along with the Summary of Significant Accounting Policies disclosed in Annexure 5 (1) are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with Section 26 of Part I of Chapter III of Companies Act, 2013 read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, ICDR Regulations and the Guidance Note.

7. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us for the nine months period ended December 31, 2016 and for the financial year ended 31st Mar 2016 and by B S R & Associates for the financial years ended March 31, 2015, 2014, 2013 and 2012, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
8. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

9. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company by way of Rights Issue. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration Number 003990S / S 200018

S.Prasana Kumar

Partner

Membership Number: 212354

Date: 20th May, 2017

Place: Chennai

Zenotech Laboratories Limited
Annexure 1-Standalone Summary Statement of Assets and Liabilities, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

	Particulars	As at	As at				
		31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
A	EQUITY & LIABILITIES						
1	Shareholder's funds						
	(a) Share Capital	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75
	(b) Reserves & Surplus	(9,627.38)	(8,062.00)	(6,135.08)	(4,127.76)	(1,418.44)	761.30
		(6,184.63)	(4,619.25)	(2,692.33)	(685.01)	2,024.31	4,204.05
2	Share Application Money Pending Allotment	-	-	1.22	1.22	1.22	1.22
3	Non Current Liabilities						
	(a) Long Term Borrowings	-	1.04	4.30	8.42	14.83	8.01
	(b) Long Term Provisions	19.56	19.32	19.29	48.55	46.43	23.56
		19.56	20.36	23.59	56.97	61.26	31.57
4	Current Liabilities						
	(a) Short Term Borrowings	5,120.00	5,120.00	5,120.00	4,374.91	1,299.00	200.00
	(b) Trade Payables	251.83	221.05	195.12	334.45	378.94	186.42
	(c) Other Current Liabilities	4064.77	2,853.57	2,099.08	1,422.48	1,506.78	940.64
	(d) Short Term Provisions	1800.72	1,695.93	1,628.13	1,506.71	1,448.22	1,299.87
		11,237.32	9,890.55	9,042.33	7,638.55	4,632.94	2,626.93
	TOTAL (A)	5,072.25	5,291.66	6,374.81	7,011.72	6,719.73	6,863.77
B	ASSETS						
1	Non-Current Assets						
	(a) Fixed Assets						
	(i) Tangible Assets	4,530.04	4,817.03	5,212.66	5,615.33	5,877.41	6,201.66
	(ii) Intangible Assets	-	-	-	-	-	-
	(iii) Capital Work in Progress	25.64	-	-	-	-	-
		4,555.68	4,817.03	5,212.66	5,615.33	5,877.41	6,201.66
	(b) Non current Investments	-	-	-	-	-	-
	(c) Long Term Loans & Advances	236.25	221.66	313.54	317.33	353.90	369.51
		4,791.93	5,038.69	5,526.20	5,932.66	6,231.31	6,571.17
2	Current Assets						
	(a) Inventories	133.33	158.50	203.95	385.09	220.26	29.53
	(b) Trade Receivables	0.11	34.73	41.59	11.17	42.36	45.06
	(c) Cash & Bank Balances	119.52	44.74	579.02	639.50	156.55	171.68
	(d) Short Term Loans & Advances	16.68	3.64	3.97	5.82	9.74	12.70
	(e) Other Current Assets	10.69	11.36	20.08	37.48	59.51	33.63
		280.33	252.97	848.61	1,079.06	488.42	292.60
	TOTAL (B)	5,072.25	5,291.66	6,374.81	7,011.72	6,719.73	6,863.77

Note: The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Profit and Loss, as restated and Standalone Summary Statement of Cash Flows, as restated as appearing in Annexures 5 (A),5(B),2 and 3.

for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number: 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122

S. Prasana Kumar

Partner

Membership No.: 212354

Place: Chennai

Date: 20th May, 2017

Poly K.V.

Chief Financial Officer

Place: Mumbai

Date: 20th May, 2017

Abdul Gafoor Mohammad

Company Secretary

Zenotech Laboratories Limited
Annexure 2: Standalone Summary Statement of Profit and Loss, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Revenue						
Sales						
of products manufactured	49.02	205.98	407.67	275.57	37.19	95.91
of products traded		-	-	-	267.22	122.51
Revenue from Operations (Net)	49.02	205.98	407.67	275.57	304.41	218.42
Other Income	4.91	33.39	23.75	38.93	14.49	13.37
Total Revenue	53.93	239.37	431.42	314.50	318.90	231.79
Expenses						
(a) Cost of Materials Consumed	93.58	200.17	316.77	223.98	147.36	20.31
(b) Purchase of stock in trade	-	-	-	-	100.95	70.57
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.79)	(9.65)	2.60	26.38	(33.82)	42.18
(d) Research & Development Expenditure	-	-	-	154.61	147.97	87.44
(e) Manufacturing Expenses	261.97	179.55	242.82	593.67	520.28	86.34
(f) Employee benefits expense	190.48	234.92	327.45	615.44	514.13	95.58
(g) Finance costs	564.43	754.60	665.25	468.64	147.14	50.51
(h) Depreciation and amortization expense	288.64	396.23	405.63	353.21	350.99	349.77
(i) Other expenses	225.01	410.47	478.21	587.90	603.64	412.90
		-	-	-	-	-
Total Expenses	1,619.32	2,166.29	2,438.73	3,023.82	2,498.64	1,215.60
Profit / (Loss) before exceptional and extraordinary items and tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Exceptional items [Income / (Expense)]	-	-	-	-	-	-
Profit / (Loss) before extraordinary items and tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Extraordinary items	-	-	-	-	-	-
Profit / (Loss) before tax	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Tax expense / (benefit):						
(a) Current Tax Expense	-	-	-	-	-	-
(b) MAT	-	-	-	-	-	-
(c) Deffered tax Assets /Liabilities	-	-	-	-	-	-
Net Tax expenses	-	-	-	-	-	-
Profit / (Loss) for the period / year, as restated	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)

Note: The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Assets and Liabilities, as restated and Standalone Summary Statement of Cash Flows, as restated as appearing in Annexures 5(A),5(B),1 and 3.

for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number: 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122

S. Prasana Kumar

Partner

Membership No.: 212354

Place: Chennai

Date: 20th May, 2017

Poly K.V.

Chief Financial Officer

Place: Mumbai

Date: 20th May, 2017

Abdul Gafoor Mohammad

Company Secretary

Zenotech Laboratories Limited
Annexure 3: Standalone Summary Statement of Cash Flows, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Cash flows from operating activities						
Loss before taxation and exceptional items	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Adjustments:						
Depreciation	288.64	396.23	405.63	353.21	350.99	349.77
(Profit)/ loss on sale of fixed assets, net	-	-	(0.41)	0.10	20.71	-
Unrealised foreign exchange loss	19.69	34.38	14.66	17.80	13.74	-
Interest expenses	564.33	753.87	664.70	468.12	146.75	48.30
Interest income	(1.46)	(20.59)	(22.26)	(36.69)	(11.66)	(11.84)
Operating cash flows before working capital changes	(694.19)	(763.03)	(944.99)	(1,906.78)	(1,659.21)	(597.58)
Changes in working capital:						
(Increase)/ decrease in inventories	25.17	45.45	181.14	(164.83)	(190.73)	50.85
(Increase)/Decrease in trade receivables	34.62	2.92	(31.92)	31.19	2.70	46.75
(Increase) / Decrease in loans and advances and other assets	(13.04)	7.58	22.15	(8.68)	(26.69)	12.40
Increase/(Decrease) in current liabilities, provisions and trade payables	658.73	70.74	3.29	(448.47)	865.57	318.50
(Increase)/ decrease in non-current assets	(23.13)	(13.96)	-	-	-	-
(Decrease)/ increase in provisions	104.78	67.80	-	-	-	-
(Decrease)/ increase in other long term liabilities	0.25	0.03	-	-	-	-
Cash generated from operating activities	93.19	(582.47)	(770.34)	(2,497.57)	(1,008.36)	(169.09)
Income taxes paid/ TDS (net)	8.54	102.53	(1.24)	66.67	27.76	(2.08)
Net cash (used in)/provided by operating activities	101.73	(479.94)	(771.58)	(2,430.90)	(980.60)	(171.17)
Cash flows from investing activities						
Purchase of fixed assets	(27.29)	(0.60)	(4.94)	(96.88)	(72.76)	(11.59)
Proceeds from sale of fixed assets	-	-	2.39	2.65	25.31	-
Proceeds from bank fixed deposits	-	-	-	-	-	-
Interest income received	2.13	29.31	36.66	44.23	3.27	1.33
Net cash used in investing activities	(25.16)	28.71	34.11	(50.00)	(44.18)	(10.26)
Cash flows from financing activities						
Repayment of Share application money pending for allotment	-	(1.22)	-	-	-	-
Proceeds from borrowings	-	-	745.08	3,075.90	1,099.00	200.00
Proceeds/ (repayment) of long term borrowings, net	(1.58)	(2.44)	(5.33)	(5.57)	(2.35)	(3.30)
Interest paid	(0.22)	(79.39)	(62.77)	(106.48)	(87.00)	(1.23)
Net cash provided by/ (used in) financing activities	(1.80)	(83.05)	676.98	2,963.85	1,009.65	195.47

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Net increase/ (decrease) in cash and cash equivalents during the period/ year	74.78	(534.28)	(60.48)	482.95	(15.13)	14.04
Cash and cash equivalents at the beginning of the period/ year	44.74	579.02	639.50	156.55	171.68	157.64
Cash and cash equivalents at the end of the period/ year	119.52	44.74	579.02	639.50	156.55	171.68

Note:

1. The above statement should be read with the Standalone Summary of Significant Accounting Policies and Notes to Accounts, Standalone Summary Statement of Profit and Loss, as restated and Standalone Summary Statement of Assets and Liabilities, as restated as appearing in Annexures 5(a),5(b),1 and 2.
2. Cash flow statement has been prepared under the "Indirect method" as set out in Accounting Standard - 3 Cash flow statement.
3. Figures in bracket represents outflow

for **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration Number: 003990S/S200018

for and on behalf of the Board of Directors of
Zenotech Laboratories Limited
CIN: L27100AP1989PLC010122

S. Prasana Kumar

Partner

Membership No.: 212354

Place: Chennai

Date: 20th May, 2017

Poly K.V.

Chief Financial Officer

Place: Mumbai

Date: 20th May, 2017

Abdul Gafoor Mohammad

Company Secretary

Zenotech Laboratories Limited**Annexure 4: Summary Statement of Adjustments to Audited Financial Information**

(All amounts in lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Profit/(Loss) for the period/ year (as per audited accounts) (A)	(1,548.01)	(1910.81)	(3041.43)	(2285.53)	(2552.19)	(1026.18)
(Increase)/Decrease in loss due to restated adjustments						
- Other Expenses	12.62	(12.62)	1043.39	(196.55)	357.94	(135.04)
- Other Income	-	-	-	(148.90)	-	-
- Exceptional Item	-	-	-	-	-	157.35
- Managerial Remuneration	(30.00)	-	-	-	14.48	15.00
- Provision for doubtful debts	-	-	-	-	-	0.14
- Provision for doubtful advances	-	1.88	1.50	(1.08)	2.22	5.44
- Provision for doubtful debts written back	-	(5.37)	-	(33.68)	(2.70)	-
- Creditors write back (Trade Payables)	-	-	-	(50.15)	-	-
- Vehicle loan written back	-	-	-	(0.70)	-	-
- TDS receivable written off	-	-	-	4.87	-	-
- Advance from customers written back	-	-	(10.77)	-	-	-
- Schedule II depreciation adjustment	-	-	-	2.40	0.51	(0.50)
Total Effect of Adjustments before tax (B)	(17.38)	(16.11)	1034.12	(423.79)	372.45	42.39
Tax adjustments	-	-	-	-	-	-
Profit/(Loss) for the period/ year as restated	(1,565.39)	(1926.92)	(2007.31)	(2709.32)	(2179.74)	(983.79)

Note on Material Re-grouping:-**1. Material Re-grouping:- Nil****2. Adjustments for material amounts in the respective financial years to which they related:-****2.1 Other Expenses/Other Income****2.1.1. USFDA& EPCG**

In the financial year ended 31st Mar 2012 to 31st March 2016, audited financial statements had provision for certain amounts towards expenses relating to fees for the USFDA for 2013 and 2014 and unfulfilled export obligation under the Export Promotion Capital Goods Scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with the company at the time of preparing financial statements for the respective years. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to.

2.1.2. Service tax

In the financial year ended 31st Mar 2013, audited financial statements had a provision for Service tax made relating to the earlier years. These provisions were recorded in the year when Show cause notice was received. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to.

2.1.3. Arrears of Salary Increment

In the period ended 31st December, 2016, audited financial statements had a provision for arrears of salary increment made relating to the earlier year 2015-16 amounting to INR 12.62 lakhs. These provisions were recorded based on the performance year. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to.

2.2 Exceptional Item

The Company has received final order on the Arbitration matter on the dispute with Ranbaxy Pharmaceuticals Inc directing the Company to pay damages to Ranbaxy Pharmaceuticals Inc including professional fees incurred amounting to ₹ 157.35 lakhs which has been provided in the books of accounts for the year ended 31 March 2012 and disclosed as an “Exceptional Item”. However, for the purpose of restated summary statements, such amounts have been adjusted in the opening reserves for the financial year ended 31st Mar 2012.

2.3 Managerial Remuneration

The Company had filed an application under the Companies Act, 1956 to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of ₹ 30.00 lakhs payable to Late B. K. Raizada, erstwhile co-Managing Director for the period from 19 March 2011 to 18 March 2013. This was conditionally approved by MCA on 27 February, 2012. Due to non-compliance with the conditional approval by the Company, during the current period ended Dec 31, 2016 the same has been reversed from the other current liabilities and reflected as prior period adjustment in Statement of Profit and Loss. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective years to which the provision relates to.

2.4 Provision for doubtful debts\TDS Receivable written off

The company had provided provision for doubtful debts of ₹ 0.14 lakhs in FY 2011-12. For the purpose of restated financial statements, this amount has been adjusted in opening reserve for the financial year ended 31st March 2012 which is the period in which the receivable was recognised in books.

Similarly TDS receivable written off in 2013-14 ₹ 4.87 lakhs has been adjusted to the opening reserve.

2.5 Provision for doubtful advances

The current Management had filed a case in the Court of the Hon'ble Chief Judge City Civil Court at Hyderabad for recovery of managerial remuneration aggregating to ₹ 79.80 lakhs (excluding interests) paid to erstwhile Co-Managing Director during the period from October 1, 2007 to March 31, 2011, in contravention of the provisions of the Companies Act, 1956. During the current period ended Dec 31, 2016 the same has been disclosed as recoverable from erstwhile Co-Managing Director and accordingly provisions has been made to that extent in the books of account (both debit and credit to other current assets). However, for the purposes of restated summary statements, such amounts have been adjusted in the opening reserves for the financial year ended 31stMar 2012.

Similarly, other Provision for doubtful advances created have been adjusted in the respective year to which it pertains to as stated below.

- Financial year ending 31st March 2012- ₹ 5.69 lakhs (comprising employee advance ₹ 3.58 lakhs and deposit with others ₹ 2.11 lakhs) written off has been adjusted in opening reserves for the financial year ended 31st March 2012.
- Financial year ending 31st March 2013- ₹ 3.31 lakhs pertaining to loans and advances with customs, central excise etc. written off has been adjusted in opening reserves for the financial year ended 31st March 2012.
- Financial year ending 31st March 2015- ₹ 1.50 lakhs pertaining to Advance to supplier for material and services written off has been adjusted in the respective year it pertains to.
- Financial year ending 31st March 2016- ₹ 1.88 lakhs pertaining to Advance to supplier for material and services written off has been adjusted in the respective year it pertains to.

2.6 Provision for doubtful advances written back\Creditors write back\Vehicle Loan written back\Advance from Customers written back

Liabilities written back has been adjusted to the year to which the liability pertains to for the purpose of Restated financial statements.

- Financial year ending 31st March 2013- ₹ 2.70 lakhs pertaining to Provision for doubtful debts written back has been adjusted in opening reserves for the financial year ended 31st March 2012.
- Financial year ending 31st March 2014- ₹ 33.68 lakhs pertaining to Provision for doubtful debts written back, ₹ 50.15 lakhs pertaining to Creditors written back and ₹ 0.70 lakhs pertaining to vehicle loan written back has been adjusted to the respective year In which the original liability was created for the purpose of Restated financial statements.
- Financial year ending 31st March 2015- ₹ 10.77 lakhs pertaining to Advance from customers written back has been adjusted in opening reserves for the financial year ended 31st March 2012.
- Financial year ending 31st March 2016- ₹ 3.31 lakhs pertaining to Provision for Loans and advances with customs, central excise etc. written back and ₹ 2.06 lakhs pertaining to Provision for doubtful debts written back has been adjusted in the respective year to which it pertains to for the purpose of Restated financial statements.

2.7 Schedule II Depreciation Adjustment

Pursuant to the Companies Act 2013 (the 'Act'), being effective from 1st April 2014, the Company had reassessed useful life of its fixed assets in FY 2014-15 which coincide with the useful life specified in Part 'C' of Schedule II of the Act. As a result of this change, the depreciation charge for the year ended 31 March 2015 was higher by ₹ 50.94 lakhs. In respect of those assets whose useful life is already exhausted as on 1 April 2014, depreciation of ₹ 9.24 lakhs was adjusted in Reserve and Surplus in accordance with the requirements of Schedule II of the Act. This amount has been debited to the respective years it pertains to for the purpose of Restated Financial Statements. The yearly impact had been calculated on the basis that new useful life was applied as on the date of addition of the asset.

3. **Audit qualifications:-**Auditor's report for the years ended 31st Mar 2012 to 31st Mar 2016 have been qualified on the following matters.

3.1 Adjusting items:-

1. As more fully explained in note to the Restated Standalone financial statement, the Company's application under the Companies Act, 1956, to the Ministry of Corporate Affairs (MCA), Government of India for approval of managerial remuneration of INR 30.00 lakhs payable to Late Mr.B.K.Raizada, another erstwhile Co- Managing Director for the period from 19 March 2011 to 18 March 2013 was conditionally approved by MCA on 27 February, 2012. Due to non-compliance with the conditional approval by the Company, during the period ended December 31, 2016 the same has been reversed from the other current liabilities and reflected as prior period adjustment in Statement of Profit and Loss. However, for the purposes of restated summary statements, such amounts have been adjusted in the respective years to which the provision relates to.
2. As more fully explained in note to the Restated Standalone financial statement, the Company has filed a legal case against Dr.Jayaram Chigurupati, the erstwhile Co-Managing Director for recovering the managerial remuneration paid amounting to INR 79.80 lakhs during the period from 1 October 2007 to 31 March 2011, including an amount of INR 22.80 lakhs which was in excess of the prescribed limits for the year ended 31 March 2011 without obtaining the necessary prior approval from the Central Government of India which is in contravention of the provisions of the Companies Act, 1956. During the period ended December 31, 2016 the same has been disclosed as recoverable from erstwhile Co-Managing Director and accordingly provisions has been made to that extent in the books of account (both debit and credit to other current assets).However, for the purposes of restated summary statements, such amounts have been adjusted in the respective year to which the provision relates to.

Zenotech Laboratories Limited

Annexure 5-Standalone Summary of Significant Accounting Policies and Notes to Accounts

A. Summary of Significant Accounting Policies

1. Basis of preparation of financial statements

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with provisions of the Companies Act, 2013 and as specified in the Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 prescribed by the Central Government]. The other Accounting Standards as issued by ICAI, not yet notified are also considered, wherever applicable, except to the extent where compliance with the other statutory promulgations override the same requiring a different treatment. The financial statements as at 31st Dec 2016 that give a true and fair view of the financial position, financial performance and cash flows of the Company have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting ("the Standard"), issued under Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India. The accounting policies are consistent with those used in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting period. Examples of such estimates include provision for future obligation under employee benefit plans, net realizable value of inventory and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

3. Going concern

The Company has accumulated losses and its net worth has been completely eroded, the Company has incurred a net cash loss during the current and previous periods and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The financial statements have been prepared on a going concern basis; notwithstanding, the above conditions as the company is working on plans to raise further funds, with which it will be able to meet its business operations for growth and revival.

4. Fixed Assets & Depreciation

Fixed assets (Tangible/ Intangible) are stated at cost less accumulated depreciation/amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for use are included to the extent they relate to the period till such assets are ready for intended use. All other borrowing costs are expensed in the period they occur.

Expenditure directly relating to construction activity is capitalized to the extent those relate to the construction activity or is incidental thereto.

Depreciation is provided using the Straight Line Method ('SLM') over the useful lives of the assets considered by the management which is in line with the rates prescribed under schedule II to the Companies Act 2013, as given below:

1. Factory Building- 30 years
2. Plant & Machinery- 10 to 20 yrs
3. Furniture & Fittings- 10 yrs
4. Motor Vehicles- 8 years
5. Office Equipment- 5 yrs
6. EDP Equipment- 3 yrs

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

Assets costing below ₹ 0.05 lakhs are depreciated in full in the same year.

The cost of fixed assets not ready for their intended use before such date, are disclosed as capital work-in-progress.

5. Foreign Currency Translations

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the period and exchange differences arising due to restatement at the reporting date are recognized as income or as expenses in the period in which they arise.

6. Investments

Long term investments are stated at cost of acquisition less provision for permanent diminution in value of such investments.

7. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determining cost of various categories of inventories is as below:

- i) Raw materials, Packing materials, Stores and spares - First - in - First Out method.
- ii) Finished goods and Work-in-process – Weighted average method, which comprises direct material costs and appropriate overheads.

Inventories are stated net of write downs or allowances on account of obsolete, damaged or slow moving inventories.

8. Employee Benefit Liabilities

i) Gratuity: Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year under the projected unit credit method. Actuarial gains/losses comprise experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the Statement of Profit & Loss as Income on the basis of valuation by an independent Actuary. The liability is unfunded.

ii) Provident Fund: A retirement benefit in the form of provident fund scheme is a defined contribution and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There are no other obligations other than the contribution payable to the respective fund

iii) Compensated Absences: Liability in respect of compensated absence is determined and charged to the statement of profit and loss on the basis of valuation by an independent actuary.

All actuarial gains and losses arising during the year are recognized in the statement of profit and loss.

9. Revenue Recognition

Revenue from Sale of goods is recognized on dispatch and upon transfer of significant risk and rewards of ownership to the customer. Sales include amount recovered towards excise duty but excludes sales tax and is net of sales returns.

Price variance is accounted as and when the amounts are confirmed as recoverable.

Interest on deposits is recognized on the time proportion method using the underlying interest rates.

10. Taxation:-

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Minimum Alternative Tax ("MAT") credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

11. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss had been recognised.

12. Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates

13. Earnings per Equity Share

Basic earnings per equity share are calculated by dividing the profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares

14. Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize the contingent liability but discloses its existence in the financial statements.

Zenotech Laboratories Limited**Annexure 5-Standalone Summary of Significant Accounting Policies and Notes to Accounts****B - Standalone Notes to Accounts****1. Standalone Summary Statement of Contingent liabilities and commitments, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

	As at 31 December 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Contingent liabilities						
i) Claims against the company not acknowledged as debt	120.64	120.64	120.64	120.64	120.64	120.64
ii) Bank guarantees	19.60	19.60	53.12	81.35	116.88	116.88
iii) Other matters*						

***Legal cases filed by/against the Company**

- a. During the year ended 31 March 2011, Technology Development Board (TDB) had filed a claim petition under Arbitration and Conciliation Act, 1996 for recovery of dues payable by the Company as per loan agreement. The Arbitrator has issued an order with direction to the Company and erstwhile Co-Managing Director to pay individually or jointly the outstanding dues to TDB. During the earlier years, 600,000 equity shares of the Company held by erstwhile Co-Managing Director was transferred to TDB which were pledged as security.
- b. In addition to the legal claim as mentioned above, the Company has filed certain legal cases before the appropriate forum against the erstwhile promoter and managing director with regard to loss of vehicles, missing records including intellectual property, unauthorised use of the name of the Company and certain missing mammalian clones.
- c. Subsequent to Daiichi Sankyo Company Limited (DS) acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceutical Industries Limited) in October 2008, DS announced an open offer to acquire 20% share of the Company at ₹ 113.62 per share. Aggrieved by the pricing of the share, Erstwhile Promoters and one or two other shareholder filed a petition in the Hon'ble High Court of Madras. The Company was named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon'ble High Court of Madras and subsequently it was set aside by the Hon'ble Supreme Court based on a petition filed by DS against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down Erstwhile Promoters' complaint in respect of such pricing. SAT directed DS to price the open offer at Rs 160 per share. DS filed an appeal against the SAT order in the Supreme Court. The Supreme Court vide its order dated July 8, 2010 ruled in favor of DS and allowed the open offer to be made at the price of Rs 113.62 per share.
In June 2012, Erstwhile promoter filed a writ petition before Honorable Andhra Pradesh High Court against inter alia Foreign Investment Promotion Board and Daiichi Sankyo Company Limited challenging acquisition of 20% shares of the Company by DS through an open offer.
- d. In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business including litigation before various tax authorities. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions. The Company has accrued appropriate provision wherever required.
- e. Other than those disclosed, the Company has not received any significant claims post 31 March 2011.

2. Standalone Summary Statement of Employee benefit plans, as restated

(All amounts in lakhs of Indian Rupees except share data and where otherwise stated)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at 31 December 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Opening defined benefit obligation	13.07	10.67	24.77	23.25	14.23	44.66
Current service cost	2.22	4.14	6.10	8.46	5.67	9.02
Interest cost	0.50	1.17	2.84	2.52	1.69	4.30
Actuarial losses / (gain)	(3.23)	(2.92)	(7.18)	(9.00)	1.66	(43.75)
Benefits paid	-	-	(15.85)	(0.46)	-	-
Closing defined benefit obligation	12.55	13.07	10.67	24.76	23.25	14.23

Liability recognised in balance sheet

	As at 31 December 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Present value of unfunded obligations	12.55	13.07	10.67	24.77	23.25	14.23
Fair value of plan assets	-	-	-	-	-	-
Net liability	12.55	13.07	10.67	24.77	23.25	14.23
Provision for gratuity- Long term and Short term	12.55	13.07	10.67	24.77	23.25	14.23
Actuarial losses / (gain)	(3.23)	(2.92)	(7.18)	(9.00)	1.66	(43.75)
Experience adjustment						
On account of change in assumption	(2.19)	0.25	2.45	(3.82)	1.59	(0.58)
On account of change in experience	(1.04)	(3.17)	(9.63)	(5.18)	0.07	(43.2)

Expense recognized in statement of profit and loss / Net Gratuity expense

	As at 31 December 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Current service cost	2.22	4.14	6.10	8.46	5.67	9.02
Interest on defined benefit obligation	0.50	1.17	2.84	2.52	1.69	4.30
Net actuarial losses / (gains) recognized in year	(3.23)	(2.92)	(7.18)	(9.00)	1.66	(43.75)
Net amount included in "Employee benefits expenses"	(0.51)	2.39	1.75	1.97	9.02	(30.43)

The Assumptions used in accounting for the gratuity plan are set out as below:

	As at 31 December 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Discount rate	7.05%p.a.	7.75%p.a.	7.95%p.a.	9.35%p.a.	8.05%p.a.	8.30%p.a.
Salary escalation rate	7%p.a.	10%p.a.	10%p.a.	10%p.a.	10%p.a.	10%p.a.
Retirement age	58	58	58	58	58	58
Attrition rate	6%	6%	6%	NA	NA	NA

Discount rate: The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

3. Standalone Summary Statement of Related party disclosures (As per AS-18), as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Relationship	Name of the Related Party					
	For the period ended Dec 31, 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013**	For the year ended 31 March 2012**
Entity holding 20% or more	Sun Pharmaceutical Industries Limited*	Sun Pharmaceutical Industries Limited*	Sun Pharmaceutical Industries Limited*	-	-	-
	-	-	-	Ranbaxy Laboratories Limited	Ranbaxy Laboratories Limited	Ranbaxy Laboratories Limited
	Daiichi Sankyo Company, Limited	Daiichi Sankyo Company, Limited	Daiichi Sankyo Company, Limited	Daiichi Sankyo Company, Limited	Daiichi Sankyo Company, Limited	Daiichi Sankyo Company, Limited
Subsidiary	Zenotech Farmaceutica Do Brasil Limitada, Brazil	Zenotech Farmaceutica Do Brasil Limitada, Brazil	Zenotech Farmaceutica Do Brasil Limitada, Brazil	Zenotech Farmaceutica Do Brasil Limitada, Brazil	Zenotech Farmaceutica Do Brasil Limitada, Brazil	Zenotech Farmaceutica Do Brasil Limitada, Brazil
	Zenotech Laboratories Nigeria Limited, Nigeria	Zenotech Laboratories Nigeria Limited, Nigeria	Zenotech Laboratories Nigeria Limited, Nigeria	Zenotech Laboratories Nigeria Limited, Nigeria	Zenotech Laboratories Nigeria Limited, Nigeria	Zenotech Laboratories Nigeria Limited, Nigeria
	Zenotech, Inc., USA	Zenotech, Inc., USA	Zenotech, Inc., USA	Zenotech, Inc., USA	Zenotech, Inc., USA	Zenotech, Inc., USA
Associate	-	-	-	-	Credence Organics Private Limited	Credence Organics Private Limited
Erstwhile Promoter and Key Management Personnel***	-	-	-	-	Dr. Jayaram Chigurupati – Co-Managing Director****	Dr. Jayaram Chigurupati – Co-Managing Director****
Key Management Personnel	-	-	Late Mr Bimal K Raizada (ceased to be as Managing Director with effect from 24 February 2014)	Late Mr Bimal K Raizada	Late Mr Bimal K Raizada	Late Mr Bimal K Raizada
	Dinesh Kapoor	Chinmoy Patnaik (Upto Nov 16, 2015)	Chinmoy Patnaik	-	-	-

Relationship	Name of the Related Party					
	For the period ended Dec 31, 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013**	For the year ended 31 March 2012**
	Poly K.V.	Dinesh Kapoor	Dinesh Kapoor	-	-	-
	Mohammad Abdul Gafoor	Poly K.V.	Poly K.V.	-	-	-
	-	Mohammad Abdul Gafoor (w.e.f. Mar 11, 2016)	-	-	-	-

* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March 2015.

**The Company did not have a complete list of related parties due to absence of non-receipt of form 24AA "Notice by the Interested Directors" from one of its directors namely Dr. Jayaram Chigurupati under Section 299 of the Companies Act, 1956 for the previous year ended 31 March 2012 and 31 March 2013. Parties identified and disclosed related to these is based on earlier years audited financial statements.

*** Ceased to be as Managing Directors w.e.f 1 October 2012 on completion of the five year term as per reappointment approved in the Annual General Meeting dated 8 November 2007 and ceased to be as Director of the Company w.e.f. 28 December 2012.

**** Consequent to completion of open offer formalities by Daiichi Sankyo Company Limited in September 2010, Dr. Jayaram Chigurupati and Associates ceased to be promoters.

Particulars of related party transactions

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

	For the period ended 31 December 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
i. Transaction with Sun Pharmaceutical Industries Limited (and earlier Ranbaxy Laboratories Limited)						
Sales (excluding excise duties and taxes)	49.02	168.47	324.03	273.21	304.41	192.47
Short-term borrowing taken	-	-	745.09	4,374.91	-	-
Interest on short-term borrowing	-	698.88	618.63	366.21	-	-
Reimbursement of expenses by Sun Pharmaceutical Industries Limited	-	-	-	41.33	51.61	61.19
Trade Advance Received	717.59	-	-	-	-	-
ii. Transaction with Key Management Personnel						
Reimbursement of expenses to Late Mr. Bimal K Raizada	-	-	-	1.91	16.64	3.01
Remuneration of key managerial personnel*	64.2	79.18	124.46	-	-	-
Advance received from Dr. Jayaram Chigurupati	-	-	-	-	-	11.00
Advance repaid to Dr. Jayaram Chigurupati	-	-	-	-	-	11.00

*The managerial personnel are covered by the Company's gratuity policy and mediclaim insurance policy taken and are eligible for leave encashment along with other employees of the Company. The proportionate premium paid towards these policies and provision made for leave encashment/ gratuity pertaining to the managerial personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.

ii) The Company has the following amounts due to / from related parties:

	For the period ended 31 December 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
i. Amount Due from:						
Sun Pharmaceutical Industries Limited (disclosed under trade receivables)	-	-	21.57	1.07	-	-
Ranbaxy Laboratories Limited	-	-	-	-	34.75	37.45
Amount recoverable from Dr. Jayaram Chigurupati	79.80	79.80	79.80	79.80	79.80	79.80
less: provision for doubtful receivable	(79.80)	(79.80)	(79.80)	(79.80)	(79.80)	(79.80)
	-	-	-	-	-	-
ii. Amount payable to :						
Sun Pharmaceutical Industries Limited (disclosed as advance from related party under "other current liabilities")	677.46	(1.26)	-	87.12	-	-
Sun Pharmaceutical Industries Limited (disclosed as interest accrued and due "other current liabilities")	1,515.35	1,515.35	886.36	329.59	-	-
Sun Pharmaceutical Industries Limited (disclosed under trade payable)	33.64	37.64	33.64	30.75	-	-
Ranbaxy Laboratories Limited (disclosed as advance from related party under "other current liabilities")	-	-	-	-	415.22	65.96
Ranbaxy Laboratories Limited (disclosed as interest accrued and due "other current liabilities")	-	-	-	-	-	-
Zenotech Inc., USA (disclosed under trade payable)	19.85	19.85	19.85	19.85	19.85	19.85
Key managerial personnel (disclosed under other current liabilities)	-	(4.02)	22.94	-	-	-
iii. Advance towards share capital :						
Zenotech Farmaceutica Do Brasil Limiteda, Brazil*	319.56	319.56	319.56	319.56	319.56	319.56
Zenotech Laboratories Nigeria Limited, Nigeria*	26.14	26.14	26.14	26.14	26.14	26.14
Zenotech Inc., USA*	110.55	110.55	110.55	110.55	110.55	110.55
iv. Advance outstanding :						
Zenotech Laboratories Nigeria Limited, Nigeria*	8.14	8.14	8.14	8.14	8.14	8.14
Zenotech Inc., USA*	22.33	22.33	22.33	22.33	22.33	22.33
v. Loan due from :						
Zenotech Inc., USA*	230.39	230.39	230.39	230.39	230.39	230.39

	For the period ended 31 December 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
Credence Organics Private Limited*	-	-	-	-	24.30	24.30
vi. Loan due to :						
Sun Pharmaceutical Industries Limited	5,120.00	5,120.00	5,120.00	4,374.91	-	-

* Amounts fully provided as doubtful investments/advances

4. Standalone Summary Statement of Leases, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

The Company is obligated under cancellable operating lease agreements. Total rental expense under cancellable operating leases as tabulated below which has been disclosed as 'Rent' in the statement of profit and loss of the concerned financial year

Particulars	For the period ended 31 December 2016	For the year ended 31 March 2016	For the year ended 31 March 2015	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012
Rental Expense	-	-	-	-	2.17	11.45

Standalone Summary Statement of Other Disclosure Notes

5. Deferred Tax

The Company has significant amount of outstanding business loss and unabsorbed depreciation. In the absence of virtual certainty of realisation, the Company has not recorded the cumulative deferred tax asset as on 31 December 2016, 31st March 2016, 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and for the period arising on account of timing differences, as stipulated in Accounting Standard (AS) 22 – Accounting for taxes on income.

6. Employee Stock Option Scheme

a) Under the Zenotech Employee Stock Option Scheme 2005, the company granted 17,000 options (net of options lapsed) of which 4,250 vested options have been exercised during year 2009-10, issued 2,500 shares and balance is pending for allotment. Accordingly ₹ 1.22 lakhs received towards this was grouped under "Share application money pending allotment" untill March 31, 2015. During the year ended March 31, 2016 this money has been refunded to the respective holders.

b) The Company uses the fair value method for accounting employee share based payments.

c) The company has not disclosed the impact on the net results and earnings per share (both basic and diluted) for the year using the fair value method as required in terms of the Guidance Note on Accounting for Employee Share-based Payment issued by the Institute of Chartered Accountants of India.

- During the current and previous years, the company has accrued certain amounts to Rs 1,485.06 lakhs towards expenses relating to fees for the USFDA for 2013 and 2014 and unfulfilled export obligation under the Export Promotion Capital Goods Scheme. The Company has accrued these amounts based on the best estimates of the potential obligation based on the information available with it currently.

8. Segment Information

The Company is engaged in a business of manufacture and trading of pharmaceuticals products and is governed by a similar set of risks and returns. The operations of the Company substantially are confined to in India.

Hence, in the view of the management the entity operates in only one business segment, 'Pharmaceuticals' and in one geographical segment, 'In India'. Consequently, no information under the requirements of the Accounting Standard 17 on segment reporting has been provided.

9. Update on the events and circumstances relating to ongoing differences with Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company

Post-acquisition of stake in the Company by Ranbaxy Laboratories Limited (Sun Pharmaceutical Industries Limited effective from 24 March 2015 pursuant to a merger scheme) and Daiichi Sankyo Company Limited (herein after referred to as the "current promoters") there were disagreements on various accounts between the erstwhile promoters and the current promoters resulting in various legal cases being filed by both the parties before various forums. Following the completion of the open offer by Daiichi Sankyo Company, Limited for the Equity Shares of the Company, the then Management of the Company was denied access to the factory and other premises of the Company by Dr. Jayaram Chigurupati, the then-Managing Director, due to which a legal case was filed before the Company Law Board (CLB), Chennai, for taking over the physical possession of the factory premises from Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company. Owing to the protracted legal case, the physical possession of the factory premises could be taken over only on November 13, 2011 in the presence of CLB appointed Advocate Commissioner, in pursuance to an Order passed by the CLB. Subsequent to the gaining of the possession of the factory premises, further assessment by the current Management revealed that, among others, certain books and records, supplementary documents and statutory register till the period 12 November 2011 were missing and which are still not in the possession of the current Management. The Honorable Company Law Board vide order dated 8 October 2012 further directed Erstwhile Promoter and Managing Director of the Company to return all the documents and provide written details of all missing documents/ assets/ statutory records / equipment of the Company. The Honorable High Court of Andhra Pradesh has also passed a similar order. The Company has not yet been provided with these documents/ information.

The current Management, therefore, based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidence and after considering the various non-compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc post 12 November 2011, reconstructed financial statements for the years ended 31 March 2011 and 2012. Management is also in the process of regularizing and compounding such non compliances with the various authorities concerned.

Since matters relating to several financial and non-financial irregularities are sub-judice and various legal proceedings are ongoing, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identifiable/ determinable.

10. Investment in Subsidiaries

Upon obtaining control of the Company, the current Management observed that no books of account and records were available regarding its overseas subsidiaries. The current management is yet to receive any response from the erstwhile Managing Director on the queries raised regarding details pertaining to these subsidiaries and seeking documents / certificates related to forex transactions with these subsidiaries including certain loans and investment made in the same. Provision has not been made for potential financial consequences arising out of such ongoing evaluations, the outcome of which will depend on the nature and extent of non-compliances which is currently not determinable.

*Post December 2016, the Company has decided to wind up its overseas subsidiary namely Zenotech Pharmaceutica do Brazil Ltda in its Board Meeting dated 13th February, 2017 and Zenotech Laboratories Nigeria Limited vide its Circular Resolution dated 2nd March, 2017.

- 11.** As of 31 December 2016, the net worth of the Company continues to be negative. During the previous year, the Company's reference to the Board for Industrial and Financial Reconstruction (BIFR) had already been registered as case no. 115/2015 under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985. However, Govt. of India by notification dated 25th November, 2016 repealed the Sick Industrial Companies (Special Provisions) Act (SICA) and therefore all proceedings pending before BIFR, stand abated w.e.f. 1st December, 2016. Provided that a company in respect of which such appeal or reference or inquiry

stands abated under this clause may make reference to the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 within one hundred and eighty (180) days from the commencement of the Insolvency and Bankruptcy Code, 2016 in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016.

12. Reconciliation between Previous GAAP (IGAAP) to Ind AS

Reconciliation of equity as previously reported under Previous GAAP (IGAAP) as at 31st December 2016

(All amounts are in Lakhs of Indian Rupees except share data and where otherwise stated)

	Particulars	As on December 31,2016		
		Previous IGAAP	Effect of Transition of IndAS	Ind AS Balance Sheet
	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	4,530.04	-	4,530.04
	(b) Capital work-in-progress	25.64	-	25.64
	(c) Financial Assets			
	(d) Investments		-	
	(e) Other non-current assets	236.25	-	236.25
		4791.93	-	4791.93
(2)	Current assets			
	(a) Inventories	133.33	-	133.33
	(b) Financial Assets			
	(i) Trade receivable	0.11	-	0.11
	(ii) Cash and cash equivalents	0.26	-	0.26
	(iii) Bank balances	119.26	-	119.26
	(iv) Loans	10.08	-	10.08
	(v) Other Financial Assets	10.69	-	10.69
	(c) Other current assets	6.60	-	6.60
		280.33	-	280.33
	Total Assets	5,072.25	-	5,072.25
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	3,442.75	-	3,442.75
	(b) Other Equity	(9,627.38)	-	(9,627.38)
		(6,184.63)	-	(6,184.63)
	LIABILITIES			
(1)	Non-current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	-	-	-
	(b) Provisions	19.56	-	19.56
		19.56	-	19.56
(2)	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	5120.00	-	5,120.00
	(ii) Trade payables	251.83	-	251.83
	(iii) Current Maturities of Long Term debt	307.60		307.60

	Particulars	As on December 31,2016		
		Previous IGAAP	Effect of Transition of IndAS	Ind AS Balance Sheet
	(iv) Interest Accrued	1447.43		1,447.43
	(b) Other current liabilities	2309.74	-	2,309.74
	(c) Provisions	1800.72	-	1,800.72
		11237.32	-	11237.32
	Total Equity and Liabilities	5072.25	-	5072.25

Reconciliation of Statement of Profit and Loss as previously reported under Previous GAAP (IGAAP) to Ind AS for the nine months period ended 31st December 2016

(All amounts are in Lakhs of Indian Rupees except share data and where otherwise stated)

	Particulars	For the nine months period ended 31st December 2016		
		Previous IGAAP	Effect of Transition of IndAS	Ind AS
I	Revenue from Operation	49.02	-	49.02
II	Other income	4.91	-	4.91
III	Total Income (I+II)	53.93	-	53.93
IV	Expenses			
	Cost of materials consumed	93.58	-	93.58
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(4.79)	-	(4.79)
	Manufacturing expenses	261.97	-	261.97
	Employee benefits expense	203.10	2.19	205.29
	Finance costs	564.43	-	564.43
	Depreciation and amortisation expense	288.64	-	288.64
	Other expenses	225.01	-	225.01
	Prior Period Adjustments	(30.00)	30.00	-
	Total expenses (IV)	1601.94	32.19	1634.13
V	Profit / (Loss) before exceptional items and tax (III-IV)	(1548.01)	(32.19)	(1580.20)
VI	Exceptional items	-	-	-
VII	Profit / (Loss) before tax (V-VI)	(1548.01)	(32.19)	(1580.20)
VIII	Tax expense:			
	(1) Current tax	-	-	-
	(2) Deferred tax	-	-	-
IX	Profit / (Loss) for the period (VII-VIII)	(1548.01)	(32.19)	(1580.20)
X	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss	-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
	B (i) Items that will be reclassified to profit or loss	-	2.19	2.19
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-
XI	Total Comprehensive Income for the period (IX+X)	(1548.01)	(30.00)	(1578.01)

Notes to reconciliation of equity as at December 31, 2016 and profit & loss for the period ended December 31, 2016

I. Prior Period Items

Under Indian GAAP, Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss.

Under Ind AS, prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet. Accordingly Prior period items were corrected by restating the opening balance sheet.

II. Employee Benefit Expenses

Under Indian GAAP, actuarial gains / losses arising on defined benefit obligations are included in the determination of the net profit or loss for the period. Under Ind AS, actuarial gains / losses arising on account of defined benefit obligations are adjusted to the Other Comprehensive Income.

Zenotech Laboratories Limited**Annexure 6: Summary Statement of Share Capital, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Authorised						
100,000,000 Equity Shares of ₹ 10/- each	10,000.00	10,000.00	10,000.00	10,000.00	-	-
35,000,000 Equity Shares of ₹ 10/- each					3,500.00	3,500.00
Issued, subscribed and paid-up capital						
34,427,500 Equity Shares of ₹ 10 each fully paid	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75
Total	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75	3,442.75

Notes

- a) The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. On winding up of the Company, the holders of equity shares will be entitled to receive residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.
- b) Under the Zenotech Stock Option Scheme 2005, total of 50,000 and 75,000 shares had been issued to the then directors during the year ended 31 March, 2008 and 31 March, 2009 respectively and 2,500 shares had been issued to employees during the year ended 31 March, 2011.
- c) **Share application money**
Under the Zenotech Employee Stock Option Scheme, 2005, the Company had granted 17,000 options (net of options lapsed) of which 4,250 vested options had been exercised during the year ended 31 March 2010, which was subject to approval of the Company Law Board. Of these, the Company allotted 2,500 shares vide Company Law Board order dated 6 August 2010. During the year ended 31st March 2016, the company by referring to the order passed by Ministry of Corporate Affairs vide dated March 31, 2015 G.S.R.241(E) has refunded the balance amount ₹ 1.22 lakhs received which in earlier years was disclosed under "Share application money" pending allotment.
- d) **The reconciliation of the number of equity shares outstanding is set out below;**

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
	Number of equity shares	Number of equity shares	Number of equity shares	Number of equity shares	Number of equity shares	Number of equity shares
Shares outstanding at the beginning of the period	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500
Shares issued during the period	-	-	-	-	-	-
Share bought back during the period	-	-	-	-	-	-
Shares outstanding at the end of the period	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500

e) The details of shareholders holding more than 5% equity shares is set below;

Particulars Name of Shareholder	As At											
	31-Dec-16		31-Mar-16		31-Mar-15		31-Mar-14		31-Mar-13		31-Mar-12	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sun Pharmaceutical Industries Limited*	16,128,078	46.85%	16,128,078	46.85%	16,127,293	46.84%	16,127,293	46.84%	16,127,293	46.84%	16,127,293	46.84%
Daiichi Sankyo Company Limited	6,886,500	20.00%	6,886,500	20.00%	6,886,500	20.00%	6,886,500	20.00%	6,886,500	20.00%	6,886,500	20.00%
Dr Jayaram Chigurupati	3,958,539	11.50%	4,222,632	12.27%	4,222,632	12.27%	4,222,632	12.27%	4,822,632	14.01%	4,822,632	14.01%
Padmasree Chigurupati	3,060,500	8.89%	3,060,500	8.89%	3,060,500	8.89%	3,060,500	8.89%	3,060,500	8.89%	3,060,500	8.89%
	30,033,617	87.24%	30,297,710	88.01%	30,296,925	88.00%	30,296,925	88.00%	30,896,925	89.74%	30,896,925	89.74%

* Pursuant to a merger scheme, Ranbaxy Laboratories Limited merged with Sun Pharmaceutical Industries Limited effective from 24 March, 2015 and accordingly, shares held by Ranbaxy Laboratories Limited stand transferred to Sun Pharmaceutical Industries Limited .785 shares acquired by Sun pharmaceutical Industries Limited through open offer to public during the year 2015-16

Zenotech Laboratories Limited**Annexure 7: Standalone Summary Statement of Reserves and Surplus, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Securities premium reserve						
Balance at the beginning of the period	11,643.24	11,643.24	11,643.24	11,643.24	11,643.24	11,643.24
Add: Received during the period	-	-	-	-	-	-
Less: Utilisation during the period	-	-	-	-	-	-
Closing balance	11,643.24	11,643.24	11,643.24	11,643.24	11,643.24	11,643.24
Deficit from statement of profit and loss						
Opening balance	(19,705.24)	(17,778.32)	(15,771.00)	(13,061.68)	(10,881.94)	(9,898.13)
Add : Net loss for the period	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Closing balance	(21,270.62)	(19,705.24)	(17,778.32)	(15,771.00)	(13,061.68)	(10,881.94)
Total	(9,627.38)	(8,062.00)	(6,135.08)	(4,127.76)	(1,418.44)	761.30

Zenotech Laboratories Limited
Annexure 8: Standalone Summary Statement of Secured and Unsecured Loans, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Long Term Borrowings						
Secured						
Vehicle loans (Note 1)	-	-	1.58	4.02	8.75	0.25
Unsecured						
Biotech Consortium India Limited (Note 2)	-	1.04	2.72	4.40	6.08	7.76
Total	-	1.04	4.30	8.42	14.83	8.01
Short Term Borrowings						
Secured						
Term Loans from Banks (Note 3)	-	-	-	-	1,299.00	200.00
Unsecured						
Term loan from related party (Note 4)	5,120.00	5,120.00	5,120.00	4,374.91	-	-
Total	5,120.00	5,120.00	5,120.00	4,374.91	1,299.00	200.00

1. Secured by hypothecation of respective vehicles from HDFC Bank Ltd and Vijaya Bank Ltd, repayable in monthly installments. Current Maturities of Loans are disclosed under "Other current liabilities, as restated"- (refer Annexure 10)
2. Repayable in ten yearly instalments of ₹ 1.68 lakhs each. The Company has not paid installment including interest thereon for the year ended 31 March 2012, 31 March 2013, 31 March 2014, 31 March 2015 and 31 March 2016 fall due in November 2011, November 2012, November 2013, November 2014 ,November 2015 and November 2016 respectively and default continue as of the balance sheet date and Current Maturities of Loans are disclosed under " Other current liabilities, as restated"- (refer Annexure 10)
3. Term loans from banks are secured by way of first charge on the current assets and Corporate Guarantee from Ranbaxy Laboratories Limited (since merged with Sun Pharmaceutical Industries Limited). The same has been taken at 10.25% to 11.25% interest p.a. and loan is repayable within one year from the date of disbursement.
4. Term loans from related party has been taken at 11.25% interest p.a. along with penal interest of 2% in case of default in payment of interest. Loan is repayable on demand and maximum tenure of the loan are upto 31 March 2018. During the year, the Company has not paid interest due on the above loan.

Zenotech Laboratories Limited
Annexure 9: Standalone Summary Statement of Provisions, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Long Term Provisions						
Provision for employee benefits						
- Provision for gratuity	12.28	12.82	10.44	23.68	22.33	13.56
- Provision for compensated absences	7.28	6.50	8.85	24.87	24.10	10.00
Total	19.56	19.32	19.29	48.55	46.43	23.56
Short Term Provisions						
Provision for employee benefits						
- Provision for gratuity	0.27	0.25	0.24	1.09	0.92	0.67
- Provision for compensated absences	1.29	1.14	1.59	5.05	4.45	1.82
Other						
Provision for indirect taxation	1,799.16	1,694.54	1,626.30	1,500.57	1,442.85	1,297.38
Total	1,800.72	1,695.93	1,628.13	1,506.71	1,448.22	1,299.87

Zenotech Laboratories Limited
Annexure 10: Standalone Summary Statement of Other Current Liabilities, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Other Current Liabilities						
Bank Overdraft	-	-	-	-	201.64	0.79
Current maturities of loan from others (refer Annexure-8)	11.12	10.08	8.40	6.72	5.04	3.36
Current maturities of vehicle loan (refer Annexure-8)	-	1.58	2.44	5.33	6.17	5.24
Current maturities of loan from financial institution*	296.48	296.48	296.48	296.48	296.48	308.26
Interest accrued and due	1,779.92	1,745.63	1,071.15	469.22	95.22	47.21
Interest accrued but not due	529.82	-	-	-	12.36	0.62
Advance from related party	677.46	1.26	-	87.12	415.22	26.99
Security deposits	16.72	16.72	16.72	16.72	16.72	16.72
Statutory liabilities	7.17	22.95	26.58	19.90	64.03	178.91
Payable to employees	40.60	78.84	93.44	117.72	110.43	50.76
Payable towards claim	164.20	160.28	151.24	145.22	131.42	123.61
Provision for expenses	541.28	519.75	432.63	258.06	152.06	178.17
Total	4,064.77	2,853.57	2,099.08	1,422.48	1,506.78	940.64

*Secured by way of paripassu first charge on the whole of movable properties of the Company including movable plant and machinery, both present and future and paripassu first charge of land or other immovable property of the Company, present and future, and personal guarantee of the erstwhile Director of the Company. The Company has not paid above loan due including interest thereon and the default continues as of balance sheet date. Also refer Annexure5(b)(a). There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

Zenotech Laboratories Limited
Annexure 11: Standalone Summary Statement of Fixed Assets, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

FY 2016-17	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2016	Additions	Sales/ Adjustments	As at 31 Dec 2016	As at 1 April 2016	Charge for the period	Sales/ Adjustments	As at 31 Dec 2016	As at 1 April 2016	For the period	As at 31 Dec 2016	As at 31 Dec 2016	As at 31 Mar 2016
Tangible- Own Assets													
Freehold land	108.31	-	-	108.31	-	-	-	-	-	-	-	108.31	108.31
Buildings	2,099.70	-	-	2,099.70	678.61	52.46	-	731.07	-	-	-	1,368.63	1,421.09
Plant and machinery	5,761.64	1.56	-	5,763.21	2,402.08	222.15	-	2,624.23	112.84	-	112.84	3,026.13	3,246.72
EDP equipment	68.26	0.09	-	68.35	66.67	1.18	-	67.85	-	-	-	0.50	1.59
Office equipment	9.63	-	-	9.63	8.18	0.60	-	8.78	-	-	-	0.85	1.45
Furniture and fixtures	136.59	-	-	136.59	111.74	9.35	-	121.09	-	-	-	15.50	24.85
Vehicles	77.35	-	-	77.35	64.33	2.90	-	67.23	-	-	-	10.12	13.02
Total	8,261.49	1.65	-	8,263.13	3,331.61	288.64	-	3,620.25	112.84	-	112.84	4,530.04	4,817.04
Capital Work in progress													1,240.14
Less: Provision for impairment (refer note 1 below)													(1,214.50)
Net Capital work-in-progress													25.64

FY 2015-16	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2015	Additions	Sales/ Adjustments	As at 31 Mar 2016	As at 1 April 2015	Charge for the year	Sales/ Adjustments	As at 31 Mar 2016	As at 1 April 2015	For the year	As at 31 Mar 2016	As at 31 Mar 2016	As at 31 Mar 2015
Tangible- Own Assets													
Freehold land	108.31	-	-	108.31	-	-	-	-	-	-	-	108.31	108.31
Buildings	2,099.70	-	-	2,099.70	608.67	69.94	-	678.61	-	-	-	1,421.09	1,491.03
Plant and machinery	5,761.08	0.56	-	5,761.64	2,106.00	296.08	-	2,402.08	112.84	-	112.84	3,246.72	3,542.24
EDP equipment	68.23	0.03	-	68.26	63.10	3.57	-	66.67	-	-	-	1.59	5.13
Office equipment	9.63	-	-	9.63	7.26	0.92	-	8.18	-	-	-	1.45	2.37
Furniture and fixtures	136.59	-	-	136.59	90.68	21.06	-	111.74	-	-	-	24.85	45.91
Vehicles	77.35	-	-	77.35	59.68	4.66	-	64.34	-	-	-	13.01	17.67
Total	8,260.89	0.60	-	8,261.49	2,935.39	396.23	-	3,331.62	112.84	-	112.84	4,817.03	5,212.66
Capital Work in progress												1,214.50	
Less: Provision for impairment (refer note 1 below)												(1,214.50)	
Net Capital work-in-progress												-	

FY 2014-15	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2014	Additions	Sales/ Adjustments	As at 31 March 2015	As at 1 April 2014	Charge for the year	Sales/ Adjustments	As at 31 March 2015	As at 1 April 2014	For the year	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible- Own Assets													
Freehold land	108.31	-	-	108.31	-	-	-	-	-	-	-	108.31	108.31
Buildings	2,099.70	-	-	2,099.70	538.74	69.93	-	608.67	-	-	-	1,491.03	1,560.96
Plant and machinery	5,756.19	4.89	-	5,761.08	1,809.98	296.02	-	2,106.00	112.84	-	112.84	3,542.24	3,833.37
EDP equipment	68.18	0.05	-	68.23	55.05	8.05	-	63.10	-	-	-	5.13	13.13
Office equipment	9.63	-	-	9.63	5.55	1.71	-	7.26	-	-	-	2.37	4.08
Furniture and fixtures	136.59	-	-	136.59	66.56	24.12	-	90.68	-	-	-	45.91	70.03
Vehicles	84.02	-	6.67	77.35	58.57	5.80	4.69	59.68	-	-	-	17.67	25.45
Total	8,262.62	4.94	6.67	8,260.89	2,534.45	405.63	4.69	2,935.39	112.84	-	112.84	5,212.66	5,615.33
Capital Work in progress												1,214.50	
Less: Provision for impairment (refer note 1 below)												(1,214.50)	
Net Capital work-in-progress												-	

FY 2013-14	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2013	Additions	Sales/ Adjustments	As at 31 March 2014	As at 1 April 2013	Charge for the year	Sales/ Adjustments	As at 31 March 2014	As at 1 April 2013	For the year	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
Tangible- Own Assets													
Freehold land	108.31	-	-	108.31	-	-	-	-	-	-	-	108.31	108.31
Buildings	2,097.30	2.40	-	2,099.70	468.65	70.09	-	538.74	-	-	-	1,560.96	1,628.65
Plant and machinery	5,679.17	77.02	-	5,756.19	1,550.10	259.88	-	1,809.98	112.84	-	112.84	3,833.37	4,016.23
EDP equipment	60.24	7.94	-	68.18	48.27	6.78	-	55.05	-	-	-	13.13	11.97
Office equipment	8.35	1.28	-	9.63	5.28	0.27	-	5.55	-	-	-	4.08	3.07
Furniture and fixtures	134.54	2.05	-	136.59	58.00	8.56	-	66.56	-	-	-	70.03	76.54
Vehicles	84.02	6.19	6.19	84.02	51.38	7.63	0.44	58.57	-	-	-	25.45	32.64
Total	8,171.93	96.88	6.19	8,262.62	2,181.68	353.21	0.44	2,534.45	112.84	-	112.84	5,615.33	5,877.41
Capital Work in progress												1,214.50	
Less: Provision for impairment (refer note 1 below)												(1,214.50)	
Net Capital work-in-progress												-	

FY 2012-13	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2012	Additions	Sales/ Adjustments	As at 31 March 2013	As at 1 April 2012	Charge for the period	Sales/ Adjustments	As at 31 March 2013	As at 1 April 2012	For the year	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangible- Own Assets													
Freehold land	140.08	-	31.77	108.31	-	-	-	-	-	-	-	108.31	140.08
Buildings	2,097.30	-	-	2,097.30	398.60	70.05	-	468.65	-	-	-	1,628.65	1,698.70
Plant and machinery	5,644.47	34.70	-	5,679.17	1,292.93	257.17	-	1,550.10	112.84	-	112.84	4,016.23	4,238.70
EDP equipment	53.58	6.66	-	60.24	42.18	6.09	-	48.27	-	-	-	11.97	11.40
Office equipment	6.59	1.76	-	8.35	4.84	0.44	-	5.28	-	-	-	3.07	1.75
Furniture and fixtures	123.81	10.73	-	134.54	49.24	8.76	-	58.00	-	-	-	76.54	74.57
Vehicles	96.44	18.91	31.33	84.02	59.98	8.48	17.08	51.38	-	-	-	32.64	36.46
Total	8,162.27	72.76	63.10	8,171.93	1,847.77	350.99	17.08	2,181.68	112.84	-	112.84	5,877.41	6,201.66
Capital Work in progress													1,214.50
Less: Provision for impairment (refer note 1 below)													(1,214.50)
Net Capital work-in-progress													-

FY 2011-12	Gross block				Accumulated depreciation				Impairment losses (refer note 1 below)			Net block	
Description	As at 1 April 2011	Additions	Sales/ Adjustments	As at 31 March 2012	As at 1 April 2011	Charge for the period	Sales/ Adjustments	As at 31 March 2012	As at 1 April 2011	For the year	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible- Owned Assets													
Freehold land (note 2)	140.08	-	-	140.08	-	-	-	-	-	-	-	140.08	140.08
Buildings	2,097.30	-	-	2,097.30	328.36	70.24	-	398.60	-	-	-	1,698.70	1,768.94
Plant and machinery	5,639.10	5.37	-	5,644.47	1,036.07	256.86	-	1,292.93	112.84	-	112.84	4,238.70	4,490.19
EDP equipment	48.28	5.30	-	53.58	37.10	5.08	-	42.18	-	-	-	11.40	11.18
Office equipment	6.32	0.27	-	6.59	4.41	0.43	-	4.84	-	-	-	1.75	1.91
Furniture and fixtures	123.16	0.65	-	123.81	41.45	7.79	-	49.24	-	-	-	74.57	81.71
Vehicles	96.44	-	-	96.44	50.61	9.37	-	59.98	-	-	-	36.46	45.83
Total	8,150.68	11.59	-	8,162.27	1,498.00	349.77	-	1,847.77	112.84	-	112.84	6,201.66	6,539.84
Capital Work in progress													1,214.50
Less: Provision for impairment (refer note 1 below)													(1,214.50)
Net Capital work-in-progress													-

Note

1. In the absence of all underlying documents and a definitive business plan relating to certain items of building under construction and plant and machineries, classified under capital work-in-progress and fixed assets, the Management has impaired the same fully in the year ended 31 March 2011.

2. Freehold land includes a sum of Rs 37.16 lakhs in respect of which conveyance is pending.

Zenotech Laboratories Limited
Annexure 12: Standalone Summary Statement of Non Current Investments, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Shares in wholly owned subsidiaries /associates						
Zenotech Farmaceutica Do Brasil Ltda						
39,600 quotas of Reais 10 each	116.61	116.61	116.61	116.61	116.61	116.61
Less: Provision for diminution in value	(116.61)	(116.61)	(116.61)	(116.61)	(116.61)	(116.61)
Zenotech Laboratories Limited, Nigeria						
9,99,000 Ordinary shares of Naira 1 each	3.17	3.17	3.17	3.17	3.17	3.17
Less: Provision for diminution in value	(3.17)	(3.17)	(3.17)	(3.17)	(3.17)	(3.17)
Zenotech Inc., USA						
10,00,000 shares of USD 0.10 each	105.60	105.60	105.60	105.60	105.60	105.60
Less: Provision for diminution in value	(105.60)	(105.60)	(105.60)	(105.60)	(105.60)	(105.60)
Shares in Associate company						
Equity shares in Credence Organics Private Limited	0.24	0.24	0.24	0.24	0.24	0.24
2,400 shares of ₹10 each						
Less: Provision for diminution in value	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Total	-	-	-	-	-	-

Zenotech Laboratories Limited
Annexure 13: Standalone Summary Statement of Loans & Advances, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Long Term Loans & Advances						
Unsecured, considered doubtful						
Loans to Credence Organics Private Limited	24.30	24.30	24.30	24.30	24.30	24.30
Loan to subsidiary (interest free loan) (Associate company)						
Zenotech Inc.USA	230.39	230.39	230.39	230.39	230.39	230.39
Advance to subsidiary (interest free advance)						
Zenotech Laboratories Limited, Nigeria	8.14	8.14	8.14	8.14	8.14	8.14
Zenotech Inc, USA	22.33	22.33	22.33	22.33	22.33	22.33
Application money for investment in subsidiaries of the Company						
Zenotech Farmaceutica Do Brasil Ltd	319.56	319.56	319.56	319.56	319.56	319.56
Zenotech Laboratories Limited, Nigeria	26.14	26.14	26.14	26.14	26.14	26.14
Zenotech Inc., USA	110.55	110.55	110.55	110.55	110.55	110.55
Deposits with Government, public bodies and others	2.11	2.11	2.11	2.11	2.11	2.11
Loans and advances to employee	5.19	5.19	5.19	5.19	5.19	5.19
	748.71	748.71	748.71	748.71	748.71	748.71
Less: Provision for doubtful advances	(748.71)	(748.71)	(748.71)	(748.71)	(748.71)	(748.71)
	-	-	-	-	-	-
Unsecured, considered good						
Advance income taxes (net of provisions)	7.05	15.59	118.12	116.88	178.68	206.44
Deposits with Government, public bodies and others	131.96	134.31	78.59	57.35	20.63	21.57
Balance with customs, central excise etc	71.79	71.60	116.77	143.00	154.51	140.35
Preliminary Expenses - Rights Issue	25.09	-	-	-	-	-
Others	0.36	0.16	0.06	0.10	0.08	1.16
	236.25	221.66	313.54	317.33	353.90	369.51
Total	236.25	221.66	313.54	317.33	353.90	369.51
Short Term Loans & Advances						
Related to the directors or promoters (Ranbaxy Laboratories Limited till 23rd March 2015 and Sun Pharmaceutical Industries						

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Limited effective from 24th March 2015) or the Company						
Unsecured, considered doubtful						
Advance to supplier for material and services	-	-	-	-	-	-
Less: provision for doubtful advances	-	-	-	-	-	-
Unsecured, considered good						
Advance to supplier for material and services	-	-	-	-	-	-
Loans and advances to employee	-	-	-	-	-	-
Rent & Other Deposits	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Others						
Unsecured, considered doubtful						
Advance to supplier for material and services	-	1.88	3.38	3.38	2.30	1.21
Less: provision for doubtful advances	-	(1.88)	(3.38)	(3.38)	(2.30)	(1.21)
	-	-	-	-	-	-
Unsecured, considered good						
Advance to supplier for material and services	9.56	0.46	0.65	1.36	6.12	9.32
Loans and advances to employee	0.52	0.43	0.13	-	0.98	0.34
Rent & Other Deposits	-	-	-	0.04	0.40	2.05
Prepaid expenses	6.60	2.75	3.19	4.42	2.24	0.99
Total	16.68	3.64	3.97	5.82	9.74	12.70

Zenotech Laboratories Limited
Annexure 14: Standalone Summary Statement of Inventories, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
(at lower of cost or net realisable value)						
Raw and packing materials	114.05	144.01	199.11	377.65	186.44	29.53
Work-in-progress	15.93	11.14	2.30	7.40	33.82	-
Finished goods	3.35	3.35	2.54	0.04	-	-
Total	133.33	158.50	203.95	385.09	220.26	29.53

Zenotech Laboratories Limited
Annexure 15: Standalone Summary Statement of Trade Receivables

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Unsecured						
Trade receivables outstanding for period exceeding six months						
Related to the directors or promoters (Ranbaxy Laboratories Limited till 23rd March 2015 and Sun Pharmaceutical Industries Limited effective from 24th March 2015) or the Company						
Considered good	-	-	-	-	33.68	36.38
Considered doubtful	1.07	1.07	1.07	1.07	34.75	34.75
Less: Provision for bad and doubtful trade receivables	(1.07)	(1.07)	(1.07)	(1.07)	(34.75)	(34.75)
	-	-	-	-	33.68	36.38
Others						
Considered good	-	23.49	2.95	-	-	-
Considered doubtful	1.77	1.77	6.53	6.53	6.53	6.53
Less: Provision for bad and doubtful trade receivables	(1.77)	(1.77)	(4.47)	(4.47)	(4.47)	(4.47)
	-	23.49	5.01	2.06	2.06	2.06
Other trade receivables, considered good						
Related to the directors or promoters (Ranbaxy Laboratories Limited till 23rd March 2015 and Sun Pharmaceutical Industries Limited effective from 24th March 2015) or the Company	-	-	21.57	-	-	-
Others	0.11	11.24	15.01	9.11	6.62	6.62
	0.11	11.24	36.58	9.11	6.62	6.62
Total	0.11	34.73	41.59	11.17	42.36	45.06

Zenotech Laboratories Limited**Annexure 16: Standalone Summary Statement of Cash & Bank Balances, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Cash and cash equivalents						
Cash in hand	0.26	0.25	0.23	0.09	0.29	0.14
Balances with schedule banks						
- in current accounts	99.66	24.89	38.06	558.06	37.17	49.95
- in deposit accounts with original maturity of less than 3 months	-	-	450.00	-	-	-
Other bank balances						
Margin money deposits	19.60	19.60	90.73	81.35	119.09	121.59
Total	119.52	44.74	579.02	639.50	156.55	171.68

Zenotech Laboratories Limited**Annexure 17: Standalone Summary Statement of Other Current Assets, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	As At					
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Interest accrued but not due	10.69	11.36	20.08	34.48	42.01	33.63
Other receivables	-	-	-	3.00	17.50	-
Receivable from an erstwhile Director	79.80	79.80	79.80	79.80	79.80	79.80
Less: Provision for doubtful receivable	(79.80)	(79.80)	(79.80)	(79.80)	(79.80)	(79.80)
Total	10.69	11.36	20.08	37.48	59.51	33.63

Zenotech Laboratories Limited
Annexure 18: Standalone Summary Statement of Revenue and Other Income, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
REVENUE						
Sale of Manufactured Product (Gross)						
Formulation	-	-	-	-	-	-
Oncology	49.02	211.94	379.58	272.13	37.19	89.34
G-CSF	-	6.78	69.24	35.30	-	-
G-MCSF	-	-	-	1.77	-	0.69
API	-	-	-	-	-	6.49
	49.02	218.72	448.82	309.20	37.19	96.52
Excise Duty	-	12.74	41.15	33.63	-	0.61
Sales (Net of Excise)	49.02	205.98	407.67	275.57	37.19	95.91
Sale of Traded Product						
Oncology	-	-	-	-	267.22	122.51
Turnover in respect of products not normally dealt with	-	-	-	-	-	-
Total	49.02	205.98	407.67	275.57	304.41	218.42
Other Income (Related to business activity)						
Interest income (Recurring)	1.46	20.59	22.26	36.69	11.66	11.84
Other Non Operating Income						
Liabilities no longer required written back (Non recurring)	0.55	-	-	-	-	-
Miscellaneous income	2.90	12.80	1.08	2.24	2.83	1.53
Profit on sale of assets (Non recurring)	-	-	0.41	-	-	-
Total	4.91	33.39	23.75	38.93	14.49	13.37

Zenotech Laboratories Limited

Annexure 19: Standalone Summary Statement of Cost of Materials Consumed, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Opening stock	144.01	199.11	377.65	186.44	29.53	38.42
Add : Purchases	63.62	145.07	138.23	558.64	391.88	31.16
Less : Closing stock	114.05	144.01	199.11	377.65	186.44	29.53
	93.58	200.17	316.77	367.43	234.97	40.05
Less: Transferred to Research & Development Expenditure	-	-	-	143.45	87.61	19.74
Total	93.58	200.17	316.77	223.98	147.36	20.31

Zenotech Laboratories Limited

Annexure 20: Standalone Summary Statement of Change in Inventories, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Opening stock						
Work in progress	11.14	2.30	7.40	33.82	-	0.07
Finished goods	3.35	2.54	0.04	-	-	41.89
	14.49	4.84	7.44	33.82	-	41.96
Closing stock						
Work in progress	15.93	11.14	2.30	7.40	33.82	-
Finished goods	3.35	3.35	2.54	0.04	-	-
	19.28	14.49	4.84	7.44	33.82	-
Adjustment for excise duty on stock	-	-	-	-	-	0.22
Total	(4.79)	(9.65)	2.60	26.38	(33.82)	42.18

Zenotech Laboratories Limited**Annexure 21: Standalone Summary Statement of Manufacturing Expenses, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Power and fuel	122.89	98.36	141.93	325.13	330.99	53.50
Repairs and maintenance						
- Buildings	2.16	0.48	-	4.70	10.10	5.00
- Plant and machinery	69.76	25.40	22.96	167.44	113.67	10.60
Contract manpower	26.53	29.10	31.36	60.22	59.74	14.92
Other manufacturing expenses	40.63	26.21	46.57	36.18	5.78	2.32
Total	261.97	179.55	242.82	593.67	520.28	86.34

Zenotech Laboratories Limited**Annexure 22: Standalone Summary Statement of Employee Benefit Expenses, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Salaries, wages and bonus	173.24	212.06	304.89	571.09	449.38	68.98
Contribution to provident and other funds	8.32	12.38	14.89	29.06	31.72	9.26
Workmen and staff welfare	8.92	10.48	7.67	15.29	33.03	17.34
Total	190.48	234.92	327.45	615.44	514.13	95.58

Zenotech Laboratories Limited**Annexure 23: Standalone Summary Statement of Finance Cost, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Interest	564.33	753.87	664.70	468.12	146.75	48.30
Other finance cost	0.10	0.73	0.55	0.52	0.39	2.21
Total	564.43	754.60	665.25	468.64	147.14	50.51

Zenotech Laboratories Limited**Annexure 24: Standalone Summary Statement of Other Expenses, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
		31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Advertisement	2.34	1.47	1.07	0.93	0.28	7.97
Communication	2.18	2.76	2.90	3.21	2.65	0.70
Rates and taxes	112.72	168.90	154.80	143.37	159.68	171.91
Rent	-	-	-	-	2.17	11.45
Insurance	8.57	11.11	14.89	27.51	13.48	7.32
Repair and maintenance - others	21.85	28.08	21.51	33.37	30.97	9.18
Legal and professional	17.72	116.54	222.69	216.54	143.86	89.28
Printing & Stationery	1.94	1.58	1.86	3.88	6.38	2.48
Office and general maintenance	2.23	2.62	2.16	24.47	24.78	9.28
Security charges	19.15	24.76	20.25	28.98	33.63	60.57
Selling and distribution	0.16	1.14	1.55	1.37	3.08	-
Bad trade/ advance receivable written off	-	-	-	-	50.38	-
Provision for doubtful advance written off	-	-	-	1.08	1.09	0.25
Travelling and conveyance	10.39	11.96	12.89	57.65	82.11	38.84
Loss on termination of land agreement	-	-	-	-	14.27	-
Foreign exchange loss, net	19.69	34.38	14.66	33.33	15.07	-
Loss on sale of fixed assets, net	-	-	-	0.10	6.44	-
Miscellaneous	6.07	5.17	6.98	12.11	13.32	3.68
Total	225.01	410.47	478.21	587.90	603.64	412.90

Zenotech Laboratories Limited**Annexure 25: Standalone Summary Statement of Dividend Paid / Proposed by the Company**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
The Company has not proposed or paid dividend to equity shareholders during these periods						

Zenotech Laboratories Limited
Annexure 26: Standalone Summary Statement of Accounting Ratios

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
	31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Basic and Diluted Earnings Per Share (₹)						
Loss for the year	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Weighted average number of equity shares outstanding during the year	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500
Per value of share	10	10	10	10	10	10
Earnings Per Share – Basic and Diluted*	(4.55)	(5.60)	(5.83)	(7.87)	(6.33)	(2.86)
Net Asset Value Per Equity Share (₹)						
Net worth, as restated	(6,184.63)	(4,619.25)	(2,692.33)	(685.01)	2,024.31	4,204.05
Number of equity shares outstanding (including potential equity shares)	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500	34,427,500
Net Asset Value (NAV) per Equity Share (₹)	(17.96)	(13.42)	(7.82)	(1.99)	5.88	12.21
Net Profit after tax, as restated	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Net worth, as restated	(6,184.63)	(4,619.25)	(2,692.33)	(685.01)	2,024.31	4,204.05
Return on Net worth (%) for equity shareholders	Note v	Note v	Note v	Note v	(107.68%)	(23.40%)

* not annualized

Note: The ratios have been computed as per the following formulae:

(i) Basic and Diluted Earnings per Share $\frac{\text{Net Profit after tax, as restated for the year / period, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$

(ii) Net Assets Value (NAV) $\frac{\text{Net worth, as restated, at the end of the year / period}}{\text{Number of equity shares outstanding at the end of the year / period}}$

(iii) Return on Net worth (%) $\frac{\text{Net Profit after tax, as restated for the year / period, attributable to equity share holders}}{\text{Net worth as restated, at the end of the year / period}}$

(iv) Net worth for ratios mentioned above is as arrived as mentioned below:

Net worth, as restated = Equity share capital + Reserves and surplus (includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss).

All the above are based on Standalone Financial Information, as restated.

(v) Return on Networth for the period December 31, 2016, March 31, 2016, 2015 and 2014 cannot be computed as the net worth on this dates is negative.

The Company is not in possession of most of the prior statutory records, documents and information and the current management, based on the available limited records, has reconstructed the financial statements for previous years. Since matters relating to several financial and non-financial irregularities are sub-judice and various legal proceedings are ongoing, any further adjustments or disclosures for the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments and disclosures are identifiable or determinable.

Zenotech Laboratories Limited**Annexure 27: Standalone Statement of Capitalisation, as restated**

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	Pre-Issue	Post Issue
	As at 31-Dec-16	
Debts		
Short term debts	5,120.00	5,120.00
Long term debts (incl. current maturities of long term debts)	307.60	307.60
Total debts	5,427.60	5,427.60
Shareholders' funds		
Share capital	3,442.75	6,103.06
Reserves as restated	(9,627.38)	(316.31)^
Total Shareholders' funds	(6,184.63)	5,786.75
Long term Debts/Shareholders Funds	Refer note below *	0.05
Total Debt/Shareholders Funds	Refer note below *	0.94

***Since the ratio is negative, it has not been disclosed**

^Including the receipt of securities premium of ₹ 9,311.07 lakhs on account of issue of 266,03,068 equity shares on rights basis at a price of ₹ 45 (including securities premium of ₹ 35 per shares)

Notes

1. Short term borrowings represent debts which are due within 12 months from 31-December-2016
2. Long term debts include current portion of long-term borrowings which are overdue or are repayable over the next twelve months.

Zenotech Laboratories Limited
Annexure 28: Standalone Statement of Tax Shelter, as restated

(All amounts in Lakhs of Indian Rupees except share data and where otherwise stated)

Particulars	For the 9 months period ended	For the year ended				
		31-Dec-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Profit before tax, as restated	(1,565.39)	(1,926.92)	(2,007.31)	(2,709.32)	(2,179.74)	(983.81)
Tax rate (Maximum)	34.61%	34.61%	33.99%	33.99%	32.45%	32.45%
Tax at notional rate	-	-	-	-	-	-
Adjustments on account of						
Permanent differences						
Disallowance u/s 36	-	-	-	-	-	5.83
Disallowance u/s 37	-	0.26	0.16	2.95	24.36	-
Disallowance u/s 40 and 40A	-	3.29	3.73	2.36	9.02	43.97
Other permanent differences	-	-	-	-	6.13	-
Total	-	3.55	3.89	5.31	39.51	49.80
Temporary differences						
Difference between book depreciation and tax depreciation	107.41	117.94	80.81	(28.12)	(68.34)	(122.17)
Provision for retirement benefits	-	1.20	(28.11)	1.07	17.48	-
Interest on loan	33.50	44.59	59.10	64.30	353.43	37.12
Other 43B disallowances	-	5.00	(0.40)	(3.05)	(108.22)	-
Allowance u/s 35	-	-	-	-	(229.09)	(58.92)
Total	140.91	168.73	111.40	34.20	(34.74)	(143.97)
Net adjustment	140.91	172.28	115.29	39.51	4.77	(94.17)
Taxable income	(1,424.48)	(1,754.64)	(1,892.02)	(2,669.81)	(2,174.97)	(1,077.98)
Total taxation	-	-	-	-	-	-
Add/less: Provision for earlier year/excess provision for earlier year written back	-	-	-	-	-	-
Total tax charge as per books of accounts, as restated	-	-	-	-	-	-

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Standalone Financial Statements as of and for the years ended March 31, 2012, 2013, 2014, 2015, 2016 and the nine months period ended December 31, 2016 all prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Statements" on page 143 of this Letter of Offer. Unless otherwise stated, the financial information used in this section is derived from the Restated Standalone Financial Statements of our Company.

Unless otherwise indicated in this section, financial information included in this section have been derived from our Restated Standalone Financial Statements for the years ended March 31, 2012, 2013, 2014, 2015, 2016 and the nine months period ended December 31, 2016. For further information, see the chapter titled "Presentation of Financial Information and Use of and Market Data" on page 11 of this Letter of Offer.

These financial statements have been prepared in accordance with Indian GAAP and the Companies Act. Indian GAAP differs in certain significant respects from U.S. GAAP, IFRS and Ind AS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Letter of Offer nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. However our Company has voluntarily adopted Ind AS and a reconciliation of IGAAP and Ind AS for the nine months period ended December 31, 2016 has been disclosed for reference purpose only. Accordingly, the degree to which the Indian GAAP financial statements included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and the ICDR Regulations. Any reliance on the financial disclosure in this Letter of Offer, by persons not familiar with Indian Accounting Practices, should accordingly be limited.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 15 and 14 respectively, of this Letter of Offer, respectively.

The industry information herein has not been prepared or independently verified by us or any of our advisors including the Lead Manager, and should not be relied on as if it had been so prepared or verified. In particular, we have relied on the report by the CARE named "Report on Pharmaceutical Industry". Neither we nor any other person connected with the Issue has verified the information sourced from this CARE report. Prospective investors are advised not to unduly rely on the information sourced from this report when making their investment decisions. We accept no further responsibility in respect of such information, data and statistics including updating the data and statistics to the date of this Letter of Offer. Such information, data and statistics may be approximations or use rounded numbers.

References to the "Company", "we", "us" and "our" in this chapter refers to Zenotech Laboratories Limited, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

We are a pharmaceutical company engaged in developing and producing generic pharmaceuticals and biological products in the form of injectables and oral solids. As on date of this Letter of Offer, our products portfolio currently comprises 59 products across several therapeutic segments. Our products have applications in several therapeutic segments, with an emphasis on oncology injectables and oral solids, biotech products and general injectable products. Over a decade, we have gained experience in developing generic drugs for human therapy in segments like oncology, gastrointestinal, cardiovascular, central nervous system, ophthalmology and antibiotics. We offer injectables in various delivery systems, such as glass vials, pre-filled syringes. We also produce gel preparation in lami tubes.

Our manufacturing units are located at Survey No. 250 – 252, Turkapally Village Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. Our manufacturing facilities are capable of producing pharmaceutical products encompassing a wide range of dosage forms including injectable, oral solids and sterile gel forms. Our manufacturing capabilities allow us to manufacture complex and diversified range of products. Further, we have 16 registered trademarks in India for the products manufactured by our Company. As on March 31, 2017, we had 62 full time employees. We also employ contract labour based on the work requirements.

Details of each segment of our products are as follows:

Oncological Injectables: We are primarily engaged in developing and producing oncological drugs in the form of injectables. As on date of this Letter of Offer, we have 46 products under this segment. Oncological Injectables are mainly used for the treatment of different types of cancers and are considered as lifesaving drugs. We manufacture our oncological injectables at Unit 1.

Oncological Orals: We are also engaged in developing and producing oncological drugs in oral forms i.e. tablets and capsules. As on date of this Letter of Offer, we have 3 products under this segment. Oncological Orals are solid versions of injectables and are also similarly used for the treatment of different types of cancers. We manufacture our oncological orals at Unit 1.

General Injectables and Sterile Gel and Drops: We are involved in developing and producing other drugs such as Ondansetran, Vancomycin and Bivalirudin in the form of injectables. As on date of this Letter of Offer, we have 5 products under this segment. These products are mainly used for the treatment of ailments related to cardiovascular system, gastrointestinal and infectious diseases. We also manufacture sterile gel in lami tubes and sterile eye drops for ophthalmological purposes. We manufacture our general injectable and sterile gel/ drops at Unit 2.

Biologicals: We also have range of biological drugs like, Filgrastim, Molgramostim, Recombinant Human Interleukin-II, Rituximab 100mg/ 10ml and Rituximab 500mg/ 50ml and have an underdevelopment product namely Etanercept. As on date of this Letter of Offer, we have 5 products under this segment. These products have wide variety of applications including cancer treatment, arthritis, neutropenia etc. We manufacture our biological products in vials and prefilled syringes form at Unit 2.

Our Company was incorporated in Hyderabad, Telangana, India as a private limited company on June 15, 1989, under the name of *Maa Shakti Tube Mill Private Limited*. On April 1, 1992, the name of our Company was changed to *Sunline Tubes Private Limited* and on August 25, 1993 our Company converted into a public limited company. Subsequently, on December 6, 2000, the name of our Company was changed to *Sunline Technologies Limited*. Pursuant to order of the High Court of Andhra Pradesh dated July 1, 2004, Zenotech Laboratories Private Limited merged with our Company and subsequently, the name of our Company was changed to Zenotech Laboratories Limited on August 10, 2004. In October 2007, Ranbaxy Laboratories Limited (“RLL”) entered into a share purchase agreement with the erstwhile promoters of our Company, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC, a and share subscription agreement and became the promoter of our Company. Thereafter, in Financial Year 2010, Daiichi Sankyo Company, Limited made an acquisition of the Equity Shares representing 20.00% of the share capital of our Company and became one of the promoters of our Company. Subsequently, in March 2015, pursuant to a scheme of amalgamation RLL merged in Sun Pharmaceutical Industries Limited (“SPIL”) and SPIL became the promoter of our Company along with DSCL. However, as of now, Daiichi Sankyo Company, Limited (i) has not entered into any shareholders arrangements with respect to the Company; (ii) does not have any nominees on the board of directors of the Company and none of its nominees are key managerial personnel of the Company; and (iii) has no special rights in the Company through any formal or informal arrangements and pursuant to the amalgamation of Ranbaxy with Sun Pharmaceutical Industries Limited on March 24, 2015, Sun Pharmaceutical Industries Limited is in control of the Company.

Apart from manufacturing the products and selling under our own brand, our Company is also into P2P supplies and contract manufacturing wherein pharmaceutical companies outsource pharmaceutical products from the company and also we manufacture products on contract basis for other companies per their specifications. Presently, our Company carries out contract manufacture for one of our Promoters, Sun Pharmaceutical Industries Limited.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section entitled '*Risk Factors*' on page 15 of this Letter of Offer. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

Macro-Economic Factors

Macroeconomic factors, both in the national and international contexts, such as economic instability, political uncertainty, social upheavals could influence our business and, as a result, our results of operations. In addition, fluctuations in interest rates, exchange rates and inflation could have an effect on certain key aspects of our operations, including on the costs of our raw materials, the prices at which we can sell our pharmaceutical products, our finance costs required to fund our operations and profit margins.

The rapidly growing middle class populations in India, infrastructure improvement, increasing awareness and an increasing per capita GDP will be a key driver of growth for Indian pharmaceutical industry.

Our Relationships with our Promoter Sun Pharmaceutical Industries Limited

We derive substantial synergies from Sun Pharmaceutical Industries Limited, our Corporate Promoter. We believe our relationship with Sun Pharmaceutical Industries Limited is a critical factor, enhancing our geographic reach and market penetration. We believe our relationship with Sun Pharmaceutical Industries Limited will accelerate our business growth and provides us with opportunities for repeat business and to cross sell our other products. We believe that the Sun Pharmaceutical Industries Limited is one of the well-respected companies across the globe, and provides us with a significant competitive advantage, particularly in attracting management talent and accessing capital.

Manufacturing Costs and Quality of our Manufacturing Facilities

Our ability to maintain our position as an innovative, efficient and cost-effective producer of injectables for various applications across industries is critical to our existence and competitiveness in the market. Our cost competitiveness is dependent on the efficient management of our production costs. The availability of key raw materials at competitive prices is critical and price fluctuations may affect our margins and, as a result, our results of operations. Additionally, any significant changes in excise duties and other commercial taxes levied on raw materials, packaging materials and finished products which cannot be recovered from or passed on to customers, changes in our production costs could have an adverse effect on our financial condition and results of operations. In addition, in order to maximize our profits/minimize our losses, we must maintain a high level of capacity utilization at our manufacturing facilities and an appropriate standard of quality in our manufacturing facilities, equipment and processes. Attaining and maintaining this level of quality requires considerable expense and planning. We strive to maximize our operational leverage as our scale of operations increase. If we are unable to achieve, preserve and maintain level of quality in our manufacturing processes and facilities in the future, our financial condition and results of operations may be adversely affected.

Our ability to retain our Skilled Personnel

Our business is based on knowledge and experience, which means one of its most important resources for us, is our skilled personnel. Our large manufacturing capacity together with our 62 members team of technical and administrative management team, has enabled us to develop technical and analytical developments to provide solutions for our business verticals. Factors like technical nature of the business, and lack of qualified professionals with experience in pharmaceutical industry operates as an entry barrier to new players in the market.

Accordingly, our results of operations would significantly depend on our ability to attract, recruit, develop, motivate and retain our skilled personnel and will distinguish us from other players in the market.

Government Policies and Regulations

Our products are subject to regulation by various regulatory agencies. Each of these agencies requires us to comply with laws and regulations governing the development, testing, manufacturing, labeling, pricing, marketing and distribution of our products and we are required to maintain various approvals, licenses, registration and permissions for our business activities. In markets in which we sell or intend to sell our products, the approval process for a new products varies and may be complex, lengthy and expensive.

Our business, prospects, results of operations and financial condition could be adversely affected if we fail to obtain, or comply with applicable conditions that may be attached to, our approvals, licenses, registrations and permissions. We continue to file for approvals for our new products in India and various other government and regulatory agencies. Any delay in the grant of approvals for new products, or any withdrawal of approval for existing products would adversely affect our results of operations. We must also ensure that government and other regulatory agencies do not withdraw approvals for sales of our existing products. For details of licenses necessary to carry on business and key policies and regulations applicable to us, please refer to the chapters titled “*Government and Other Approvals*” and “*Key Industry Regulations and Policies*” beginning on pages 238 and 104, respectively of this Letter of Offer.

Success of Our New Business Lines

We have historically derived a significant percent of our revenue from our Oncology business and believe we will continue to see strong growth in this business segment. We also anticipate that we will derive higher revenues from our general injectables, biotechnology and eyecare products businesses in the future. We have installed, an eye care manufacturing facility at our premises. The success of these business lines will affect our results of operations and cash flows

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Restated Standalone Financial Statements. For details of our significant accounting policies, please refer section titled “*Financial Information*” on page 143 of this Letter of Offer.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details please refer section titled “*Financial Information*” on page 143 of this Letter of Offer.

Results of our Operations

The following table shows our Company’s restated standalone profit and loss statement for the nine months period ended December 31, 2016 and for the fiscal years ended March 31 2016, 2015 and 2014.

₹ in lakhs

	For the nine months period ended		For the year ended					
Particulars	31- Dec-16	% of Revenue	31-Mar-16	% of Revenue	31-Mar-15	% of Revenue	31-Mar-14	% of Revenue
Revenue								
Sales								
of products manufactured	49.02	90.90%	205.98	86.05%	407.67	94.49%	275.57	87.62%
of products traded	-	-	-	-	-	-	-	-
Revenue from Operations (Net)	49.02	90.90%	205.98	86.05%	407.67	94.49%	275.57	87.62%
Other Income	4.91	9.10%	33.39	13.95%	23.75	5.51%	38.93	12.38%

	For the nine months period ended		For the year ended					
Particulars	31- Dec-16	% of Revenue	31-Mar-16	% of Revenue	31-Mar-15	% of Revenue	31-Mar-14	% of Revenue
Total Revenue	53.93	100.00%	239.37	100.00%	431.42	100.00%	314.50	100.00%
(a) Cost of Materials Consumed	93.58	173.52%	200.17	83.62%	316.77	73.43%	223.98	71.22%
(b) Purchase of stock in trade	-	-	-	-	-	-	-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.79)	(8.88)%	(9.65)	(4.03)%	2.60	0.60%	26.38	8.39%
(d) Research & Development Expenditure	-	-	-	-	-	-	154.61	49.16%
(e) Manufacturing Expenses	261.97	485.76%	179.55	75.01%	242.82	56.28%	593.67	188.77%
(f) Employee benefits expense	190.48	353.20%	234.92	98.14%	327.45	75.90%	615.44	195.69%
(g) Finance costs	564.43	1046.60%	754.60	315.24%	665.25	154.20%	468.64	149.01%
(h) Depreciation and amortisation expense	288.64	535.21%	396.23	165.53%	405.63	94.02%	353.21	112.31%
(i) Other expenses	225.01	417.23%	410.47	171.48%	478.21	110.85%	587.90	186.93%
Total Expenses	1619.32	3002.63%	2166.29	905.00%	2438.73	565.28%	3023.82	961.47%
Profit / (Loss) before exceptional and extraordinary items and tax	(1565.39)	(2902.63)%	(1926.92)	(805.00%)	(2007.31)	(465.28%)	(2709.32)	(861.47%)
Exceptional items [Income / (Expense)]	-	-	-	-	-	-	-	-
Profit / (Loss) before extraordinary items and tax	(1565.39)	(2902.63)%	(1926.92)	(805.00%)	(2007.31)	(465.28%)	(2709.32)	(861.47%)
Extraordinary items	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	(1565.39)	(2902.63)%	(1926.92)	(805.00%)	(2007.31)	(465.28%)	(2709.32)	(861.47%)
Tax expense / (benefit):								
(a) Current Tax Expense	-	-	-	-	-	-	-	-
(b) MAT	-	-	-	-	-	-	-	-
(c) Deferred tax Assets /Liabilities	-	-	-	-	-	-	-	-
Net Tax expenses	-	-	-	-	-	-	-	-
Profit / (Loss) for the period / year, as restated	(1565.39)	(2902.63)%	(1926.92)	(805.00%)	(2007.31)	(465.28%)	(2709.32)	(861.47%)

Principal components of our statement of profit and loss account

Revenue

Our total revenue for the Fiscals 2016, 2015 and 2014 was ₹ 239.37 lakhs, ₹ 431.42 Lacs and ₹ 314.50 Lacs, respectively. Further, our total revenue for the nine months ended December 31, 2016, was ₹ 53.93 Lacs. Our revenue comprises of:

Revenue from operations

Our revenue from operations comprises revenue from the sale of manufactured products only. Our revenue from sale of products so far primarily comprises revenue from oncology and biotechnology.

Other revenue

Other revenue comprises of interest on deposits, miscellaneous income and profit on the sale of assets.

Expenses

Our total expenses for Fiscal 2016, 2015 and 2014 were ₹ 2,166.29 Lacs, ₹ 2,438.73 Lacs and ₹ 3,023.82 Lacs, respectively. Further, our total expenses for the nine months ended December 31, 2016, were ₹ 1,619.32 Lacs. Our expenses primarily comprise cost of materials consumed, manufacturing expenses, employee benefit expenses, finance costs, depreciation, research and development expenses and other expenses. Expenses that are primarily fixed in nature include employee benefit expenses, insurance, rent, repair and maintenance and taxes.

Cost of materials consumed

The cost of material consumed in the manufacturing of products comprises of raw material (both active and non active pharmaceutical ingredients, packaging material, consumables etc

Manufacturing expenses

Manufacturing expenses comprise power and fuel expenses, repairs and maintenance of plant and machinery and buildings, staff & contract manpower and other manufacturing expenses.

Employee benefit expenses

Employee benefit expense consists of salaries, wages and bonus, contributions to provident fund and workmen and staff welfare.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured term loans and unsecured loans. Other borrowing costs relate to fees charged by banks for various transactions.

Depreciation and Amortisation Expense

Depreciation and amortization expense comprise depreciation of our buildings, plant and machinery, EDP equipment, office equipment, furniture and fixtures and vehicles.

Other expenses

Other expenses comprise selling and distribution and administrative expenses. Selling and distribution expenses include advertisement and other selling and distribution expenses. Administrative expenses include communication, rent, rates and taxes, insurance, other repairs and maintenance, legal and professional fees, remuneration to auditors, printing and stationery, office and general maintenance, security charges, travelling and conveyance, foreign exchange loss, loss on sale of fixed assets and miscellaneous expenses.

Tax expenses

Current tax

Since our Company has significant amount of outstanding business loss and unabsorbed depreciation as on December 31, 2016, March 31, 2016, March 31, 2015 and March 31, 2014, it is not liable to pay current tax. Also, on account of losses, we are not liable to pay taxes under the Minimum Alternate Tax (**MAT**).

Deferred tax

Deferred tax arises from timing differences between book profits and taxable (accounting) profits that originates in one period and is capable of reversal in one or more subsequent periods. It is measured using tax rates and laws that have been enacted or substantively enacted as on the date of the balance sheet. Our Company has significant amount of outstanding business loss and unabsorbed depreciation. In the absence of virtual certainty of realisation, the Company has not recorded the cumulative deferred tax asset as on December 31 2016, March 31, 2016, March 31, 2015 and March 31, 2014 and for the period arising on account of timing differences, as stipulated in Accounting Standard (AS) 22 – Accounting for taxes on income.

Results of Operations from April 1, 2016 to December 31, 2016

Revenue

Our total revenue for the nine month period ended December 31, 2016 was ₹ 53.93 Lacs which comprised of:

Revenue from operations:

Our revenue from operations for the nine month period ended December 31, 2016 was ₹ 49.02 Lacs.

Other revenue

Other revenue for the nine month period ended December 31, 2016 was ₹ 4.91 Lacs.

Expenses

Our total expenditure for the nine month period ended December 31, 2016 was ₹ 1619.32 Lacs which comprised of:

Cost of materials consumed

The cost of materials consumed for the nine month period ended December 31, 2016 was ₹ 93.58 Lacs.

Manufacturing expenses

Manufacturing expenses for the nine month period ended December 31, 2016 was ₹ 261.97 Lacs.

Employee benefit expenses

Employee benefit expense for the nine month period ended December 31, 2016 was ₹ 190.48 Lacs.

Finance cost

Finance cost for the nine month period ended December 31, 2016 was ₹ 564.43 Lacs.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the nine month period ended December 31, 2016 was ₹ 288.64 Lacs.

Other expenses

Other expenses for the nine month period ended December 31, 2016 was ₹ 225.01 Lacs.

Net Profit/Loss before Tax

Our company incurred a loss before tax for the nine month period ended December 31, 2016 of ₹ 1565.39 Lacs.

Taxation

Since our company incurred a loss for the nine month period ended December 31, 2016, the provision for taxes was Nil.

Net Profit/Loss after Tax

Our company incurred a loss after tax for the nine month period ended December 31, 2016 of ₹ 1565.39Lacs.

Comparisons of Historical Results of Operations

Year ended March 31, 2016 compared to year ended March 31, 2015

Revenue

Our total revenue for the year ended March 31, 2016 was ₹ 239.37 Lacs as compared to ₹ 431.42 Lacs for the year ended March 31, 2015, representing a decrease of 44.52%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the year ended March 31, 2016 was ₹ 205.98 Lacs as compared to ₹ 407.67 Lacs for the year ended March 31, 2015, representing a decrease of 49.47%. The reason for decrease is due to the suspension of activities at biotech & general injectable unit in the financial year 2014-15 because of the unviable financial situation of the company and lower uptake in market post merger of RLL (our principal customer till that time) with Sun Pharmaceutical Industries Limited.

Other revenue

Other revenue for the year ended March 31, 2016 was ₹ 33.39 Lacs as compared to ₹ 23.75 Lacs for the year ended March 31, 2015, representing an increase of 40.59%. The reason for increase in other income is due to the interest income earned on the term deposits and the interest on the TDS refund received.

Expenses

Our total expenditure for the year ended March 31, 2016 was ₹ 2,166.29 Lacs as compared to ₹ 2,438.73 Lacs for the year ended March 31, 2015, representing a decrease of 11.17%. Total expenditure comprises of:

Cost of materials consumed

The cost of materials consumed for the year ended March 31, 2016 was ₹ 200.17 Lacs as compared to ₹ 316.77 Lacs for the year ended March 31, 2015, representing a decrease of 36.81%. Due to decrease in manufacturing activities the cost of material consumed decreased.

Manufacturing expenses

Manufacturing expenses for the year ended March 31, 2016 was ₹ 179.55 Lacs as compared to ₹ 242.82 Lacs for the year ended March 31, 2015, representing a decrease of 26.06%. Due to decrease in manufacturing activities the variable cost of manufacturing expenses decreased.

Employee benefit expenses

Employee benefit expense for the year ended March 31, 2016 was ₹ 234.92 Lacs as compared to ₹ 327.45 Lacs for the year ended March 31, 2015, representing a decrease of 28.26%. Due to decrease in manufacturing activity, the manpower was reduced during 2014-15, the impact was seen in 2015-16 and the related expenses.

Finance cost

Finance cost for the year ended March 31, 2016 was ₹ 754.60 Lacs as compared to ₹ 665.25 Lacs for the year ended March 31, 2015, representing an increase of 13.43%. The increase in finance cost is due to the continuing outstanding unpaid loans and interest thereon on account of losses.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the year ended March 31, 2016 was ₹ 396.23 Lacs as compared to ₹ 405.63 Lacs for the year ended March 31, 2015, representing a decrease of 2.32%. During the year Company has not made any further increase in fixed assets and certain block of assets where fully depreciated.

Other expenses

Other expenses for the year ended March 31, 2016 was ₹ 410.47 Lacs as compared to ₹ 478.21 Lacs for the year ended March 31, 2015, representing a decrease of 14.16%. The decrease in other expenses was mainly attributable to reduction in legal & professional charges

Net Profit/Loss before Tax

Our company incurred a loss before tax for the year ended March 31, 2016 of ₹ 1,926.92 Lacs as compared to ₹ 2,007.31 Lacs for the year ended March 31, 2015, representing a decrease of 4.01%. The reduction in manufacturing activities lead to reduction in expenses and thereby reduction in losses.

Taxation

The provision for taxes for the year ended March 31, 2016 was Nil which was also the case for the year ended March 31, 2015.

Net Profit/Loss after Tax

Our company incurred a loss after tax for the year ended March 31, 2016 of ₹ 1,926.92 Lacs as compared to ₹ 2,007.31 Lacs for the year ended March 31, 2015, representing a decrease of 4.01%.

Year ended March 31, 2015 compared to year ended March 31, 2014

Revenue

Our total revenue for the year ended March 31, 2015 was ₹ 431.42 Lacs as compared to ₹ 314.50 Lacs for the year ended March 31, 2014, representing an increase of 37.18%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the year ended March 31, 2015 was ₹ 407.67 Lacs as compared to ₹ 275.57 Lacs for the year ended March 31, 2014, representing an increase of 47.94%. The reason for increase in sales was due to generation of revenues from biotech products (manufactured in the financial year 2013-14) and certain exports / third party supplies.

Other revenue

Other revenue for the year ended March 31, 2015 was ₹ 23.75 Lacs as compared to ₹ 38.93 Lacs for the year ended March 31, 2014, representing a decrease of 38.99%. Due to the encashment of the bank guarantees issued earlier, the interest income from that period reduced resulting into decrease.

Expenses

Our total expenditure for the year ended March 31, 2015 was ₹ 2,438.73 Lacs as compared to ₹ 3,023.82 Lacs for the year ended March 31, 2014, representing a decrease of 19.35%. Total expenditure comprises of:

Cost of materials consumed

The cost of materials consumed for the year ended March 31, 2015 was ₹ 316.77 Lacs as compared to ₹ 223.98 Lacs for the year ended March 31, 2014, representing an increase of 41.43%. Due to increase in manufacturing activity for oncology injectables which included third party supplies and exports.

Research and Development Expenditure

The research and development expenditure for the year ended March 31, 2015 was Nil as compared to ₹ 154.61 Lacs for the year ended March 31, 2014. Our Company has not undertaken any research activity during the financial year 2014-15 as against research undertaken for biotech activity during financial year 2013-14.

Manufacturing expenses

Manufacturing expenses for the year ended March 31, 2015 was ₹ 242.82 Lacs as compared to ₹ 593.67 Lacs for the year ended March 31, 2014, representing a decrease of 59.10%. The Company has suspended biotech activities which resulted into reduction of cost related to manufacturing expenses

Employee benefit expenses

Employee benefit expense for the year ended March 31, 2015 was ₹ 327.45 Lacs as compared to ₹ 615.44 Lacs for the year ended March 31, 2014, representing a decrease of 46.79%. The reduction in number of employees due to the suspension of manufacturing activities resulted into decrease in employee expenses.

Finance cost

Finance cost for the year ended March 31, 2015 was ₹ 665.25 Lacs as compared to ₹ 468.64 Lacs for the year ended March 31, 2014, representing an increase of 41.95%. Due to the increase in unsecured loan amount the amount of finance cost has increased.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the year ended March 31, 2015 was ₹ 405.63 Lacs as compared to ₹ 353.21 Lacs for the year ended March 31, 2014, representing an increase of 14.84%. Due to the change in method of providing depreciation prescribed under Companies Act 2013 and 1956, depreciation has decreased.

Other expenses

Other expenses for the year ended March 31, 2015 was ₹ 478.21 Lacs as compared to ₹ 587.90 for the year ended March 31, 2014, representing a decrease of 18.66%. Due to overall control of expenses especially in travelling, legal & professional fees etc the other expenses declined.

Net Profit/Loss before Tax

Our company incurred a loss before tax for the year ended March 31, 2015 of ₹ 2,007.31 Lacs as compared to ₹ 2,709.32 Lacs for the year ended March 31, 2014, representing a decrease of 25.91%. The same has declined due to suspension of activities in Biotech unit and cost control measures taken in view of the severe financial constraints.

Taxation

The provision for taxes for the year ended March 31, 2015 was Nil which was also the case for the year ended March 31, 2014.

Net Profit/Loss after Tax

Our company incurred a loss after tax for the year ended March 31, 2015 of ₹ 2,007.31 Lacs as compared to ₹ 2,709.32 Lacs for the year ended March 31, 2014, representing a decrease of 25.91%. The decrease in loss was due to cost control measures taken in view of the severe financial constraints.

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution during the last three Fiscals

Our Company has failed to repay the loan granted by Technology Development Board and Biotech Consortium India Limited. Our Company has availed a loan of ₹ 600.00 Lacs from Technology Development Board. An arbitration award has been passed by Justice (Retired) Mahmood Ali Khan, Sole Arbitrator, in the matter of Technology Development Board versus our Company and Dr. Jayaram Chigurupati, erstwhile promoter, wherein an award of ₹ 296.48 Lacs was passed in favour of Technology Development Board along with interest at the rate of 15 % per annum from February 17, 2011 to the date of realization of the award. As on December 31, 2016, our Company was in default of repayment obligations to the extent of ₹ 557.82 Lacs including accrued interest & penal interest and continuing the default of repayment obligations to the Technology Development Board as on the date of filing of this Letter of Offer. Further, our Company has availed a loan of ₹ 12.80 Lacs from Biotech Consortium India Limited on April 19, 2007. Our Company has not paid installment including interest thereon for the year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 fall due in November 2011, November 2012, November 2013, November 2014, November 2015 and November 2016. As on December 31, 2016, our Company was in default of repayment obligations to the extent of ₹ 14.35 Lacs including accrued interest and penal interest and continuing the default of repayment obligations to the Biotech Consortium India Limited as on the date of filing of this Letter of Offer. The reason for such default is incurring continuous losses in the business and severe financial / liquidity crunch.

For details of our default, please refer section titled “*Risk Factors*” and “*Financial Indebtedness*” on page 15 and 218 respectively of this Letter of Offer.

Material Frauds

There are no material frauds, committed against our Company, in the five years preceding the date of this Letter of Offer.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, since December 31, 2016, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

We operate in a highly regulated industry. Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled "*Risk Factors*" on page 15 of this Letter of Offer.

Except as described in the chapter titled "*Key Industry Regulations and Policies*" beginning on page 104 of this Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 15 and 183 respectively, of this Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 15 and 205, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to intensify. For further details, see chapter titled "*Our Business*" beginning on page 95 of this Letter of Offer.

New Product or Business Segment

We have historically derived a significant percent of our revenue from our Oncology business and believe we will continue to see strong growth in this business segment. We also anticipate that we will derive higher revenues from our general injectables, biotechnology and eyecare products businesses in the future. We have installed, as of December 31, 2016, an eye care manufacturing facility at our premises. The success of these business lines will improve our results of operations and cash flows.

Being in regulatory governed businesses, our ability to create new products will depend on any possible regulatory policies and actions. However, we may be able to launch new kinds of services around current offerings to enable more convenience to customers and/or to improve our marketing and operational efficiencies.

Seasonality of Business

Our business is not seasonal. Our business is largely dependent on overall economic conditions prevailing both locally and globally. The level of our operations, income and profitability may be affected by these factors.

Significant Dependence on a Single or Few Suppliers or Customers

Our operations are currently significantly dependent on our Promoter Sun Pharmaceutical Industries Limited.

Related Party Transactions

For details please refer to the discussion in the chapter titled “*Financial Statements*” beginning on page 143 of this Letter of Offer.

Significant developments after December 31, 2016 that may affect our future results of operations

In the opinion of our Directors of our Company, no circumstances have arisen since December 31, 2016 which materially and adversely affect or are likely to affect the profitability or increase the losses of our Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months

FINANCIAL INDEBTEDNESS

Our Company's outstanding secured and unsecured borrowing (including interest) is ₹ 7,737.34 Lacs as on December 31, 2016, the details of which are set out below:

Name of Lender	Technology Development Board
Sanctioned amount	₹ 600.00 Lacs
Rate of Interest (% p.a.)	Half yearly payment of interest at 5% per annum
Amount outstanding as of December 31, 2016 (₹ in lacs including interest)	₹ 557.82 Lacs
Repayment schedule	Half yearly instalments starting from March 30, 2007
Security provided	All the moveable properties of the Company including plant and machinery, spares, tools and accessories and other moveables, construction, erection of buildings, structures of any land or other immovable property. Land admeasuring 22.38 acres located at Turkapally Village, Shameerpet Mandal, Ranga Reddy District, Hyderabad – 500 078, Telangana, India. together with the building and structures and all plant and machinery attached to the earth and permanently fastened
Restrictive Covenants	The Company shall not without the prior written consent of the lender– • change the nature or scope of project for which the loan was availed; • undertake new project, diversification, modernization or substantial expansion of the project; • declare any dividend to the shareholder whether equity or preference during any financial year or declare or pay dividend to the equity shareholders of the Company exceeding 25% of or average of dividends paid in the preceding three years including interim payments; • undertake any merger, consolidation, reorganization scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstitution; • revalue its assets; • transfer, assign, dispose off, pledge, charge, hypothecate, mortgage or create lien or encumber its undertakings, properties and assets acquired for the project

An arbitration award has been passed by Justice (Retired) Mahmood Ali Khan, Sole Arbitrator, in the matter of Technology Development Board versus our Company and Dr. Jayaram Chigurupati, our erstwhile promoter and an award in the sum of ₹ 296.48 Lacs is passed in favour of Technology Development Board along with interest at the rate of 15% per annum from February 17, 2011 to the date of realization of the award. As of December 31, 2016, our Company was in default of repayment obligations to the extent of ₹ 557.82 Lacs including accrued interest and penal interest and continuing the default of repayment obligations to the Technology Development Board as on date of filing of this Letter of Offer. Further, our erstwhile promoter, Dr. Jayaram Chigurupati had also pledged 6,00,000 equity shares as a personal security to Technology Development Board against the above-mentioned secured loan, which Technology Development Board has invoked on February 28, 2014 on the event of default. One of the reasons for such defaults is incurring continuous losses in the business and severe financial/liquidity crunch in the business and operation of our Company.

Our Company has *vide* a letter dated December 30, 2016 applied for no objection certificate from Technology Development Board for the proposed Issue of our Company. However, Technology Development Board *vide* its letter dated February 22, 2017 has refrained from issuing their consent as the Company had not been able to repay the loan as per the Arbitration Award. Further, Technology Development Board *vide* its letter dated February 28, 2017 advised the Company about amount due i.e. ₹ 560.50 lakhs as on February 28, 2017. Our Company believes that the said outstanding amount as advised by Technology Development Board did not consider the appropriation and adjustment of the invocation of shares pledged and had the said amount been adjusted, the outstanding amount shall be substantially lower. Our Company will, in due course, pursue with Technology Development Board for

arriving at the exact amount due on our Company. Our Company undertakes to repay the final outstanding amount mutually decided between our Company and Technology Development Board out of the proceeds of the Rights Issue i.e. the amount will be adjusted out of General Corporate Purpose or from any other sources, subject to the full and final settlement between our Company and Technology Development Board.

Our Company has also availed the following unsecured loans and the details of which are set out below:

A. Loan of ₹ 12.80 Lacs availed from Biotech Consortium India Limited

Name of Lender	Biotech Consortium India Limited
Amount availed (₹ in lacs)	₹12.80 Lacs
Amount outstanding as of December 31, 2016 (₹ in lacs including interest)	₹ 14.35 Lacs
Rate of Interest (% p.a.)	12.00 % Per Annum
Repayment schedule	10 yearly installments of ₹ 1.68 Lacs each
Tenure	Up to November, 2013

Our Company has not paid installment including interest thereon for the year ended March 31, 2012, March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016 fall due in November 2011, November 2012, November 2013, November 2014, November 2015 and November 2016. As of December 31, 2016, our Company was in default of repayment obligations from Biotech Consortium India Limited to the extent of ₹ 14.35 Lacs including accrued interest and penal interest and continuing the default of repayment obligations to the Biotech Consortium India Limited as on date of filing of this Letter of Offer. One of the reasons for such defaults is incurring continuous losses in the business and severe financial/liquidity crunch in the business and operation of our Company.

Since the loan availed from Biotech Consortium India Limited is unsecured loan and there were no restrictive covenants in the facility arrangement entered with Biotech Consortium India Limited, the Company has not applied for the no objection of Biotech Consortium India Limited for the proposed Rights Issue.

B. Loan of ₹ 5,120.00 Lacs availed from Sun Pharmaceutical Industries Limited

Name of Lender	Sun Pharmaceutical Industries Limited
Amount availed	₹ 5,120.00 Lacs
Amount outstanding as of December 31, 2016 (₹ in lacs including interest)	₹ 7,165.17 Lacs
Rate of Interest (% p.a.)	11.25% payable at end of each financial year. In case of any breach or default of any condition, additional interest of ₹ 2.00 % per annum
Repayment schedule	Repayable on demand
Tenure	For a maximum period till March 31, 2018

C. There is no outstanding vehicle loan as on date of this Letter of Offer.

MATERIAL DEVELOPMENTS

In accordance with Ministry of Finance Circular No. F.2/5/SE/76 dated February 5, 1977 and amended further on March 8, 1977, the information required to be disclosed for the period between the last date of the balance sheet and the profit and loss account sent to the shareholders provided (i.e. for the year ended March 31, 2016), and up to the end of the last but one month preceding the date of this Letter of Offer (i.e. April 30, 2017), is provided below:

A. Our working results for the period from April 1, 2016 to April 30, 2017:

The working results of our Company for the period from April 1, 2016 to April 30, 2017 are as follows:

<i>(₹in lacs)</i>	
Particulars	Amount
Sales/ Income from operations	312.81
Other Income	5.52
Estimated Gross Profit excluding Depreciation & Taxes	(1,698.47)
Provision for Depreciation	419.67
Provision for Taxation	-
Estimated Net Profit/(loss)	(2,118.14)

Material changes and commitments

There are no material changes and commitments, other than as disclosed to the Stock Exchanges since March 31, 2016 till date of the Letter of Offer which has materially and adversely affected or that are likely to affect our business, the profitability of our Company or the value of our assets or our ability to pay our liabilities.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our Promoters that would have a material adverse effect on our business. Further, except as stated below there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company default in creation of full security as per terms of issue/other liabilities. No proceedings have been initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters and our Directors. Our Board, in its meeting held on September 24, 2016, has adopted a policy for identification of Group Companies, material creditors and material legal proceedings (Materiality Policy).

Other than the abovementioned legal proceedings, our Company is not involved in any other material legal proceedings, determined pursuant to the Materiality Policy. For the purposes of disclosure, pursuant to the SEBI ICDR Regulations and the Materiality Policy of our Company, all pending litigation involving our Company other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 5% of annual consolidated turnover of our Company for Fiscal Year 2015-2016 or such pending litigation proceedings which are material from the perspective of the business, operations, prospects or reputation of our Company. Further, for our Promoters, pursuant to the SEBI ICDR Regulations and the Materiality Policy of our Company, all pending litigation involving our Promoters other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of 1% of the net worth of our respective Promoters for Fiscal Year 2015-2016.

Our Company, our Directors and/or our Promoters have not been declared as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

*Furthermore, except as stated below, in the last five years preceding the date of this Letter of Offer there have been (a) no instances of material frauds committed against our Company; (b) no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the case of our Company and, no prosecutions have been filed (whether pending or not), fines imposed or compounding of offences for our Company; (c) no litigation or legal action pending or taken by any ministry or department of the government or any statutory body against the Promoter. For details of contingent liability as per Accounting Standard 29, refer to the section **"Financial Statements"** on page 143 of this Letter of Offer.*

Further, except as disclosed below there are no (i) litigation against the Directors or the Promoters involving violation of statutory regulations or alleging criminal offence; (ii) past cases in which penalties were imposed by the relevant authorities on our Company, the Promoters and the Directors; and (iii) outstanding litigation or defaults relating to matters likely to affect the operations and finances of our Company including disputed tax liabilities and prosecution under any enactment in respect of Schedule V to the Companies Act, 2013. Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.

1. LITIGATION INVOLVING OUR COMPANY

A. Litigation against our Company

Civil Litigation

1. *Writ Petition no. 19565 of 2012 filed by Dr. Jayaram Chigurupati (“Petitioner”) against Union of India, DSCL, Company and others (“Respondents”) before the Andhra Pradesh High Court*

Daiichi had filed an application dated June 26, 2008 with the Foreign Investment Promotion Board (“FIPB”) seeking approval to purchase upto 20% of the issued shareholding in our Company in accordance with the Foreign Exchange Management (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2000 (“FIPB Guidelines”). The FIPB vide its letter dated October 6, 2008 had approved equity participation of Daiichi in our Company (“Approval Letter”). The Petitioner then filed the writ petition challenging the Approval Letter and praying for the same to be stayed during the pendency of this writ petition. The writ petition is currently pending.

2. *Company Petition No. 51 of 2009* filed by Dr. Jayaram Chigurupati and others (“Petitioners”) against our Company and others (“Respondent”) before the National Company Law Tribunal, Hyderabad.*

The Petitioners were holding 25.76% of the paid up capital of our Company. Sun Pharmaceutical Industries Limited (formerly Ranbaxy Laboratories Limited) (“Respondent No. 6”), acquired certain equity shares of our Company on preferential basis and thereafter entered into a share purchase agreement with the Petitioners for purchasing 78,78,906 Equity Shares of ₹ 10 each for a consideration of ₹ 160 per Equity Shares, which triggered the Takeover Regulations. Subsequently, Respondent No. 6 issued a public announcement for acquisition of 20% shares from public at ₹ 160 per share for total investment of ₹ 878.30 lacs. Therefore, the shareholding of Respondent No. 6 in our Company increased to 46.85%. Further, Daiichi Sankyo Company Limited (“Respondent No.5”) pursuant to the share purchase and share subscription agreement with the erstwhile promoters of Respondent No. 6 acquired and was allotted certain equity shares and warrants and made a public offer, due to which its shareholding in Respondent No. 6 increased to 63.92% of the paid-up capital of RLL and Respondent No. 6 became a subsidiary of Respondent No. 5.. As a result of acquiring control over Respondent No. 6, Respondent No. 5 indirectly acquired control of our Company. After Daiichi Sankyo Company, Limited had assumed indirect control of our Company, the Petitioners alleged in an action before the CLB that Respondent No. 6 exercised its control over the Company in a manner prejudicial and oppressive to the interests of our Company, its creditors and shareholders’ which included the Petitioners. The Petitioners then filed the present petition which is currently pending.

**The Company Petition simultaneously involves Sun Pharmaceutical Industries Limited and Daiichi Sankyo Company, Limited*

3. *Proceedings against our Company by Directorate General of Foreign Trade for violation of provisions of Foreign Trade (Development and Regulation) Act, 1992*

Our Company had obtained 18 EPCG licenses for the import of machinery with an export obligation to export the resultant product within a period of 8 years from the date of issue of license and the export obligation was to be fulfilled by the use of the imported capital goods. Based on the scrutiny of records, the Joint Director General of Foreign Trade issued show cause notices (“SCNs”) to our Company for non-submission of requisite documents for fulfillment of export obligations. Thereafter, the Directorate Revenue of Intelligence (“DRI”) conducted an investigation in the premises of the Company on June 4, 2015, wherein DRI seized the capital goods worth ₹ 1,529.43 lacs and issued a panchanama for the same. However, these capital goods were later returned to our Company. Pursuant to the SCNs, the Joint Director General of Foreign Trade vide order-in-original dated July 14, 2015 (“Orders-in-Original”), imposed penalties on our Company for violation of provisions of Foreign Trade (Development and Regulation) Act, 1992. Being aggrieved by the Orders-in-Original, our Company preferred appeal dated September 14, 2015 before the Additional Director General of Foreign Trade (“ADGFT”). Further, the ADGFT vide its interim-order-in-appeal dated March 4, 2016 directed to stay the proceedings and recovery of penalties imposed till the disposal of the matter involving the Company before BIFR or till finalization of this appeal. The Principal Commissioner of Customs, Hyderabad Customs Commissionerate vide its order dated March

27, 2017 has demanded ₹ 484 lacs on our Company towards differential customs duties, redemption fines, penalties along with applicable interest.

4. *Writ petition No. 39040 of 2012 filed by Mr. Jayaram Chigurupati (“Petitioner”) against our Company, SEBI and another (“Respondents”), before the High Court of Judicature of Andhra Pradesh, Hyderabad*

The Petitioner has filed complaints with SEBI against our Company for violation of clause 49(I)(A) and clause 49(II)(A) of the Listing Agreement and the provisions of Securities Contract Regulation Act, 1956. The complaints pertain to non-compliance of appointment of independent directors and failure to constitute an audit committee with two third of its members as independent directors from financial year 2011 to 2012 and increase in the authorized share capital of the Company without the requisite approval of the shareholders of the Company. However, the Petitioner alleged that SEBI failed to discharge its statutory obligation of appointing an adjudicating officer for holding an inquiry and taking action against our Company pursuant to the complaints filed by the Petitioner. Being aggrieved by this action of SEBI, the Petitioner then filed the writ in the nature of a writ of mandamus praying the court to direct SEBI to appoint an adjudicating officer to adjudge the violations of the Listing Agreement and consider the validity of the resolutions passed by the audit committee for the financial quarters ending on June 30, 2011. The matter is currently pending.

5. *Complaints dated July 21, 2011, July 4, 2012 and July 19, 2012 filed by Dr. Jayaram Chigurupati against our Company before the Securities and Exchange Board of India*

Dr. Jayaram Chigurupati (“**Complainant**”) has filed complaints against our Company for the illegal appointment of Late B.K. Raizada as the joint managing director of the Company without following proper procedure, violation of regulation 12 of SEBI Takeover Code, 1997 and non-compliance of clause 49(I)(A) and 49(II)(A) of the Listing Agreement. The alleged violations of provisions of SEBI Takeover Code pertain to the appointment of the directors on the board of the Company by DSCL and erstwhile Ranbaxy Laboratories Limited without passing a resolution by postal ballot and removal of the names of the Complainant, Padmasree Chigurupati and Zenotech LLC from promoter and promoter group category of the shareholding pattern for quarter ended September 30, 2011 and December 31, 2011 pursuant to the open offer in order to comply with the minimum public shareholding requirements. Further, the alleged violations pertain to the dereliction of duty by the then statutory auditors of the Company by auditing the accounts of our Company without taking approval of the Complainant who was the then managing director of the Company. The complaint also pertains to non-compliance with the appointment of independent directors, failure to constitute an audit committee with two-third of its members as independent directors from financial year 2011 to 2012 and increase in the authorized share capital of the Company without the requisite approval of the shareholders of the Company. At the outset, our Company *vide* letters dated September 6, 2012 and September 27, 2012 has denied all the allegations made by the Complainant. All the complaints are currently pending.

B. *Litigation by our Company*

Criminal Litigation

1. *Criminal miscellaneous petition of 2014 in Crime No. 8 of 2012 filed by our Company against Dr. Jayaram Chigurupati and Bhanu Prasad (“Accused”) before Additional Chief Metropolitan Magistrate, Hyderabad*

Dr. Jayaram Chigurupati was the only acting director of our Company during the period from February 26, 2010 till the end of February 2011 and primarily responsible for the day to day affairs of our Company. Pursuant to change in control of our Company, our Company appointed Late B. K. Raizada as the managing director of our Company. However, the new management was denied access to the registered office and factory premises of our Company by the Accused since the Accused had instigated the employees to go on illegal strike to protest the employment of the new management. Pursuant to the intervention of the Company Law Board, Chennai, new management got the access of our Company’s premises on November 13, 2011 and found that several corporate and statutory records, registers, inventories and various vehicles were missing from our Company’s premises. Hence our Company filed the criminal complaint under section 120-B, section 379 and section 406 of IPC. Subsequent to the registration of the complaint, the investigating officer conducted an investigation and submitted a final report for closure of the

case as ‘mistake of fact’. Aggrieved by this, our Company then filed the petition for conducting proper and fair investigation under section 202 of Code of Criminal Procedure, which is currently pending.

2. Criminal miscellaneous petition of 2013 in Crime No. 32 of 2012 filed by our Company against the Station House Officer, P.S. Shamirpet before the VI Metropolitan Magistrate at Medchal, Cyberabad

Our Company had filed a complaint against Dr. Jayaram Chigurupati and others (“**Accused**”) for loss of technical documents / registers / data after the Accused ceased to be in control of our Company. Subsequently, our Company filed a complaint against the Accused for the offences punishable under section 120B, 379 and 406 of the Indian Penal Code before the Station House Officer, P.S. Shamirpet (“**Respondent**”). Subsequent to the registration of the complaint, the Respondent conducted an investigation and submitted a final report for closure of the case as ‘civil in nature’. Aggrieved by this, our Company then filed the petition for conducting proper and fair investigation under section 156(3) of Code of Criminal Procedure, which is currently pending.

3. Criminal miscellaneous petition of 2013 in Crime No. 124 of 2012 filed by our Company against the Station House Officer, P.S. Shamirpet before the VI Metropolitan Magistrate at Medchal, Cyberabad

Our Company had filed a complaint against Dr. Jayaram Chigurupati and others (“**Accused**”) for misappropriation and failure to share the information with our Company of the research data and the Bio-pharmaceutical Mammalian DNA clones during the tenure of the Accused from 2007 to 2011. Subsequently, our Company filed a complaint against the Accused for the offences punishable under section 403, 406, 409 and 420 of the Indian Penal Code before the Station House Officer, P.S. Shamirpet (“**Respondent**”). Subsequent to the registration of the complaint, the Respondent conducted an investigation and submitted a final report for closure of the case as ‘civil in nature’. Aggrieved by this, our Company then filed the petition for conducting proper and fair investigation under section 156(3) of Code of Criminal Procedure, which is currently pending.

4. Criminal miscellaneous petition of 2015 in Crime No. 357 of 2012 filed by our Company against Dr. Jayaram Chigurupati and others before III Additional Chief Metropolitan Magistrate, Hyderabad

Our Company had filed a complaint against Dr. Jayaram Chigurupati and others (“**Accused**”) for denying access to the technical documents, registers, technical information and intellectual property of the Company pursuant to the control of the new management of our Company. Subsequently, our Company filed a complaint against the Accused. However, after conducting an investigation, pursuant to the registration of the crime, the investigating officer filed a final report on the ground of ‘Lack of Evidence’ with the Additional Chief Metropolitan Magistrate, Hyderabad. Aggrieved by this, our Company then filed the petition for conducting proper and fair investigation under section 156(3) of Code of Criminal Procedure, which is currently pending.

Civil Litigation

1. Writ Petition No. 11095/2012 filed by our Company (“Petitioner”) against BSE Limited, RoC and others (“Respondents”) before the Andhra Pradesh High Court

After Daiichi Sankyo Company, Limited (“**Daiichi**”) assumed control of our Company and the new management was appointed, the erstwhile promoter of our Company restricted the access of the new management to the premises of our Company and denied access to the documents, statutory registers, books etc. Thereafter, BSE Limited (“**BSE**”) issued a show cause notice dated January 9, 2012 to our Company for the various non-compliance of the listing agreement. Our Company vide its reply dated January 31, 2012 informed the fact of missing records and registers of our Company. Subsequently, BSE issued a public notice on March 27, 2012 whereby the trading of securities of our Company was suspended. Aggrieved by this action, our Company has filed the present writ petition. Further, High Court of Andhra Pradesh vide its order dated November 18, 2012 suspended the operation of the public notice dated March 27, 2012 of BSE. The matter is currently pending.

2. *Writ Petition No. 12371 of 2012 filed by our Company (“Petitioner”) against the Commissioner of Police, Hyderabad and others (“Respondents”), before the High Court of Judicature of Andhra Pradesh, Hyderabad.*

Our Company had filed FIRs bearing no. 8 of 2012 and 32 of 2012 with the Station House Officer, P.S. Shamirpet against Dr. Jayaram Chigurupati and others for loss of vehicles, technical documents, registers, statutory records, licenses and intellectual property including EDP equipment pursuant to change in control from Dr. Jayaram Chigurupati to the new management of the Company. However, since no action was taken by the Station House Officer, P.S. Shamirpet, the Petitioner filed a private complaint with the Metropolitan Magistrate. Subsequent to the registration of the complaint, the investigation was not conducted in a fair, speedy and proper manner. Being aggrieved by this action, the Petitioner then filed this writ in the nature of a writ of mandamus praying to transfer the investigation to Hyderabad Central Crime Station and in the interim to carry out an effective and expedient investigation. The matter is currently pending.

3. *Suit No. 103 of 2012 filed by our Company against Dr. Jayaram Chigurupati (“Defendant”) before the City Civil Court, Hyderabad*

The Defendant was appointed as the managing director of our Company for the period from October 1, 2007 till March 18, 2011 and was in control and primarily responsible for the management and day to day affairs of the Company. The Defendant was paid monthly remuneration of ₹ 1.90 lacs per month. Further, our Company had availed a loan of ₹ 600 lacs from Technology Development Board and was in default in repayment of the loan. Upon review by our Company of its statutory compliances, it was observed that the Defendant was drawing remuneration from our Company without obtaining the prior approval of the Central Government and despite knowing that the Company had defaulted in repayment of loan. The Defendant had drawn a salary of ₹ 79.80 lacs for the period from October 1, 2007 till March 31, 2011. The Defendant was thus, in noncompliance with the statutory obligation provided in the Companies Act, 1956. Aggrieved by this action of the Defendant, our Company has filed the present suit claiming an amount of ₹ 104.21 lacs from the Defendant which is currently pending.

4. *Original Suit No. 338 of 2012 filed by our Company against Zenotech LLC, Dr. Jayaram Chigurupati and Padmasree Chigurupati (“Defendants”) before the City Civil Court, Hyderabad*

Our Company is in the business of developing and manufacturing generic bio-pharmaceuticals under the brand name and trademark ‘Zenotech’. The share purchase agreement dated October 3, 2007 entered between our Company and the Defendants provided for the non-usage of the name ‘Zenotech’ by the Defendants after the closing of share purchase agreement i.e. after January 31, 2008. However, the Defendants did not cease to use the name ‘Zenotech’ as per the share purchase agreement, thereby breaching its contractual terms. The Company has thus filed the present suit against the Defendants claiming an amount of ₹ 200 lacs for illegal usage of the name which is currently pending.

5. *Central Excise Appeal No. 1422 of 2017 filed by our Company against the Commissioner of Central Excise and Customs and Service Tax (“Respondent”) before the High Court of Andhra Pradesh*

The service tax department had issued a show cause notice dated October 19, 2012 to our Company demanding an amount of approximately ₹ 85 lacs being the service tax payable on technical testing and analysis pursuant to the audit conducted for the period ending June 2010. Thereafter, the Respondent upheld the demand raised in the show cause notice vide an order – in – original dated October 15, 2013. Aggrieved by the order – in – original, our Company filed an appeal alongwith the stay application before CESTAT which directed our Company to pre-deposit ₹ 52 lacs with interest. However, since our Company was able to make only part payment, CESTAT vide order dated February 20, 2017 dismissed the appeal for default. Our Company then filed the appeal before the High Court of Andhra Pradesh which is currently pending.

LITIGATION INVOLVING PROMOTERS

Litigation against our Promoters

Criminal Litigation

1. ***Writ Petition (CrI) No. 121 of 2013 filed by Manohar Lal Sharma (“Petitioner”) against Union of India, SPIL and others before the Supreme Court of India***

The U.S. Food and Drug Administration pursuant to an inspection carried in the premises of the manufacturing facilities of Sun Pharmaceutical Industries Limited (“**Respondent**”) situated in Ponta Sahib and Dewas in India found that adulterated drugs were being manufactured at these facilities. Thereafter, a consent decree for permanent injunction was filed against the Respondent by USA in the District Court of Maryland, and *vide* order dated January 25, 2012, the Respondent was directed to stop the manufacturing of 30 drugs in India and to withdraw them from the U.S. market (the “**Direction**”). The Respondent continued the manufacturing and supply of those 30 drugs in the Indian market despite the Direction. The Petitioner then filed the present petition regarding the supply of adulterated / forged medicines in India and overseas market including USA which was dismissed for non – prosecution by the Supreme Court *vide* its order dated November 16, 2016. However, the Petitioner has filed a criminal miscellaneous petition no. 21324 / 2016 for restoration of the aforementioned case which was restored by the Supreme Court *vide* its order dated January 20, 2017.

2. ***Revision Petition No. 63 of 2015 filed by Padmalatha P.S. (“Complainant”) against Manipal Hospitals and others before Additional District Consumer Disputes Redressal Forum, Bengaluru***

The Complainant had developed pain in the right calf muscle for which Dr. Sanjay Prasad Hegde (“**Accused No. 2**”) had prescribed her Ezat 120 tablet. However, after completion of the course of the medicine, she developed Steven Johnson Syndrome and got rashes on various part of her body. The Complainant thereafter filed the criminal complaint seeking re-imbursement of ₹ 7.59 Lacs as hospital expenses, compensation of ₹ 10.00 Lacs towards loss of health and other costs. Thereafter, the Complainant filed an interlocutory application for amendment of the criminal complaint before the Consumer Disputes Redressal Forum, Bengaluru which was rejected *vide* order dated February 4, 2015. Aggrieved by this, the Complainant has filed the present petition under section 15 of the Consumer Protection Act, 1986 which is currently pending.

3. ***Criminal Complaint No. 399 of 2011 filed by State of Andhra Pradesh represented by the Drugs Inspector (“Complainant”) against Krebs Biochemicals Industries Limited, SPIL and others (“Accused”) before Judicial First Class Magistrate at Kovvur, Nellore***

The Complainant conducted an inspection of the manufacturing facility of Accused No. 1 and found that Accused No. 1 procured the drug ‘Pseudo Ephedrine Hydrochloride’ in I.P grade in bulk and manufactured and sold it under the U.S.P grade and Pharma Europe/ E.P. grade. Thereafter, Accused No.1 did not cease the manufacturing activities of the drug ‘Pseudoephedrine Hcl’ even after the stop production orders issued by Director, Drugs Control Administration, Hyderabad were in force. Further, Accused No. 2 was granted test license for manufacturing three drugs and loan license for manufacturing one drug with the validity period upto 2008-2009. However, the Accused No. 1 and Accused No. 2 manufactured and sold certain drugs even after the expiry of the license and sold other drugs without obtaining valid test or loan licenses. The Complainant hence filed the present complaint under section 32 of the Drugs and Cosmetics Act, 1940 for the contravention of section 18(c) of the Drugs and Cosmetics Act, 1940 which is currently pending.

4. ***Criminal Revision Petition No. 87 of 2013 filed by the State of Rajasthan against Sun Pharmaceutical Industries Limited and others before Chief Judicial Magistrate, Sirohi***

A criminal complaint no. 3 of 2006 was filed against Sun Pharmaceutical Industries Limited and others (“**Accused**”) under the provision of Drugs and Cosmetics Act, 1940 and rules made thereunder for not manufacturing the standard quality of drugs. A sample was taken by government analyst, Rajasthan from the medical store and post testing of the sample, it was alleged that the sample drug was not of standard quality. Therefore a criminal complaint was filed against the Accused before Chief Judicial Magistrate, Sirohi. The Chief Judicial Magistrate, Sirohi *vide*

order dated July 23, 2013 discharged the Accused and being aggrieved by this order, the State of Rajasthan has filed the revision petition before the District and Sessions Judge, Sirohi which is currently pending.

5. *Criminal Complaint No. 1924 of 2004 filed by State of Kerala through Drug Inspector (“Complainant”) against Sun Pharmaceutical Industries Limited and others (“Accused”) before Judicial First Class Magistrate, Court-II Ernakulam*

The Complainant upon inspection of a medical shop found that it was distributing the drug ‘Rosatin Gel Tab’ which had been sold to the shop by the Accused. Thereafter, on further inspection the Complainant found that the Accused was distributing the drug as a dietary supplement through its depot situated at Ernakulam without obtaining a manufacturing license for the same. The Complainant then filed the complaint which is currently pending.

6. *Criminal Revision Application no. 155 of 2017 in the matter of Criminal Case No. 2698/SS/2017 filed by SPIL through its Directors (“Applicants”) against State of Maharashtra and others (“Respondents”) before the Sessions Court at Dindoshi Mumbai*

SPIL has filed a Criminal Revision Application under the provisions of Section 397 of the Criminal Procedure Code for quashing the complaint being Complaint No. 2698/SS of 2017 and to quash and set aside the order dated January 25, 2017 passed by the Metropolitan Magistrate, Vile Parle, Mumbai *inter alia* impleading the Applicants named as Accused. Pursuant to a visit at a premises of SPIL located at No. 89, Phase MIDC, Marol, Andheri East, Mumbai, the Inspector, Shops and Establishment recorded certain alleged discrepancies in noncompliance of provisions of the Mumbai Shops and Establishment Act, 1948 and Rules made thereunder. Municipal Corporation of Greater Mumbai filed a criminal complaint against SPIL and some of its Directors for alleged belief of commission of offence under Section 42 of the Mumbai Shops and Establishment Act, 1948 and Rules made thereunder. The Metropolitan Magistrate, Vile Parle, Mumbai on January 25, 2017 passed an order as “Issue Summons” against the Applicants. Therefore, the Applicant filed the present Criminal Revision Application. The Applicants claimed that the impugned order is passed without recording any verification statement of the complainant or without examining the complainant. The Applicant has also filed a reply dated December 8, 2016 with the concerned Senior Inspector, Shops and Establishment confirming the requisite compliance(s) have been done under the Mumbai Shops and Establishment Act, 1948 and Rules and requested to close the inspection remarks. The Sessions Court at Dindoshi Mumbai *vide* its order dated May 22, 2017 granted a stay on the Complaint No. 2698/SS of 2017 until next hearing of the matter.

7. *Criminal Complaint no. 02 of 2016 filed by the Labour Inspector-cum-Additional Inspector, Paonta Sahib, District Sirmour, Himachal Pradesh (“Complainant”) against SPIL and others (“Defendants”) before the Judicial Magistrate, First Class, Court No.1, Paonta Sahib, District Sirmour, Himachal Pradesh*

An inspection of SPIL, Ganguwala, Paonta Sahib was conducted by the Complainant accompanied by Deputy Director of Factories, Himachal Pradesh, Shimla under various labour laws including Factories Act, 1948 and rules, framed thereunder and alleged that SPIL is in violation of labour laws and Factories Act. The Complainant has alleged that alleged that name of contractual workers has not entered in the muster-roll and in the adult workers register, working hours have not been observed, over time work are being taken without prior permission from the Chief Inspector of Factories, Himachal Pradesh, register of leave with wages of the contractors' workers has not been maintained and leave books have not been issued to workers etc. and therefore SPIL is in violation of labour laws and Factories Act. The Complainant therefore, prays that the Defendants may be punished under the provisions of the Factories Act for the alleged violation. The matter is currently pending before the Judicial Magistrate, First Class, Court No.1, Paonta Sahib, District Sirmour, Himachal Pradesh.

8. *Criminal complaint bearing no. 4555 of 2003 filed by the Municipal Corporation Vadodara against SPIL and Other before the Additional Chief Judicial Magistrate, Vadodara*

The Vadodara Municipal Corporation has filed a criminal complaint on May 19, 2003, bearing number CC No 4555 of 2003 before the Additional Chief Judicial Magistrate, Vadodara against SPIL and its directors and others alleging offence under section 398 and 402 of the Bombay Provincial Municipal Corporation Act and rule 22 and 34 of the Vadodara Octroi Rules alleging nonpayment of Octroi of ₹ 19,86,214 along with penalty. The matter is pending before the Court.

Civil Litigation

1. **Multiple lawsuits filed against DSCL before various fora**

- A. Multiple lawsuits have been filed against DSCL, Daiichi Sankyo Inc., Daiichi Sankyo U.S. Holdings, Inc. as well as Forest Laboratories, LLC (head office: New York, U.S.A.) and the subsidiaries and associates thereof in U.S. federal and state courts by claimants alleging to have experienced sprue-like enteropathy (primary symptoms of sprue-like enteropathy include severe diarrhea) and other complications as a result of taking pharmaceuticals containing Olmesartan medoxomil (sold under Benicar® or other brand names in the United States). Although DSCL and its consolidated subsidiaries could incur damages as a result of the above-mentioned litigation, it is not considered possible at present to reasonably estimate the monetary amount of any such damages.
- B. Post acquisition of stake in the Company by Ranbaxy Laboratories Limited (Sun Pharmaceutical Industries Limited effective from 24 March 2015 pursuant to a merger scheme) and Daiichi Sankyo Company Limited (herein after referred to as the “**current promoters**”) there were disagreements on various accounts between the erstwhile promoters and the current promoters resulting in various legal cases being filed by both the parties before various forums. The current Management was denied and, therefore, could not gain access to the factory and other premises of the Company due to which a legal case was filed before the Company Law Board (“**CLB**”), Chennai, for taking over the physical possession of the factory premises from Dr. Jayaram Chigurupati, the erstwhile Promoter and Managing Director of the Company. Owing to the protracted legal case, the physical possession of the factory premises could be taken over on November 13, 2011 in the presence of CLB appointed Advocate Commissioner, in pursuance to an Order passed by the CLB. Subsequent to the gaining of the possession of the factory premises, further assessment by the current Management revealed that, among others, certain books and records, supplementary documents and statutory register till the period 12 November 2011 were missing and which are still not in the possession of the current Management. The Honorable Company Law Board vide order dated 8 October 2012 further directed Erstwhile Promoter and Managing Director of the Company to return all the documents and provide written details of all missing documents/ assets/ statutory records / equipment of the Company. The High Court of Andhra Pradesh has also passed a similar order. The Company has not yet been provided with these documents/ information. The current Management, therefore, based on the available limited records, statutory returns filed, supplementary documents, invoices, external corroborative evidence and after considering the various non compliances under the Companies Act, 1956, listing agreement and Foreign Exchange Management Act, etc post 12 November 2011, reconstructed financial statements for the years ended 31 March 2011 and 2012. Management is also in the process of regularizing and compounding such non compliances with the various authorities concerned. Since matters relating to several financial and nonfinancial irregularities are sub-judice and various legal proceedings are ongoing, any further adjustments / disclosures to the financial statements, if required, would be made in the financial statements of the Company as and when the outcome of the above uncertainties is known and the consequential adjustments / disclosures are identifiable/ determinable.
- C. Subsequent to DSCL acquiring 63.92% stake in Ranbaxy Laboratories Limited (now Sun Pharmaceutical Industries Limited) in October 2008, DSCL announced an open offer to acquire 20% share of the Company at ₹ 113.62 per share. Aggrieved by the pricing of the share, Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC (“**Erstwhile Promoters**”) and one or two other shareholder filed a petition in the Hon’ble High Court of Madras. The Company has been named as Respondent in the said case. An interim injunction in connection with the offer was given by the Hon’ble High Court of Madras and subsequently it was quashed by the Hon’ble Supreme Court based on a petition filed by DSCL against the said injunction. Meanwhile some of the shareholders (excluding Ranbaxy) including erstwhile promoter of the Company filed a petition with Securities Appellate Tribunal (SAT) with respect to the pricing of the share of the Company against the order of the SEBI turning down Erstwhile Promoters' complaint. SAT directed DSCL to price the open offer at ₹ 160 per share. DSCL has filed an appeal against the SAT order in the Supreme Court. The Supreme Court *vide* its order dated July 8, 2010 has ruled in favor of DS and allowed the open offer to be made at the price of ₹ 113.62 per share. In June 2012, Erstwhile Promoters filed a writ petition before Andhra Pradesh High Court against *inter alia* Foreign Investment Promotion Board and DSCL challenging acquisition of 20% shares of the Company by DSCL through an open offer.

2. ***Complaint (ULP) No. 432 of 2015 filed by Federation of Medical and Sales Representatives' Association of India and Central Grievance Committee ("Complainants") against SPIL and others ("Respondent") before the Industrial Court, Mumbai***

The Complainant represents the Medical and Sales Representatives Associations in India. In the year 2014, when RLL decided to merge with SPIL, the medical service representatives and the union apprehended that SPIL would be hostile and undermine their right to collective bargaining. Hence, the Complainants intervened in the company petition which was filed in the High Court praying for their service conditions and past agreements to be continued and respected by the new company.

Further, upon amalgamation, the Respondent issued a letter dated March 25, 2015 transferring the services of the workmen from RLL to Respondent. Further, Respondent threatened the medical service representatives to leave the union which amounted to unfair labour practice under the item 9 of Schedule IV of The Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971. Thereafter, Respondent issued a notice of termination of wage settlement which was in force until December 31, 2015 and on November 18, 2015 issued 55 letters of transfers of medical service representatives to different places in India ("**Transfer Order**"). Hence the present complaint which is currently pending has been filed for the following reliefs:

- a) To declare that the Respondents have committed unfair labour practices;
- b) To direct the Respondents to cease from committing the unfair labour practice;
- c) To quash and set aside the Transfer Order;
- d) To direct the Respondents to withdraw the Transfer Orders and desist from interfering from the functioning of the union; and
- e) Pending the hearing of the complaint, grant the stay of the Transfer Order

3. ***Writ Petition No. 6941 of 2012 filed by Workmen through All India General Mazdoor Trade Union ("Petitioners") against Sun Pharmaceutical Industries Limited and others ("Respondents") before High Court of Delhi***

The Petitioners have filed the petition demanding regularization in their service, payment in arrears etc. by Sun Pharmaceutical Industries Limited ("**Respondent No.1**") and others. The Petitioners were employed by Respondent No. 1 and were paid monthly wages and provident fund and ESI contributions by its officials. However, the Petitioners were shown as the employees of other contractor and not on the permanent pay roll of Respondent No.1. Further, they were deprived of certain benefits like uniform, bonus, travelling allowance, house rent allowance etc. and were paid wages less than the minimum rates of wages. Subsequently, the Petitioners filed a complaint before the Industrial Tribunal, Delhi which vide award dated March 6, 2012 ("**Award**") dismissed the petition. Aggrieved by this Award, the Petitioners then filed the present writ petition which is currently pending.

4. ***Class Action Complaint No. 3:12-CV-02839 filed by Stephen L. LaFrance Holdings, Inc. and others ("Plaintiffs") against Sun Pharmaceutical Industries Limited and others ("Defendants") before the United States District Court, District of New Jersey***

Sun Pharmaceutical Industries Limited ("**Defendant 1**") and Pfizer ("**Defendant 2**") had entered into a market allocation agreement dated June 17, 2008 ("**Market Allocation Agreement**") pursuant to which the Defendant 1 had agreed to neither compete directly with Defendant 2 for sale of generic version of atorvastatin calcium, under the brand name of Lipitor ("**Lipitor**") in the United States markets nor selectively waive or relinquish its first-to-file 180 day marketing exclusivity so as to permit any other ANDA filer to market a generic version of Lipitor until November 30, 2011. In lieu of this, Defendant 2 paid Defendant 1 significant consideration of outstanding money and the right to market generic Lipitor in atleast 11 foreign markets. This resulted in Defendant 2 controlling the prices of Lipitor and excluding competition in the United States market thereby maintaining its monopoly in the market. During this period, the Plaintiffs overpaid for Lipitor. The Plaintiffs then filed this consolidated class action complaint for seeking the recovery of overcharges for delayed entry of generic version of Lipitor which was dismissed vide order dated September 12, 2014 passed by the United States District Court, District of New Jersey. Thereafter, the Plaintiffs filed an appeal before the United States Courts of Appeals for the Third Circuit against the aforementioned order which is currently pending.

5. ***Class Action No. 2:16-CV-01388-CMR filed by Tulsa Firefighters Health and Welfare Trust (“Plaintiff”) against Sun Pharmaceutical Industries Limited and others (“Defendants”) before United States District Court, Eastern District of Pennsylvania***

The prices of the digoxin tablets had been subject to large scale increases over the last few years which doubled the price at the manufacturer to wholesale level and tripled the price at the retail pharmacy level. Hence, the Defendants introduced a scheme to fix, raise, maintain and stabilize the prices of doxycycline products and digoxin tablets of 0.125 mg and 0.25mg (“Doxycycline Products”) in the United States and to allocate the markets and customers for those products. Subsequently the people were injured since they paid supra competitive prices for the Doxycycline Products sold in the United States. The Plaintiff then filed the present complaint to recover the damages and obtain injunctive and equitable relief for the substantial injuries caused to it by the Defendants which is currently pending.

6. ***Complaint No. 001903 filed by Time Insurance Company and others (“Plaintiffs”) against Astra Zeneca, Sun Pharmaceutical Industries Limited and others (“Defendants”) before the Philadelphia County Court of Common Pleas***

AstraZeneca (“**Defendant 1**”) had entered into non-competition agreements with each of the Defendants agreeing to pay them substantial sums in exchange for their agreement to delay the marketing of their less expensive generic versions of esomeprazole magnesium under brand name of Nexium (“**Less Expensive Generic**”) for a period of 6 years or more i.e. till May 27, 2014 (together the “**Exclusion Payment Agreement**”). Thereafter, as the first-filer of an ANDA for generic Nexium, Sun Pharmaceutical Industries Limited (“**Defendant 2**”) was entitled to market its Nexium for 180 days free of competition from other generic Nexium products and pursuant to the operation of the Exclusion Payment Agreement between Defendant 1 and Defendant 2 all other generic Nexium products were blocked from entering the market until 180 days after May 27, 2014. This resulted in monopoly of Defendant 1 for delayed-release of Nexium and monopoly of the Defendant 2 for supply of generic Nexium during the first 180 days in United States. This resulted in an exorbitant increase of the price of Nexium for the Plaintiffs. The Plaintiffs then filed this class antitrust action seeking relief for the damages arising out of the delayed-release of Less Expensive Generic which is currently pending.

7. ***Class Action Complaint No. 1:15-CV-06549 filed by Sergeants Benevolent Association Health and Welfare Fund (“Plaintiff”) against Sun India Pharmaceutical Industries Limited and others (“Defendants”) before United States District Court, Southern District of New York***

In December 2002, Forest Laboratories, LLC (“**Defendant 1**”) had applied to Food & Drug Administration (“**FDA**”) for the manufacture, marketing and sale of memantine tablets (“**Namenda**”) in the United States. Defendant 1 had also availed a five year extension on the ‘703 patent for Namenda IR tablets. However, at least 14 generic manufacturers had filed ANDAs with FDA for the marketing of AB-rated generic formulations of Namenda IR. Thereafter, Defendant 1 filed multiple infringement lawsuits against the Defendants alleging infringement of the ‘703 patent, however, later settled with them. Pursuant to these settlement agreements, the Defendants agreed to delay competing against Defendant 1 until July 11, 2015. In the meantime, Defendant 1 manufactured Namenda XR tablets and developed a fixed-dose-combination product that included both memantine and donepezil which resulted in Defendant 1 retaining its monopoly in the market. As a consequence, there was an increase in the prices of Namenda IR and Namenda XR tablets. The Plaintiff then filed the present antitrust class action complaint seeking damages for the scheme to maintain the monopoly in the market for Namenda which is currently stayed *vide* order dated September 13, 2016 passed by United States District Court, Southern District of New York.

8. ***Civil Action No. 06-CV-1797 (MSG) filed by King Drug Company of Florence, Inc and others (“Plaintiffs”) against Sun Pharmaceutical Industries Limited and others (“Defendants”) before the United States District Court, Eastern District of Pennsylvania***

Cephalon, Inc (“**Defendant 1**”) entered into series of market allocation agreements with the Defendants whereby Defendant 1 agreed to pay the Defendants more than USD 200 million as well as compensation in exchange for the agreement from the Defendants to refrain from selling their less expensive generic versions of modafinil, a prescription drug marketed by Defendant 1 under the brand ‘Provigil (“**Provigil**”) until October 2011. Further, during this period, the Plaintiffs purchased substantial quantity of Provigil from Defendant 1 for inflated prices. The

Plaintiffs then filed the present civil antitrust action seeking treble damages arising out of the exclusion of generic competition from the market for generic Provigil which is currently pending.

9. *Civil Action No. 1:13-CV-09244-RA filed by United Food and Commercial Workers Local 1776 and others (“Plaintiffs”) against Sun Pharmaceutical Industries Limited and others (“Defendants”) before the United States District Court, Southern District of New York*

The Defendants had applied to the FDA to obtain the first-filer approval to sell the drugs under the brands Actos and Actoplus, which were extensively sold by Takeda. Takeda filed infringement lawsuits against the Defendants for infringement of the patent for Actos and Actoplus. However, Takeda later made payments to the Defendants to settle the lawsuits and for making delayed entry in the market till August 17, 2012. The delayed entry by the first-filers prevented generic manufacturers from entering the market until 180 days after August 17, 2012. This resulted in (i) delayed entry of less expensive generic version of Actos and Actoplus in United States, (ii) fixed, raised, maintained and stabilized price of Actos and Actoplus, and (iii) maintaining monopoly of Takeda for sale of Actos and Actoplus in United States. During this time, the Plaintiffs purchased the branded products rather than the re-sale products and paid inflated prices for the same. The Plaintiffs then filed the consolidated class action complaint against the Defendants for unreasonable delay of competition in the market for generic versions of Actos and Actoplus which is currently pending.

10. *Civil Action No. 1:15-CV-11828 filed by Meijer Inc. and others (“Plaintiffs”) against Sun Pharmaceutical Industries Limited (“Defendant”) before the United States District Court, District of Massachusetts*

During 1990-2000, the Defendant had filed as many ANDAs as possible to secure valuable first-to-file generic status and to take advantage of 180 day exclusivity period that came with it. The Defendant misled FDA into granting tentative approvals for several such applications thereby preventing the entry of other generic makers into the market. However, the purchasers overpaid for the drugs Valcyte and Diovan during the period between March 15, 2013 to November 20, 2014 and September 21, 2012 to July 4, 2014 respectively. The Plaintiffs then filed this lawsuit seeking monetary relief for the purchase of brand drugs Valcyte and Diovan for which the entry of the generic versions was delayed unreasonably which is currently pending.

Litigation by our Promoters

Criminal Litigation

1. *Special Criminal Application No. 2024 of 2011 filed by Sun Pharmaceutical Industries Limited and others (“Petitioner”) against State of Gujarat and others (“Respondents”) before the High Court of Gujarat at Ahmedabad*

Gujarat Pollution Control Board (“GPCB”) had filed the complaint against the Petitioner for violation of section 3 of Environment (Protection) Act, 1986 and the Environment Impact Assessment Notification, 2006 dated September 14, 2006. The officers of GPCB on inspection of the premises of the Petitioner found that the Petitioner had started the construction of the production plant without obtaining the necessary environmental clearance and thus had filed a complaint. Being aggrieved by the registration of the complaint by the GPCB, the Petitioner then filed the present application for quashing and setting aside the complaint. The matter is currently pending.

Civil Litigation

1. *Special Leave Petition No. 28860 of 2014 filed by Sun Pharmaceutical Industries Limited (“Appellant”) against Union of India and others before the Supreme Court of India*

The Appellant has filed the petition against National Pharmaceutical Pricing Authority (“Respondent No. 3”) and others alleging a demand of ₹ 465.08 lacs by the Respondent No. 3 for overcharging of Cloxacillin Sodium based formulations from April 1996 to June 2000. The Appellant stated that neither was it manufacturing the formulations containing ‘Cloxacillin Sodium’ i.e. Roscilox nor did it own the brand name / trade mark ‘Roscilox’. However, Respondent No. 3 issued various notices to the Appellant demanding different amounts each time and finally vide a demand notice dated June 13, 2005 raised a demand of ₹ 465.08 lacs. Further, Respondent No. 3 alleged the

Appellant being a distributor of 'Roscilox' pursuant to which it demanded the overcharged amount. Aggrieved by this, the Appellant then filed a writ petition in the High Court of Delhi which was dismissed. Hence the present petition was filed which is currently pending.

2. ***Writ Petition 703 of 2010 filed by SPIL (formerly known as RLL) ("Petitioners") against Union of India and others ("Respondents") before the High Court of Bombay***

The Petitioner was the distributor of formulations of Doxofylline manufactured by MTCL in accordance with the license granted to the Petitioner. MTCL had applied for the approval to manufacture Doxofylline ("**Drug**") formulation to the Drugs Controller General (India) and the same was granted *vide* permissions dated February 8, 2006 and March 30, 2006. The National Pharmaceutical Pricing Authority ("**Respondent No. 3**") issued a letter dated July 22, 2008 to the Petitioner along with others whereby it was stated that the Drug was similar to Theophylline. Thereafter, Respondent No. 3 issued orders under DPCO dated April 30, 2009 and November 17, 2009 fixed the ceiling price of the Drug and subjected it to price control under DPCO. Aggrieved by this, various parties filed writ petitions before various High Courts whereby one such High Court granted stay to the operation of the order dated November 17, 2009. The Petitioner issued a letter dated February 10, 2010 to Respondent No. 3 regarding the exclusion of the Drug from price control under DPCO 1995. Since no reply was received, the present petition has been filed to challenge the orders, notifications of Respondent No. 3 dated November 17, 2009 whereby the Respondent No. 3 has subjected the formulations of Doxofylline to price control under DPCO. The petition is currently pending.

3. ***Case No. 900 of 2010 filed by Sun Pharmaceutical Industries Limited and Ranbaxy U.K. Limited ("Plaintiffs") against United India Insurance Company Limited and others ("Defendant") before the High Court of Madras***

Sun Pharmaceutical Industries Limited ("**Plaintiff No. 1**") had obtained the directors and officers liability insurance policy ("**Policy**") which was a claims made policy and could be invoked immediately upon the plaintiff giving notice to the Defendant of either a claim being raised under the Policy or an intention to hold the officer/director responsible for wrongful act which gives rise to a claim. On April 2, 2002, Serious Frauds Office, Government of U.K. initiated an inquiry against Ranbaxy U.K. Limited ("**Plaintiff No. 2**") and conducted search and seizure operations against Plaintiff No. 2 under the provisions of U.K. Criminal Justice Act, 1987. Thereafter, various cases were initiated pursuant to the issues raised during the investigations and claiming damages in respect thereof. Upon the discharge and settlement of these cases, Plaintiff No. 1 submitted a total claim of ₹ 4,788.08 lacs to the Defendant pertaining to the legal costs incurred in all the proceedings involving the Plaintiffs and its directors. However, the Defendant neglected and denied the claim raised by the Plaintiffs. Hence, the present petition has been filed claiming damages of ₹ 5,630.26 lacs along with the interest which is currently pending.

4. ***Writ Petition No. 200 of 2002 filed by Sun Pharmaceutical Industries Limited and others ("Petitioner") against Union of India ("Respondent 1") before the High Court of Bombay at Panaji***

On December 27, 1995 the Central Government issued an order under the Drugs (Prices Control) Order bearing No. S.O. 1006 (E) ("**Order**") fixing the ceiling price of formulations of 'Norfloxacin' without first fixing the price of the bulk drug 'Norfloxacin'. The Respondent 1 directed the Petitioner to follow the prices under the Order which they were not following and directed them to surrender the overcharged amount of ₹ 188.06 lacs ("**Overcharged Amount**"). The Petitioner replied to the direction by bringing to the Respondent 1's notice the order which was passed by the High Court of Andhra Pradesh in a writ petition wherein they had suspended the Order and in view of that there was no need to comply with the Order. Thereafter, the Petitioner discontinued the production of bulk drug 'Norfloxacin' however, continued with the manufacturing of its formulations. The Department of Chemicals and Petrochemicals ("**Respondent 3**") then issued various notices directing the Petitioner to deposit the Overcharged Amount failing which the action for recovery will be initiated. The Petitioner has then filed the present petition to quash or set aside the Order and to issue a writ of mandamus which is currently pending.

5. ***Company Petition No. 83 of 2009 filed by Sun Pharmaceutical Industries Limited (“Petitioner”) against Dr. Jayaram Chigurupati, our Company, DSCL and others (“Respondents”) before the National Company Law Tribunal, Hyderabad***

Dr. Jayaram Chigurupati (“**Respondent No. 1**”) and others, the erstwhile promoters of our Company were holding 57.11% paid up capital of our Company. The Petitioner acquired certain equity shares of our Company on preferential basis and thereafter entered into a share purchase agreement for purchasing 78,78,906 Equity Shares of ₹ 10 each for a consideration of ₹ 160 per Equity Shares, which triggered the Takeover Regulations. The Petitioner thus issued a public announcement for acquisition of 20% shares from public at ₹ 160 per share for total investment of ₹ 878.30 lacs. Therefore, the shareholding of the Petitioner in our Company increased to 46.85%.

Further, Daiichi Sankyo Company, Limited (“**Respondent No. 5**”) pursuant to the share purchase and share subscription agreement with the erstwhile promoters of the Petitioner acquired and was allotted certain equity shares and warrants and completed a public offer due to which its shareholding in the Petitioner increased and the Petitioner became a subsidiary of Respondent No. 5. Thereafter Respondent No. 5 acquired the remaining equity shares of the Petitioner and held a total of 63.92% of the paid up capital of Petitioner. As a result of acquiring control over the Petitioner, Respondent No. 5 indirectly acquired control of our Company. However in the entire process the Respondent No. 1 misused and mismanaged the office and pressurised the Petitioner and Respondent No. 5 to acquire the stake of Respondent No. 1 of 26% in our Company at a price of ₹ 160 per share. The Petitioner has thus filed the present petition on grounds of abuse of power and mismanagement of office and the same is currently pending.

**The Company Petition simultaneously involves the Company and Daiichi Sankyo Company, Limited*

LITIGATION INVOLVING OUR DIRECTORS

Litigation against Directors

Nil

Litigation by Directors

Nil

LEGAL NOTICES

- A. Dr. Jayaram Chigurupati has issued a letter dated May 24, 2016 to our Company stating that he along with Padmasree Chigurupati and with Zenotech LLC holds over 24% in our Company and our Company during the year 2012 – 2013 allegedly filed a form with RoC to increased authorised capital from existing capital of ₹ 30 Crores to ₹ 100 Crores through ordinary resolution in the annual general meeting and our Company increased the authorised capital in illicit manner. Our Company *vide* a letter dated June 4, 2016 replied to abovementioned letter stating that the increase in authorised share capital was in accordance with the provisions of Article of Association of our Company and Companies Act and denied all allegation made by Dr. Jayaram Chigurupati.
- B. Our Company has issued a notice dated November 1, 2010 under the management of *erstwhile* managing director Dr Jayaram Chigurupati to Ranbaxy Laboratories Limited (now merged with Sun Pharmaceutical Industries Limited) seeking compensation for material breach of the terms of the Development, License and Supply Agreement dated January 31, 2007 pursuant to non-fulfilment and non-performance to conduct and fund the Phase – III clinical trials and the matter has not been pursued after that.
- C. Assistant Commissioner of Labour, Vikarabad circle, Hyderabad has issued notices to our Company pursuant to the applications filed by 19 employees of our Company before the controlling authority under the payment of Gratuity Act, 1972. The applicants have instituted claims against our Company for non – payment of gratuity amounting to approximately ₹ 18.60 lacs. Our Company has responded to the notice and the matter is still pending for hearing.

TAX MATTERS

- i. Set forth below are details regarding direct and indirect tax matters, in a consolidated manner, of our Company, our Promoters, our Directors and Group Entities as on date of this Letter of Offer:

(₹ in lacs)

Sr. No.	Particulars	Number of cases	Total amount involved
Direct Tax			
1.	Our Company	3	496.34
2.	Our Promoters	84	4,59,982
3.	Our Directors		Nil
	Sub – Total (A)	87	4,60,478.34
Indirect Tax			
4.	Our Company	10	3,674.82
5.	Our Promoters	46	5,74,950
6.	Our Directors		Nil
	Sub – Total (B)	54	5,78,624.82
	Total (A+B)	141	10,39,103.16

OUTSTANDING DUES TO CREDITORS

The Board of our Company in its meeting held on September 24, 2016, determined that outstanding dues to creditors in excess of ₹ 11.05 lacs (being 5 per cent of the outstanding trade payables for the Fiscal 2016) are considered as material outstanding dues. Our Company does not have any information relating to small scale undertakings. The details pertaining to amounts due towards such other creditors are available on the website of our Company at www.zenotechlab.com. As on December 31, 2016, our Company, in its ordinary course of business, has certain amounts aggregating ₹ 251.83 lacs which are due towards other creditors.

(₹ in lacs)

Number of cases	Amount involved
168	251.83

“The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at www.zenotechlab.com. It is clarified that any other details available on our website do not form part of this Updated DLOF. Anyone placing reliance on the same would be doing so at their own risk.”

STATUTORY DUES AS ON DATE OF THE LETTER OF OFFER

Set forth below are details regarding statutory dues of the Company as on April 30, 2017:

Name of the Statute	Period to which the amount relates	Total Principal Amount	Deposit	Net Principal Amount *	Interest Amount	Deposit made for Interest Portion	Net Interest Amount after deducting deposit	Total Amount including Interest Provided for in the Books	Total Amount including Interest after deducting Deposits	Relevant Forum where dispute is pending
The Finance Act, 1994	Financial year 2007-08	84.98	40.00	44.98	163.59	20.00	143.59	248.57	188.57	Commissioner of Central Excise and Service Tax, Hyderabad IV
The Finance Act, 1994	Financial year 2007-08,	46.11	-	46.11	88.75	-	88.75	134.86	134.86	Commissioner of Central Excise and

Name of the Statute	Period to which the amount relates	Total Principal Amount	Deposit	Net Principal Amount *	Interest Amount	Deposit made for Interest Portion	Net Interest Amount after deducting deposit	Total Amount including Interest Provided for in the Books	Total Amount including Interest after deducting Deposits	Relevant Forum where dispute is pending
	2008-09 and 2009-10									Service Tax, Hyderabad IV
The Finance Act, 1994	Financial year 2006-07 and 2007-08	111.24	10.00	101.24	228.59	-	228.59	339.83	329.83	Commissioner of Central Excise and Service Tax, Hyderabad IV
The A.P. VAT Act, 2005	Financial year 2009-10, 2010-11 and 2012-13	39.52	16.85	22.67	-	-	-	39.52	22.67	Deputy Commissioners Commercial Taxes (Appeal)
The Finance Act, 1994	Prior to Financial year 2011-12 (Service Tax)	34.05	-	34.05	-	-	-	34.05	34.05**	-
The Finance Act, 1994	Prior to Financial year 2011-12 (Wealth Tax)	0.70	-	0.70	-	-	-	0.70	0.70**	-
The A.P. VAT Act, 2005	Prior to Financial year 2011-12 (Sales Tax)	0.39	-	0.39	-	-	-	0.39	0.39**	Commercial Taxes Officer, Srinagar Colony Circle
The Customs Act, 1962	Prior to Financial year 2011-12 (Customs Act)	350.94	-	350.94	696.38	-	696.38	1,047.32	1,047.32	Principal Commissioner of Customs, Hyderabad
Grand Total		667.93	66.85	601.08	1,177.31	20.00	1,157.31	1,845.24	1,758.39	

* excluding penalty

** Provision for Service Tax on forex outgo, Wealth Tax and Sales Tax for which no records /details are available with our Company and hence interest is not ascertained.

Further, since all the matters is sub-judice with the relevant authority, the amount of penalty which may be applicable, if any, are not ascertainable.

ACTION PENDING OR TAKEN BY A MINISTRY, GOVERNMENT DEPARTMENT, STATUTORY REGULATORY AUTHORITIES AGAINST OUR PROMOTERS

Except as stated below, there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoters of our Company during the last five years immediately preceding the year of the issue of this Letter of Offer:

1. Letter dated August 10, 2016 issued by SEBI to DSCL

DSCL has received a notice bearing no. EFD/DRA-III/MC/NRM/22446/2016 dated August 10, 2016 issued by the SEBI to initiate/ launch adjudication proceedings under Section 15A (b) of the Securities and Exchange Board of India Act, 1992. The notice requires DSCL to show cause for the alleged violations of provisions of (i) the Securities and Exchange Board of India Act, 1992; (ii) regulation 7(1) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and (iii) regulation 13(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in relation to the acquisition of 19.79% shareholding of the Company by DSCL on September 24, 2010. Consequent to the notice, DSCL has filed a settlement application with the SEBI on November 8, 2016 under regulation 3(1) of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned non-compliance. Accordingly, the matter is currently pending before the SEBI. No interim or final orders establishing any violation of the alleged provisions has been passed and no penalties have been imposed by SEBI in this regard so far.

2. Letter dated July 11, 2016 issued by SEBI to Sun Pharmaceutical Industries Limited, its directors and officials and of erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of Daiichi Sankyo Company, Limited)

SEBI has issued letter bearing no. EFD/DRA-II/SPV/RK/19588/1-11/2016 dated July 11, 2016 to Sun Pharmaceutical Industries Limited, certain of the Directors and the Company Secretary of Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) (“**Noticees**”) regarding initiation of adjudication proceedings under Section 15HB of the Securities and Exchange Board of India Act, 1992. The letter requires the above-mentioned persons to show cause for the alleged violations of Regulation 12(2) read with Regulation 12(1) of the SEBI (Prohibition of Insider Trading Regulations), 1992. In this regard, Sun Pharmaceutical Industries Limited has filed a consolidated settlement application, on behalf of Sun Pharmaceutical Industries Limited, the respective Directors and the Company Secretary of the Sun Pharmaceutical Industries Limited and of the erstwhile Ranbaxy Laboratories Limited (which includes nominee directors of erstwhile Daiichi Sankyo Company, Limited) to the SEBI on September 22, 2016 in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle (without admitting or denying any findings of fact and conclusions of law), through a settlement order, the aforementioned alleged non-compliance. Further, Sun Pharmaceutical Industries Limited vide a letter dated May 23, 2017 offered a sum of ₹ 18.00 Lac to SEBI towards settlement terms on behalf of all the Noticees. The adjudication of the said proceedings is pending before SEBI.

PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

There are no proceedings initiated against our Company for any economic offences. However, our Company has initiated an economic offence against the erstwhile promoter of our Company, the details of which are as under:

Complaint No. 11 of 2014 filed by our Company against Dr. Jayaram Chigurupati before the Special Judge for Economic Offences at Hyderabad

Our Company (“**Complainant**”) has filed various complaints against Dr. Jayaram Chigurupati (“**Accused**”) with respect to loss of vehicles, loss of technical documents and registers, loss of statutory records, licenses etc. and

missing DNA clones after he ceased to be in control of the Complainant from November 2011. During the tenure of the Accused, he had made investments and granted loans and advances to the overseas subsidiaries of the Complainant. However, due to the unavailability of the information from the Accused with respect to the activities of its overseas subsidiaries, the Complainant is unable to provide consolidated financial statements with the stock exchange and comply with the procedural requirements pertaining to maintenance of records and filing of returns with RBI and other statutory authorities. Further, during the tenure of the Accused, the Andhra Pradesh Industrial Infrastructure Corporation had allotted land at Vijayawada to our Company which was subsequently cancelled due to non-implementation of the project for which the land was purchased. Aggrieved by the abovementioned actions of the Accused, the Complainant then filed the complaint under section 630 of the Companies Act, 1956 which is currently pending.

PAST INQUIRIES, INSPECTIONS OR INVESTIGATIONS

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last five years immediately preceding the year of issue of the Letter of Offer in the case of Company, Promoters and Directors.

Except as stated below, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of this Letter of Offer:

Letter dated August 10, 2016 issued by SEBI to our Company

Our Company has received a notice bearing no. EFD/DRA-III/MC/NRM/22443/2016 dated August 10, 2016 issued by SEBI to initiate/ launch adjudication proceedings under Section 15A (b) of the Securities and Exchange Board of India Act, 1992. The notice requires our Company to show cause for the alleged violations of provisions of (i) the Securities and Exchange Board of India Act, 1992; (ii) regulation 8(3) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and (iii) regulation 13(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 in relation to the acquisition of 28.16% shareholding of the Company by Sun Pharmaceutical industries Limited in 2010 and the acquisitions dated November 26, 2007 and February 4, 2008 by erstwhile, Ranbaxy Laboratories Limited. In this regard, our Company has filed a settlement application to the SEBI on October 4, 2016 in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 proposing to settle without admitting or denying any findings of fact and conclusions of law. The adjudication of the said proceedings is pending before SEBI.

Except as stated in the section “*Action pending or taken by a ministry, government department, statutory regulatory authorities against our promoters*” above, there is no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the year of the issue of the Letter of Offer and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action:

MATERIAL FRAUDS AGAINST OUR COMPANY

There have been no material frauds committed against our Company in the five years preceding the date of this Letter of Offer.

MATERIAL DEVELOPMENTS SINCE DECEMBER 31, 2016

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 205 of this Letter of Offer, there have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our total assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We are required to obtain consents, licenses, registrations, permissions and approvals for carrying out our present business activities. Our Company has obtained the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. For details in connection with the regulatory and legal framework within which we operate, please refer the chapter “**Key Regulations and Policies**” on page 104 of the Letter of Offer.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statements set out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business:

I. Issue related Approvals

1. For the approvals and authorisations obtained by our Company in relation to the Issue, see “*Other Regulatory and Statutory Disclosures- Authority for the Issue*” on page 244 of the Letter of Offer.
2. In- principle approval from the BSE dated January 13, 2017.

II. Approval from FIPB

1. Our Company has received approval from FIPB dated October 6, 2008 for equity participation of Daiichi Sankyo Company, Limited in the Company by way of acquisition of such number of equity shares representing 20% paid up capital of the Company pursuant to an open offer.

III. Incorporation details

Sr. No.	Type of License/Approval	Issuing Authority	Reference / Registration No.	Date of Issue	Validity
1.	Certificate of incorporation as ‘Maa Shakti Tube Mill Private Limited’	Assistant Registrar of Companies, Andhra Pradesh	01-10122	June 15, 1989	Until cancellation or winding up
2.	Fresh certificate of incorporation consequent on change of name to ‘Sunline Tubes Private Limited’	Assistant Registrar of Companies, Andhra Pradesh, Hyderabad	01-10122	April 1, 1992	Until cancellation or winding up
3.	Fresh certificate of incorporation consequent on the conversion to ‘Sunline Tubes Limited’	Registrar of Companies, Andhra Pradesh, Hyderabad	01-10122	August 25, 1993	Until cancellation or winding up
4.	Fresh certificate of incorporation consequent on change of name to ‘Sunline Technologies Limited’	Registrar of Companies, Andhra Pradesh, Hyderabad	01-10122	December 6, 2000	Until cancellation or winding up
5.	Fresh certificate of incorporation consequent on change of name to ‘Zenotech Laboratories Limited’	Registrar of Companies, Andhra Pradesh, Hyderabad	01-10122	August 10, 2004	Until cancellation or winding up

IV. Regulatory Approvals

Sr. No.	Type of License/Approval	Issuing Authority	Reference Registration License No.	/	Date of Issue	Validity
1.	PAN	Income Tax Department	AAFCS6617R		August 10, 2004	Until cancelled or surrendered
2.	TAN	Income Tax Department	HYDS07359C		October 10, 2013	Until cancelled or surrendered
3.	Provident fund registration certificate	Employee Provident Fund Organisation	APKKP0046009000		-	Until cancelled or surrendered
4.	Registration under ESIC	Employee State Insurance Corporation	52000275050000305		-	Until cancelled or surrendered
5.	Profession taxpayer registration certificate	Deputy Commercial Tax Officer, Srinagar Colony Circle, Hyderabad	36501112681		September 9, 2014 with effect from June 2, 2014	Until cancelled or surrendered
6.	Profession taxpayer enrolment certificate	Deputy Commercial Tax Officer, Srinagar Colony Circle, Hyderabad	36751512484		September 9, 2014 with effect from June 2, 2014	Until cancelled or surrendered
7.	Service tax registration (Unit 1 and 2)	Customs, Central Excise and Service Tax Hyderabad –IV, Commissionerate, Hyderabad	AAFCS6617RST001		December 29, 2006 last amended on October 19, 2012	Until cancelled or surrendered
8.	Central excise registration certificate (Unit 1)	Assistant Commissioner of Customs and Central Excise, Hyderabad-K Division, Hyderabad	AAFCS6617RXM002		June 2, 2005	Until cancelled or surrendered
9.	CST registration certificate (RO)	Assistant Commercial Tax Officer (RA), Srinagar Colony Circle, Hyderabad	36600187546 (Central)		June 19, 2014 with effect from June 2, 2014	Until cancelled or surrendered
10.	VAT registration certificate (RO)	Assistant Commercial Tax Officer (RA), Srinagar Colony Circle, Hyderabad	36600187546		June 19, 2014 with effect from June 2, 2014	Until cancelled or surrendered

V. Business Related Approvals

Sr. No.	Type of License/Approval	Issuing Authority	Reference Registration/ License No.	/	Date of Issue/ Renewal	Validity
1.	Importer - exporter code	Foreign Trade Development Officer	0903002418		October 26, 2004 with effect from June 2, 2003	Until cancelled or surrendered
2.	Industrial Entrepreneurs Memorandum	Deputy Director, Secretariat for Industrial Assistance	83 (2003)		September 30, 2003	-
3.	Certificate of verification of the weight CI weights	District Inspector, Legal Metrology, Ranga Reddy District	183012		September 14, 2015	September 13, 2017

Sr. No.	Type of License/Approval	Issuing Authority	Reference / Registration/ License No.	Date of Issue/ Renewal	Validity
4.	Certificate of verification of the weights Sartorius, Shimadzu, Denver and Metter	District Inspector, Legal Metrology, Ranga Reddy District	572948	September 27, 2016	September 26, 2017
5.	Certificate of verification of the weights Metter, Ohaus and Sartorius	District Inspector, Legal Metrology, Ranga Reddy District	572949	September 27, 2016	September 26, 2017
Survey No. 250-252, Turkapally, Shameerpet, Rangareddy					
6.	Factory license	Inspector of factories, Jeedimetla, Rangareddy	JDM/287/2007	September 17, 2013	Until cancelled or surrendered
7.	Certificate of registration as contract labour	Registering Officer and Joint Commissioner of Labour, Rangareddy Zone	JCL-RRZ/473/2012 (PE)	January 18, 2012	-
8.	Certificate for use of Small Industrial Boiler	Inspector of Boilers, Circle III, Hyderabad	AP/S-104	March 24 2017 w.e.f. March 23, 2017	March 24, 2018
Survey No. 253, Turkapally, Shameerpet, Rangareddy					
9.	Factory license	Inspector of factories, Jeedimetla, Rangareddy	JDM/087/2005	December 17, 2013	Until cancelled or surrendered
10.	Certificate for use of Small Industrial Boiler	Inspector of Boilers, Circle III, Hyderabad	AP/S-66	March 24 2017 w.e.f. March 23, 2017	March 24, 2018

DRUGS RELATED APPROVALS

License to manufacture for sale (or distribution) of drugs issued by Joint Director Licensing and Controlling Authority, Drugs Control Administration, Telangana for the following:

Sr. No.	Type of License/Approval	Reference/ Registration License No.	/	Date of Issue/ Renewal	Validity
General Injectables and Sterile Gel					
1.	Vancomycin 500 mg	33/RR/AP/2006/F/R		June 2, 2016	June 1, 2021
2.	Vancomycin 1000 mg				
3.	Ondansetron IP 2 mg				
4.	Bivalirudin 250 mg				
5.	Vecuronium Bromide Injection IP 4 mg/vial				
Oncological Injectables					
1.	Bleomycin IP 15 units	18/RR/AP/2005/F/R		July 24, 2016	July 23, 2021
2.	Docetaxel concentrate IP 20 mg/0.5 ml				
3.	Solvent for Docetaxel concentrate 20 mg				
4.	Docetaxel concentrate IP 80 mg/2 ml				
5.	Solvent for Docetaxel concentrate 80 mg				
6.	Docetaxel concentrate IP 120 mg/3 ml				
7.	Solvent for Docetaxel concentrate 120 mg				
8.	Epirubicin hydrochloride 10 mg				
9.	Epirubicin hydrochloride 50 mg				
10.	Gemcitabine IP 200 mg				
11.	Gemcitabine IP 1000 mg				

Sr. No.	Type of License/Approval	Reference/ Registration License No.	Date of Issue/ Renewal	Validity
12.	Irinotecan hydrochloride IP 40 mg			
13.	Irinotecan hydrochloride IP 100 mg			
14.	Oxaliplatin 50 mg			
15.	Oxaliplatin 100 mg			
16.	Paclitaxel IP 30mg/ 5 ml			
17.	Paclitaxel USP 100mg / 16.7 ml			
18.	Paclitaxel USP 250mg / 41.7 ml			
19.	Paclitaxel USP 300mg / 50 ml			
20.	L-Asparaginase 5000 IU			
21.	L-Asparaginase 10000 IU			
22.	Bleomycin USP 15 units			
23.	Docetaxel USP 20mg/0.5 ml			
24.	Solvent for docetaxel 20 mg			
25.	Docetaxel USP 80 mg/ 2ml			
26.	Solvent for docetaxel 80 mg			
27.	Docetaxel USP 120mg/3 ml			
28.	Solvent for docetaxel 120 mg			
29.	Epirubicin hydrochloride 10 mg			
30.	Epirubicin hydrochloride 50 mg			
31.	Gemcitabine USP 200 mg			
32.	Gemcitabine USP 1000 mg			
33.	Irinotecan hydrochloride tri hydrate 40 mg			
34.	Irinotecan hydrochloride tri hydrate 100 mg/5 ml			
35.	Oxaliplatin 50 mg			
36.	Oxaliplatin 100 mg			
37.	Paclitaxel USP 30 mg/ 5ml			
38.	Paclitaxel USP 100 mg/ 16.7 ml			
39.	Paclitaxel USP 300 mg/ 50 ml			
40.	Doxorubicin IP 10mg/5 ml			
41.	Doxorubicin IP 50mg/25 ml			
42.	Doxorubicin hydrochloride 10mg			
43.	Oxaliplatin USP 50 mg			
44.	Oxaliplatin USP 100 mg			
45.	Paclitaxel IP 260 mg/43.4 ml			
46.	Doxorubicin hydrochloride USP 10 mg			
Oncological Orals				
47.	Imatinib IP 100 mg	16/RR/TS/2016/F/G	July 25, 2016	July 24,
48.	Imatinib IP 400 mg			2021
49.	Methotrexate IP 2.5 mg			
Biologicals				
50.	Filgrastim	03/RR/AP/2006/V/	August 10,	August 9,
51.	Recombinant Human Interleukin-II	CC	2016	2021
52.	Molgramostim			
53.	Rituximab 100mg/ 10 ml			
54.	Rituximab 500mg/ 50 ml			

VI. Quality Related Approvals

Sr. No.	Type of License/Approval	Issuing Authority	Reference Registration License No.	/ /	Date of Issue / Renewal	Validity
1.	Good laboratory practices certificate	Joint Director and Licensing Authority, Drugs Control Administration	5896 / E(M) / TS / 2017		April 29, 2017	April 28, 2018
2.	Good manufacturing practices certificate	Joint Director and Licensing Authority, Drugs Control Administration	5897 / E(M) / TS / 2017		May 2, 2017	May 1, 2018

VII. Environment Related Approvals

Sr. No.	Type of License/Approval	Issuing Authority	Reference/Registration/License No.	Date of Issue/Renewal	Validity
Survey No. 250 to 253, 222 (part), 223 (part), 224 (part), 225 (part), 244 to 248					
1.	Consent and authorization order	Joint Chief Environmental Engineer	372-RR-II/TSPCB /ZOH/CFO/2015-4047	March 24, 2015	September 30, 2017
2.	Consent and hazardous waste authorization order	Joint Chief Environmental Engineer (FAC)	405-RR-II/PCB/ZOH/CFO/2016-1372	December 8, 2016	September 30, 2021

VIII. Intellectual Property Approvals

Our Company owns the following trademarks registered under the Trademarks Act, 1999:

Sr. No.	Description	Class	Trade Mark No.	Date of Registration	Date of Expiry
1.	BLASTOZEN	5	1701609	March 4, 2015	June 20, 2018
2.	BLASTOZEN	16	1701608	March 31, 2010	June 20, 2018
3.	IRNOZEN	5	1277444	September 21, 2005	April 6, 2024
4.	MACROGEN	16	1701606	March 31, 2010	June 20, 2018
5.	MACROGEN	16	1855065	March 31, 2011	August 26, 2019
6.	OMEZENO	16	1701610	March 31, 2010	June 20, 2018
7.	OXIDACH	5	1277443	September 28, 2005	April 6, 2024
8.	RUBIZEN	5	1269791	September 30, 2005	March 1, 2024
9.	ZENOCARB	5	1269794	September 26, 2005	March 1, 2024
10.	ZENOTECH	42	1277448	September 23, 2005	April 6, 2024
11.	ZENOTERE	5	1269790	September 22, 2005	March 1, 2024
12.	ZENOZAR	5	1269792	September 30, 2005	March 1, 2024
13.	ASGINASE	5	1391915	March 17, 2008	October 12, 2025
14.	ASGINASE	16	1391929	March 24, 2007	October 12, 2025
15.	NUGRAF	16	1470785	July 31, 2008	July 17, 2026
16.	NUGRAF	5	1470784	August 5, 2008	July 17, 2026

Our Company has made applications for registration/ renewal of the following trademarks under the Trademarks Act, 1999:

Sr. No.	Description	Class	Application No.	Date of Application
1.	BLEOZEN	5	3228207	April 5, 2016
2.	BLEOZEN	16	3228206	April 5, 2016

Sr. No.	Description	Class	Application No.	Date of Application
3.	CREDENCE	16	3228203	April 5, 2016
4.	CREDENCE	5	3228202	April 5, 2016
5.	CREDENCE	42	3228204	April 5, 2016
6.	OXIDACH	16	3228208	April 5, 2016
7.	RUBIZEN	16	3228209	April 5, 2016
8.	ZENOTAX	16	3228213	April 5, 2016
9.	ZENOFOS	5	3228211	April 5, 2016
10.	ZENOFOS	16	3228212	April 5, 2016
11.	ZENOTECH (Label)	16	3228205	April 5, 2016
12.	ZENOTERE	16	3228214	April 5, 2016
13.	ZENOZAR	16	3228215	April 5, 2016
14.	ZENOCARB	16	3228210	April 5, 2016
15.	TEMIDE	16	495318	May 22, 2017

IX. Licenses/ Approvals applied for but not yet approved / granted:

1. Application dated July 25, 2016 made by the Company to Drugs Control Administration for issuance of manufacturing license validity certificate.

Our Company had obtained a certificate from the Drugs Control Administration for manufacturing of license valid upto August 9, 2016 and subsequently has filed an application dated July 25, 2016 to the Drugs Control Administration for renewal of manufacturing license from August 10, 2016 to August 9, 2021. Further, Joint Director and Licensing Authority, Drugs Control Administration, Telangana had issued a letter dated August 16, 2016 acknowledging the receipt of the application of the Company and entitled the Company to manufacture the drug as such the license shall continues to be in force as per section 76 of the Durgs and Cosmetics Act, 1940 and the rules made thereunder till the grant of the renewed license. Therefore, as on date, the Company is entitled to manufacture the drug, however, the renewed certificate of manufacturing license is still pending.

2. Application dated March 24, 2017 made by the Company to the Environmental Engineer, Telangana State Pollution Control Board for expansion of the unit at Survey No. 250 to 253, 222 (part), 223 (part), 224 (part), 225 (part), 244 to 248 for consent of operation for formulation.

X. Licenses / Approvals which are required but not yet applied for:

Nil

XI. Licenses of the Subsidiaries

Please refer to the chapter **“History and Certain Corporate Matters – Subsidiaries of our Company”** on page 112 of the Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution passed by the Board of Directors under Section 62(1) (a) and other applicable provisions of the Companies Act and rules frame thereunder, at their meeting held on November 9, 2016.

The Board of Directors in their meeting held on May 20, 2017 have determined the Issue Price at ₹ 45.00 per Equity Share and the Rights Entitlement as 17 Rights Share(s) for every 22 fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from the BSE for listing of the Equity Shares to be allotted in the Issue pursuant to BSE's letter dated January 13, 2017.

RBI Approval for Renunciation

Our Company vide an application dated January 9, 2017 and submitted on January 11, 2017 has applied to the RBI for seeking its approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs).

Our Company has received the approval from RBI vide letter dated February 13, 2017 whereby the RBI has conveyed its approval of rights entitlements renounced by, and to, persons/ entities outside India/ resident in India subject to adherence of Regulation 6 of FEMA.20 /2000-RB dated May 3, 2000 as amended from time to time.

Prohibition by SEBI or governmental authorities

Our Company, our Promoters, the members of our Promoter Group, our Group Entities, our Directors and the persons in control our Company and the persons in control our Promoters have not been prohibited from accessing or operating the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Group Entities and the Directors are or were associated as promoters, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Prohibition by RBI

None of our Company, the Promoters, the members of the Promoter Group, Group Entities, have been declared or identified as willful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by RBI.

Other Confirmations

Except for Kavita Shah, who is associated with INGA Capital Private Limited, none of our Directors are in any manner associated with the securities market. Further, no action has been initiated by SEBI against our Directors with respect to entities with which our Directors are associated as promoters or directors or otherwise.

Name of the Director	Kavita Shah
Name of the entity	INGA Capital Private Limited
SEBI registration number of the entity	INM000010924
If registration has elapsed, reason for nonrenewal	Registration has not lapsed
Details of any inquiry/investigation conducted by SEBI at any time	Nil
Penalty imposed by SEBI (penalty includes deficiency / warning letter, adjudication proceedings, suspension/ cancellation/	Nil

prohibitory order)	
Outstanding fee payable to SEBI by the entity, if any	Nil

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE. Our Company is eligible to make the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

Due to the provisions of clause 3(a) of Part E of Schedule VIII of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VIII of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulations 4(2) of the SEBI ICDR Regulations, to the extent applicable

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS AMENDED IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 30, 2016, WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC., AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:
 - a. THE LETTER OF OFFER FILED WITH SECURITIES AND EXCHANGE BOARD OF INDIA ("BOARD") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - b. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE, AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY THE BOARD, THE CENTRAL

GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOT APPLICABLE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER.- NOT APPLICABLE
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER.- NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOT APPLICABLE FOR A RIGHTS

ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI ICDR REGULATIONS.

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE EQUITY SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
 - a. “AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE - NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, RISK FACTORS, PROMOTERS EXPERIENCE ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)’, AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. –NOT APPLICABLE FOR RIGHTS ISSUE.
17. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS- COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS LETTER OF OFFER
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – NOT APPLICABLE

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 34 AND SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from the Company and the Lead Manager

Our Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have been represented by our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company, and are relying on independent advice/ evaluation as to their ability and quantum of investment in this Issue.

Caution

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the equity shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date. Investors who invest in the Issue will be deemed to have represented to us and Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Hyderabad, India only.

Designated Stock Exchange

Since the existing Equity Shares of our Company are listed on BSE only, BSE shall be the Designated Stock Exchange.

Disclaimer Clause of the BSE

BSE Limited ("the Exchange") has given vide its dated January 13, 2017, permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

- (iii) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Company, the Securities or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Securities and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Letter of Offer or any offering materials or advertisements in connection with the Securities or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Securities or the Rights Entitlement referred to in the Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Securities or accepting any provisional allotment of Securities, or making any offer, sale, resale, pledge or other transfer of the Securities or Rights Entitlement.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Securities or excess Securities, or who purchases Rights Entitlement or Securities shall do so in accordance with the restrictions set out below.

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai – 600 002, Tamil Nadu, India for its observations.

Listing

The existing equity shares of our Company are listed on BSE. We shall apply to BSE for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to this Issue. If the listing and trading approvals for the Equity Shares to be issued pursuant to this Issue is not granted by any of the Stock Exchange, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. We will issue and

dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such allotment is not made or money is not repaid within eight days from the day we become liable to repay it, we and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under the applicable laws.

Consents

Consents in writing of our Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and Compliance Officer, Auditor, Lead Manager, Legal Advisors, Registrar to the Issue, Bankers to the Company, Bankers to the Issue and Experts to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer. M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, the Auditor of our Company, have given their written consent for the inclusion of their report in the form and content appearing in this Letter of Offer and such consent and report have not been withdrawn up to the date of this Letter of Offer. Further, M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants have given their written consent for the inclusion of the Statement of Tax Benefits dated May 20, 2017 in the form and content in which it appears in this Letter of Offer.

Expert Opinion

We have not obtained any other expert opinion in relation to this Issue, except:

- Report of M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants on the Restated Standalone Financial Statements of our Company in the form and context it appears in this Letter of Offer,
- the report on the statement of tax benefits dated May 20, 2017 received from M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants in the form and context it appears in this Letter of Offer, and

Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹ 83.98 Lacs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, commission payable to SCSBs, printing and stationery expenses, advertising, travelling and marketing expenses and other expenses.

The estimated Issue expenses are as under:

(₹ in Lacs)			
Particulars	Amount	As a percentage of total expenses	As a percentage of Issue size
Fees of the Lead Manager, Registrar to the Issue, Legal Advisor, Monitoring Agency, Auditor's fees etc.	57.68	68.68%	0.48%
Statutory Advertising, Marketing, Printing & Distribution and ASBA processing fees	3.93	4.68%	0.03%
Regulatory fees, Filing fees, Stamp Duty, Listing Fees, Depository Fees and other miscellaneous expenses	22.37	26.64%	0.19%
Total estimated Issue expenses	83.98	100.00%	0.70%

Previous Issues by our Company

Our Company has not made any public or rights issue during the last five years.

Issue of Securities otherwise than for Cash

Except as disclosed in chapter titled “*Capital Structure*” on page 58 of this Letter of Offer, our Company has not issued any Securities otherwise than for Cash.

Commission or Brokerage on previous issues

Our Company has not undertaken any public issues during the last 10 years immediately preceding the date of this Letter of Offer.

Previous capital issue during the previous three years by listed Subsidiaries, Group Companies and associates of our Company

None of our Subsidiaries, Group Companies and associates of our Company are listed on any stock exchange.

Performance vis-à-vis objects

Our Company has not undertaken any public or rights issue during the last 10 years immediately preceding the date of this Letter of Offer.

Outstanding Debentures/Bonds and Preference Shares

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company outstanding as on the date of this Letter of Offer.

Option to Subscribe

Other than as disclosed in the chapter entitled “*Capital Structure*” on page 58 of this Letter of Offer, our Company has not given any person any option to subscribe for the Equity Shares.

Stock Market Data

The Equity Shares of our Company are currently listed on the BSE. For details of listing of our Equity Shares, please refer to the chapter titled “*History and Certain Corporate Matters*” beginning on page 112 of this Letter of Offer.

The following tables set forth the reported high, low and average market prices of the Equity Shares of our Company on the BSE for the calendar years 2016, 2015 and 2014.

Calendar Year	Date of High	High (₹)	Volume on the date of High (No. of equity shares)	Date of Low	Low (₹)	Volume on the date of Low (No. of equity shares)	Average price (₹)
2016	January 7, 2016	61.45	10,166	March 30, 2016	31.50	931	41.25
2015	April 16, 2015	69.90	75,430	January 14, 2015	23.90	3,046	38.56
2014	May 7, 2014	35.45	734	March 26, 2014	15.85	16,391	25.16

(Source: www.bseindia.com)

Notes

Monthly high and low closing prices and trading volumes on BSE for the six months preceding the date of filing of the Letter of Offer are stated below:

High, low and average prices are of the daily closing prices.

Month	Date of High	High (₹)	Volume on the date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on the date of Low (No. of Equity Shares)	Average price for month (₹)
April 2017	April 20, 2017	55.65	33,023	April 1, 2017	37.00	12,417	46.33
March 2017	March 1, 2017	40.95	1,662	March 30, 2017	36.25	586	37.80
February 2017	February 6, 2017	43.85	23,529	February 27, 2017	38.00	17,590	40.93
January 2017	January 18, 2017	48.95	8,698	January 5, 2017	36.55	12,897	42.59
December 2016	December 6, 2016	41.50	5,053	December 1, 2016	39.00	800	38.31
November 2016	November 11, 2016	48.30	3,25,408	November 23, 2016	37.50	775	42.36

(Source: www.bseindia.com)

Notes

High, low and average prices are of the daily closing prices.

The closing prices of Equity Shares as on November 10, 2016 (the trading day immediately following the day on which the resolution of the Board of Director was passed approving the Rights Issue) on the BSE was ₹ 46.00.

Change in Auditors

Except as mentioned below, there has been no change in the Auditors of our Company during the last three years: M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants were appointed for Fiscal 2016 in place of BSR & Associates, LLP, Chartered Accountants, previous auditors of our Company who resigned after Fiscal 2015.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Regulations. We have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has constituted a Stakeholders Relationship Committee to look into the redressal of Shareholder/ Investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non-receipt of dividends etc. For further details on this committee, please refer paragraph titled “*Stakeholders Relationship Committee*” of the chapter titled “*Our Management*” on page 122 of the Letter of Offer. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Application Money blocked, ASBA account number and the Designated Branch or the collection centre of the SCSB where the application form was submitted by the ASBA Investor.

The following is the status of the Investor grievance complaints received from Fiscal 2015 till Fiscal 2017:

Particulars	Complaints Received	Compliant Resolved	Complaints Pending
Fiscal 2015	0	0	0
Fiscal 2016	0	0	0
Fiscal 2017	0	0	0

As on March 31, 2017, there are no investor complaints pending against our Company.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Karvy Computershare Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post- Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least three year from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors. All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Applicant, number and type of Securities applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

The contact details of the Registrar and Share Transfer agent to our Company are as follows:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda
Hyderabad – 500 032, Telangana, India

Telephone: +91- 40- 67162222

Facsimile: +91 – 40 - 23431551

Email: einward.ris@karvy.com

Website: www.karvycomputershare.com

Investor Grievance ID: zll.rights@karvy.com

Contact Person: M. Muralikrishna

SEBI Registration Number: INR000000221

Investors may contact the Compliance Officer or the Registrar in case of any pre-Issue/ post –Issue related problems such as non-receipt of Allotment advice/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Abdul Gafoor Mohammad

Company Secretary and Compliance Officer
Survey No. 250-252, Turkapally Village
Shameerpet Mandal, Ranga Reddy District
Hyderabad, Telangana-500 078, India

Telephone: +91 – 90320 44584/ 85/ 86

E-mail: abdul.gafoor@zenotech.co.in

Capitalization of Reserves or Profits

Our Company has not capitalized any of its reserves or profits in the last five years.

Revaluation of Assets

There has been no revaluation of assets of our Company during the last five years.

SECTION VIII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued on a right basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the FEMA, applicable guidelines and regulations issued by SEBI the guidelines, notifications and regulations for the issue of capital and for listing of Equity Shares issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of listing agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors, or (iii) Investors whose application amount is more than ₹ 2 Lacs, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Securities through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meetings held on November 9, 2016 pursuant to Section 62(1) (a) of the Companies Act, 2013

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in consultation with BSE.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Eligible Equity Shareholder as on the Record Date, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. The distribution of this Letter of Offer/Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or Securities will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer/Abridged Letter of Offer/CAF that such person is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, will not be, in any restricted jurisdiction.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Equity Share will have the face value of ₹ 10 each.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 45.00 for cash at a premium of ₹ 35.00 per Equity Share. The Issue Price has been arrived at after consultation between our Company and the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 17 Equity Shares for every 22 Equity Shares held on the Record Date.

Terms of Payment

Full amount of ₹ 45.00 shall be payable at the time of making the Application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 17 Equity Shares for every 22 Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 22 Equity Shares or is not in a multiple of 22 Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.

For example, if an Equity Shareholder holds 10 Equity Shares, he will be entitled to 7 Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same.

Also, those Equity Shareholders holding less than 2 Equity Shares and therefore entitled to 'Zero' Equity Shares under this Issue shall be dispatched a CAF with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in the allotment of one additional Rights Issue Equity Share if, such Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same to third parties. CAF's with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds less than 2 Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares.

The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to Equity Shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

For further details regarding our dividend policy, please refer to the chapter titled “*Dividend Policy*” on page 142 of this Letter of Offer.

Listing and trading of Equity Shares proposed to be issued

Our Company’s existing Equity Shares are currently listed and traded on BSE (Scrip Code: 532039 under the ISIN – INE486F01012).

We have received “in-principle” approval for the listing of the Equity Shares to be issued pursuant to the Issue in accordance with regulation 28 of the SEBI Listing Regulations from BSE pursuant to letter no. DCS/RIGHT/KS/FIP/1607/2016 – 17, dated January 13, 2017.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares shall be taken within 12 Working Days of finalization of the Issue Closing Date. Our Company has received in-principle approval from the BSE through letter no. DCS/RIGHT/KS/FIP/1607/2016 – 17 dated January 13, 2017. If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable laws.

The listing and trading of the Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Rights of the Equity Shareholders

Subject to applicable laws, the Eligible Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared.
- Right to attend general meetings and exercise voting powers proportionate to the amount paid-up, unless prohibited by law;
- Right to vote on poll, either in person or proxy and exercise voting power, unless prohibited by law;
- Right to receive offers for equity shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum of Association and Articles of Association.

General Terms and Conditions of the Issue for ASBA and Non-ASBA Investors

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialized mode is one. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Company would issue one certificate for the Equity Shares allotted to each folio (the “Consolidated Certificate”).

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. CAF would be required to be signed by all the joint holders. In case of renunciation, joint holders will sign Part B of the CAF.

Nomination

Nomination facility is available in respect of the Securities in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Equity Share himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased holder.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant ("DP") of the Applicant would prevail. Any Applicant desirous of changing the existing nomination is requested to inform their respective DP.

Notices

All notices to the Eligible Equity Shareholder(s) required to be given by our Company shall be published in one English national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and Telugu daily newspaper with wide circulation and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Eligible Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders, from time to time. However, the distribution of the Letter of Offer/Abridge Letter of Offer and the issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under the Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is any delay in the refund of the subscription amount of more than 8 days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, at such rates as prescribed under the Companies Act.

Subscription by Promoter and Promoter Group

SPIL, one of the Promoter of our Company through its letter dated March 31, 2017 (the "Subscription Letters") has confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue and may along with the entities forming part of the Promoter Group of the Company apply additional shares, in addition to the rights entitlement. Further, they intend to:

- i. subscribe additional equity shares over and above the entitlement so as to bring aggregate subscription equivalent to or more than the amount proposed to be repaid (i.e. ₹ 6,988.04 lakhs) as loan proceeds of the rights issue;
- ii. subscribe for unsubscribed portion in the rights issue, subject to approvals required under applicable laws, to ensure 90% of the issue is subscribed.

Such subscriptions of Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Any acquisition of additional Equity Shares shall not result in change of control of the management of the Company in accordance with provisions of the SEBI Takeover Code and shall be exempt subject to fulfillment of the conditions of Regulation 10 of the SEBI Takeover Code. The members of the Promoters and Promoter Group acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in the Company after the Issue do not fall below the permissible minimum level as specified under the SCRR and as required under the SEBI Listing Regulations.

In case the rights issue remains unsubscribed and/ or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and in compliance with the applicable laws.

Underwriting to the Issue

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Procedure for Application

The CAF for Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither our Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the conditions prescribed under the SEBI circular dated December 30, 2009 may optionally apply through the ASBA process. The Investors who are not (i) QIBs, (ii) Non- Institutional Investors, or (iii) Investors whose Application Money is more than ₹ 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the Application Money.

Composite Application Form (“CAF”)

The Registrar to the Issue will dispatch the CAF to Eligible Equity Shareholders as per their Rights Entitlement on the Record Date. The CAF will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, please see the heading titled “*Terms of the Issue*” at page 254 of this Letter of Offer.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;
- Part B: Form for renunciation of Equity Shares;
- Part C: Form for application for renunciation of Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in the Equity Shares, then he/she can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part (without renouncing the other part);
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue and any of the collection centers as mentioned on the reverse of the CAFs before the close of

the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF, attributable to postal delays or if the CAF is misplaced in the transit. Applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Equity Shareholders / Applicants*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Applicants*” on page 265 and 266, respectively of this Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue*” on page 254 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the BSE.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/ or register and Equity Shares in favour of the following Renounces: (i) more than three persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors, (iv) HUF, or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Applications by HUFs will be treated as on par with applications by natural persons. Additionally, the Eligible Equity Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Equity Share or Rights Entitlement under applicable securities or other laws. Eligible Equity Shareholders may also not renounce in favour of persons or entities in the United States.

Any renunciation (i) from resident Indian equity shareholder(s) to non –resident, or (ii) from non-resident equity shareholder (s) to resident Indian (s), or (iii) from a non-resident equity shareholder(s) to other non-resident(s), is subject to the renouncer (s)/ renouncee(s) obtaining the necessary regulatory approvals. Our Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Eligible Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Eligible Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Eligible Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer/ renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly , the Eligible Equity

Shareholders of our Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of the Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000- RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Equity Shares in part 'C' of the CAF to receive Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first spilt into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company/Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with application money in full.

Change and/or introduction of additional holders

If an Applicant wish to apply Equity Shares jointly with other person(s), not more than three, who is/are not already a joint holder with such person, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefore.

Instructions for Options

The summary of options available to the Eligible Equity Shareholders is presented below. Applicants may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Sr. No.	Options Available	Action Required
1.	Accept whole or part of Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
2.	Accept Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3.	Accept a part of Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D (all joint holders must sign) requesting for SAFs. Send the CAF to the Registrars to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
	OR	
	Renounce Rights Entitlement to all the Equity Shares offered to more than one Renouncee.	On receipt of the SAF take action as indicated below For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
4.	Renunciation of Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Applicants must provide information in the CAF as to their account number and the name of the bank, to enable Registrar to print the information on the refund orders where equity shares are held in physical form.
- Request for SAFs should be made for minimum of one Equity Share or, in either case, in multiples thereof and one SAF for balance Equity Shares, if any.
- Request by the Applicant for the SAFs should reach the Registrar on or before July 07, 2017.

- Only the Eligible Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Applicant(s) by post at the applicant's risk.
- Eligible Equity Shareholders shall not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the Application Form or SAF in the same order and as per specimen signatures recorded with our Company/ Depositories.
- Applicants must write their CAF numbers at the back of the cheque / demand draft.
- Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad shall be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, Allotment of Equity Shares, interest, export of share certifications, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholder, he should enclose a copy of such approval with the CAF.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency, specifically once a week, on Mondays of every week from November 1, 2014 onwards. This would have an impact on timelines for the issuance of final certificates, hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the Applicant who should furnish the registered folio number/ DP and Client ID and his/ her full name and address to the Registrar to the Issue. Please also note that shareholder has an option to print the duplicate CAF from the website of the Registrar to the Issue by providing his / her folio. no. / DP ID / Client ID to enable the shareholder to apply for the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least seven (7) days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Applicant violates such requirements, he / she shall face the risk of rejection of either original CAF or both the applications. Neither our Company nor the Registrar or the Lead Manager to the Issue will be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For further details on the mode of payment, please see the headings "*Mode of Payment for Resident Equity Shareholders / Applicants*" and "*Mode of Payment for Non-Resident Equity Shareholders/ Applicants*" on page 265 and 266, respectively of this Letter of Offer. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super-scribed "*Zenotech Laboratories Limited – Rights Issue*" and should be postmarked in India. The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of the issuer being Zenotech Laboratories Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders;
3. Registered Folio Number/ DP and Client ID Number;
4. Number of Equity Shares held as on Record Date;
5. Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
6. Allotment option preferred – physical or demat form, if held in physical form;
7. Number of Equity Shares entitled to;
8. Number of Equity Shares applied for;
9. Number of additional Equity Shares applied for, if any;
10. Total number of Equity Shares applied for;
11. Total application amount paid at the rate of ₹ 45.00 per Equity Share;
12. Particulars of cheque/ demand draft;
13. Savings/Current Account Number and name and address of the bank where the Applicant will be depositing the refund order. In case of Equity Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories.
14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Applicant and for each Applicant in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
15. Signatures of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company or Depositories ;
16. If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the demand draft confirming that the demand draft has been issued by debiting the NRE/FCNR/NRO account.
17. For ASBA Investors, application on plain paper should have details of their ASBA Account.
18. Additionally, non-resident Applicants shall include the representation in writing that:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“United States”). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Securities or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting

on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Applicants in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholders violates such requirements, he/she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Applicant without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is July 14, 2017. The Board of Directors or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under paragraph titled “Basis of Allotment” in this chapter titled “*Terms of the Issue*” on page 254 of this Letter of Offer.

Modes of Payment

Investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that CAFs accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Issue Closing Date.

Mode of payment for Resident Equity Shareholders / Applicants

1. All cheques / demand drafts accompanying the CAF should be drawn in favour of “*Zenotech Laboratories Limited-Rights Issue – R*” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar on or before Issue Closing Date;
2. Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/

demand draft for the full Application Money, net of bank and postal charges drawn in favour of “*Zenotech Laboratories Limited-Rights Issue – R*”, crossed ‘A/c Payee only’ and payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super-scribed “*Zenotech Laboratories Limited – Rights Issue*”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Equity Shareholders / Applicants

As regards the applications by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe for Securities by applicable local securities laws can obtain application forms from the following address:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda

Hyderabad – 500 032, Telangana, India

Telephone: +91 40 67162222

Fax: +91 40 23431551

Email: einward.ris@karvy.com

Website: www.karvycomputershare.com

Investor Grievance ID: zll.rights@karvy.com

Contact Person: M. Muralikrishna

SEBI Registration Number: INR000000221

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Securities may be restricted by applicable securities laws.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of “*Zenotech Laboratories Limited-Rights Issue – NR*”, crossed ‘A/c Payee only’ payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed “*Zenotech Laboratories Limited– Rights Issue*”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai / cheque drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / bank drafts remitted through normal banking channel or out of funds in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at Mumbai;
- FIIs registered with SEBI must utilise funds from special non-resident rupee account;
- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of “*Zenotech Laboratories Limited – Rights Issue - NR*”, crossed “A/c Payee only” for the full Application

Money, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;

- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Securities on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Securities will be on non-repatriation basis.
- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of “Zenotech Laboratories Limited – Rights Issue - R”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRE accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
- An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI / Government of India as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process

This section is for the information of the ASBA Applicants proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Applicants who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

Our Company, Lead Manager, our Directors, our employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications

accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the conditions prescribed under the SEBI circular dated December 30, 2009 may optionally apply through the ASBA process. The Investors who are not (i) QIBs, (ii) Non Institutional Investors, or (iii) Investors whose Application Money is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares in physical form are not eligible ASBA Investors and must only apply for Equity Shares through the non-ASBA process, irrespective of the Application Money. All non-retail Investors are encouraged to make use of ASBA process wherever such facilities is available.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to the Applicants of our Company on the Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account. More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Securities either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard.

Additional Securities

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply for Securities under applicable law and you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the BSE and in the manner prescribed under “*Terms of the Issue*” on page 254 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar, the Lead Manager to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Securities (All joint holders must sign)

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super -scribed “Zenotech Laboratories Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Zenotech Laboratories Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 45.00 per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in our records; and
- Additionally, all such Eligible Equity Shareholders applying through ASBA are deemed to have accepted the following:

“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

- a. Please read the instructions printed on the respective CAF carefully.
- b. Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c. The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Manager to the Issue.
- d. All Eligible Equity Shareholders, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Eligible Equity Shareholders for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Securities pursuant to the Issue shall be made into the accounts of such Eligible Equity Shareholders.
- e. All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- g. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company/ Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- h. All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

- i. Only the person or persons to whom the Equity Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- j. Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Securities under applicable securities laws are eligible to participate.
- k. Only the Eligible Equity Shareholders holding securities in demat are eligible to participate through the ASBA process.
- l. Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.
- m. Please note that pursuant to the applicability of the directions issued by SEBI vide its circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all Eligible Equity Shareholders who are QIBs, Non-Institutional Eligible Shareholders and other Eligible Equity Shareholders whose application amount exceeds ₹ 2 Lacs can participate in the Issue only through the ASBA process. The Eligible Equity Shareholders who are not (i) QIBs, (ii) Non-Institutional Eligible Shareholders or (iii) investors whose application amount is more than ₹ 2 Lacs, can participate in the Issue either through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

- n. In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section “Terms of the Issue” on page 254 of the Letter of Offer.

Do's:

- a. Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.
- b. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Securities will be allotted in the dematerialized form only.
- c. Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- d. Ensure that there are sufficient funds (equal to {number of Securities as the case may be applied for} X {Issue Price of Securities, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- f. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

- g. Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Eligible Shareholder should mention their PAN allotted under the IT Act.
- h. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- i. Ensure that the Demographic Details are updated, true and correct, in all respects.
- j. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

- a. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- c. Do not pay the amount payable on application in cash, by money order, pay order or by postal order.
- d. Do not send your physical CAFs to the Lead Manager / Registrar / Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- e. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- f. Do not apply if the ASBA account has been used for five Eligible Shareholders.
- g. Do not apply through the ASBA Process if you are not an ASBA Eligible Shareholder.
- h. Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

- I. In addition to the grounds listed under “*Grounds for Technical Rejection for non-ASBA Investors*” on page 282 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:
- II. Application on a SAF (unless all the SAFs are used by the original shareholder).
- III. Application for allotment of Rights Entitlements or additional Securities which are in physical form.
- IV. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- V. Sending an ASBA application on plain paper to the Registrar.
- VI. Sending CAF to Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- VII. Renouncee applying under the ASBA Process.
- VIII. Submission of more than five CAFs per ASBA Account.

- IX. Insufficient funds are available with the SCSB for blocking the amount.
- X. Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- XI. Account holder not signing the CAF or declaration mentioned therein.
- XII. CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- XIII. CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.
- XIV. QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Securities in this Issue for value of more than ₹ 2 Lacs who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.
- XV. Application by an Eligible Shareholder whose cumulative value of Securities applied for is more than ₹ 2 Lacs but has applied separately through split CAFs of less than ₹ 2 Lacs and has not done so through the ASBA process.
- XVI. Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
- XVII. Submitting the GIR instead of the PAN.
- XVIII. An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- XIX. Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- XX. ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- XXI. Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.
- XXII. Non-Institutional Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors and the application by the Non-Institutional Investors is not made through that SCSB providing ASBA facility in such location.

Depository account and bank details for Eligible Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE

SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Equity Shareholder. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Eligible Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Securities are not allotted to such Eligible Equity Shareholder. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any g shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the Eligible Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	Friday, June 30, 2017
Last date for receiving requests for SAFs:	Friday, July 07, 2017
Issue Closing Date:	Friday, July 14, 2017

The Board of Directors of our Company, may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the BSE, the Board will proceed to Allot the Equity Shares in the following order of priority:

- a. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.

- b. Investor whose fractional entitlements are being ignored would be given preference in allotment of one additional equity shares each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under this head are more than number of Equity Shares available after allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the BSE and will not be a preferential allotment.
- c. Allotment to the Eligible Equity Shareholders who applied for all the Equity Shares offered to them as part of the Issue and has also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity shares held by them on a Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The allotment of such Equity Shares will be at the sole discretion of our Board/ Committee of Directors in consultation with the BSE, as a part of the Issue and will not be a preferential Allotment.
- d. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The allotment of such Equity Shares will be at the sole discretion of our Board/ Committee of Directors in consultation with the BSE, as a part of the Issue and not preferential Allotment.
- e. Allotment to any other person that our Board/Committee of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose regulation 3 (1) (b) of the SEBI Takeover Code.

Upon approval of the Basis of Allotment by the BSE, the Registrar of the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Securities in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates / demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House which is a consolidated system of ECS. ("NACH") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within one month from the date of

Allotment thereof or such extended time as may be approved by our Company Law Board under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post / speed post to the sole / first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked “Account Payee only” and would be drawn in favour of the sole/first Investors.

Adequate funds would be made available to the Registrar to the Issue for this purpose. The letter of allotment / intimations would be sent by ordinary post.

In the case of non-resident Eligible Equity Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-resident Eligible Equity Shareholders or Applicants who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made net of bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post to the address in India of the non-resident Eligible Equity Shareholders or Investors.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH – Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository.. The payment of refunds through NACH is mandatory for Investors having bank account at any centre where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where investor is otherwise disclosed to be eligible to get refunds through NEFT or Direct Credit or RTGS.
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investor’s bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Company in consultation with the Lead Manager may decide to use NEFT as a mode of making refunds.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 2 Lacs, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Applicant’s bank receiving the credit would be borne by the Investors.

5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Applicant and payable at par.
6. Credit of refunds to Applicants in any other electronic manner permissible under the banking laws which is in force, and is permitted by the SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ demat credit or letters of regret will be dispatched to the registered address of the first named Applicant or respective beneficiary accounts within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialised Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Applicant. Our Company has signed a tripartite agreement with NSDL on July 20, 2001 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on July 12, 2001 which enables the Applicants to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Investors who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investors by the Registrar to the Issue but the Investor's Depository Participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and /or dematerialized form should be made. If such CAFs are made, the CAFs for physical Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Eligible Equity Shareholders of our Company holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. For Eligible Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Applicants and the names are in the same order as in the records of our Company/Depositories.
3. The responsibility for correctness of information (including Applicant's age and other details) filled in the CAF vis-à-vis such information with the Applicant's Depository Participant, would rest with the Applicant. Applicants should ensure that the names of the Applicants and the order in which they appear in CAF should be the same as registered with the Applicant's Depository Participant.
4. If incomplete / incorrect beneficiary account details are given in the CAF, the Applicant will get Equity Shares in physical form.
5. The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's Depository Participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.
6. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Applicants

- a. Please read the instructions printed on the enclosed CAF carefully.
- b. Investor should be made on the printed CAF, provided by our Company except as mentioned under the paragraph titled "Investor on Plain Paper" under this chapter titled "Terms of the Issue" on page 254 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Applicants, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque / demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal

charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

- c. Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Applicants, and in the case of application in joint names, each of the joint Investors should mention his / her PAN number allotted under the I.T Act, 1961, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- d. Investors, holding Securities in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- e. All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f. Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.
- g. In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- h. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- i. Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares, as the case may be, shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Equity Shares, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and issue of Equity Shares of our Company may be restricted by applicable securities laws.
- j. All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar prior to the Allotment Date in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the Allotment Date, should be sent to the Registrar and transfer agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k. SAFs cannot be re-split.

- l. Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- m. Investors must write their CAF number at the back of the cheque /demand draft.
- n. Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o. A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.
- p. No receipt will be issued for application money received. The Bankers to the Issue / Escrow Collection Banks/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- q. The distribution of this Letter of Offer and issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Letter of Offer and not to attempt to subscribe for Equity Shares.
- r. Investors shall be given an option to get the Equity Shares in demat or physical form.
- s. Investors are requested to ensure that the number of Securities applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

- a. Check if you are eligible to apply i.e. you are an Eligible Equity Shareholder on the Book Closure Date.
- b. Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.
- c. In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.
- d. Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form.
- e. Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.
- f. Ensure that you receive an acknowledgement from the collection branch of the Bankers to the Issue for your submission of the CAF in physical form.
- g. Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.
- h. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary

account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

- i. Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- a. Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction.
- b. Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Bankers to the Issue
- c. Do not pay the amount payable on application in cash, by money order or by postal order.
- d. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- e. Do not submit Application accompanied with stock invest.
- f. Do not submit CAF having the colour of ink specified for another class of Eligible Equity Shareholders.

Grounds for Technical Rejection for non-ASBA Investors

Applicants are advised to note that applications are liable to be rejected on technical ground, including the following:-

1. Amount does not tally with the amount payable;
2. Bank account details (for refund) are not provided or available with the depositories or Registrar to the Issue, as the case maybe;
3. Age of Applicant(s) not given (in case of renouncees);
4. Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
5. PAN allotted under the IT Act has not been mentioned by the applicant.
6. If the signature of the Applicant does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
7. CAFs are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;
8. CAFs not duly signed by the sole / joint Applicants;
9. CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
10. Submission of the CAFs to SCSBs;
11. Submission of plain paper Application to person other than Registrar;
12. CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/outstation demand drafts;
13. In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID;

14. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorized to acquire the Rights Entitlements and Securities in compliance with all applicable laws and regulations;
15. CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
16. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided;
17. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
18. In case the GIR number is submitted instead of the PAN;
19. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories;
20. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
21. Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 2 Lacs, not through ASBA process;
22. Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2 Lacs but has applied separately through SAFs of less than ₹ 2 Lacs and has not been undertaken through the ASBA process.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer.

Investment by FPIs and FIIs

In terms of the SEBI FPI Regulations, the issue of Securities to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Director followed by a special resolution passed by the shareholders of our Company. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Investment by NRIs

Investments by NRIs are governed by the portfolio investment scheme under Regulation 5(3)(i) of the FEMA 20, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular no. CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 2 Lacs shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

Application made by asset management companies or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 2 Lacs shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Applicants is specifically drawn to the provisions of Section 38 of the Companies Act which is reproduced below:

“Any person who-

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

Shall be liable for action under Section 447”

which states that “Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud: Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.”

Dematerialized dealing

Our Company has entered into agreements dated June 10, 2005 and May 9, 2005 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE486F01012.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stock invest Scheme has been withdrawn with immediate effect. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

Our Board of Directors reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

- a. All monies received out of this Issue shall be transferred to a separate bank account.
- b. Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remain unutilised under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies has been utilized.
- c. Details of all such unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested, and
- d. Our Company will utilize the funds collected in the Issue only once the basis of Allotment is finalized by BSE.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at BSE, Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Except as disclosed in section titled “Capital Structure” in this Letter of Offer, no further issue of securities affecting our Company’s equity capital shall be made till the Securities issued/ offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
6. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any

statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

7. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.
8. At any given time there shall be only one denomination for the Equity Shares of our Company.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed “Zenotech Laboratories Limited - Rights Issue” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda
Hyderabad – 500 032, Telangana, India

Telephone: +91 40 67162222

Fax: +91 40 23431551

Email: einward.ris@karvy.com

Website: www.karvycomputershare.com

Investor Grievance ID: zll.rights@karvy.com

Contact Person: M. Muralikrishna

SEBI Registration Number: INR000000221

The Issue will remain open for a minimum 15 days. However, the Board of Directors will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision below is numbered as per the corresponding article number in the Articles of Association.

Share capital and variation of rights

Authorised Capital

1. The Authorised Share Capital of the Company shall be such amount, divided into such class(es) denomination(s) and number of shares in the Company as stated in Clause V of the Memorandum of Association of the Company, with power to increase or reduce such Capital from time to time and power to divide the shares in the Capital for the time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the regulations of the Company or the provisions of the Company or the provisions of the law for the time being in force.

Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Shares under Control of the Board

2. Subject to the provisions of the Act and these Articles, the shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such terms as they may from time to time think fit and proper, and with full power to give to any person the option to be allotted shares of the Company either at par or at a premium subject as aforesaid, such option being exercisable at such time and for such consideration as the Directors think fit.

Allotment otherwise than for cash

3. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property or assets of any kind whatsoever, sold or to be sold or transferred or to be transferred or goods or machinery supplied or to be supplied or for service rendered or to be rendered or for technical assistance or know-how made or to be made available to the Company for the conduct of its business and shares which may be so allotted, may be issued as fully or partly paid-up, otherwise than in cash and if so issued, shall be deemed to be fully or partly paid as the case may be.

Kinds of Share Capital

4. The Company may issue any kind of shares including but not limited to the following:—
 - a. Equity share capital
 - with voting rights; and / or
 - with differential rights as to dividend, voting or otherwise in accordance with the Act / Rules; and
 - b. Preference share capital

The Company may convert any kind of securities into another kind of security in accordance with the provisions of the applicable laws.

Debenture

5. Notwithstanding anything contained in these articles but subject to the provisions of the Act and any other applicable provision of the Act or any other law for the time being in force and Rules, the Company may issue debentures.

Redeemable Preference Shares

6. Subject to the provisions of Companies Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

Share Warrants

7. Rights to issue share warrants

- a. The Company may issue share warrants subject to, and in accordance with provisions of the Act and the applicable Rules/ Regulations/ guidelines.
- b. The Board may, in its discretion, with respect to any Share which is fully paid up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

8. Rights of warrant holders

- a. The bearer of the share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two (2) clear days from time of the deposit, as if his name were inserted in the Register as the holder of the shares included in the deposited warrant.
- b. Not more than one person shall be recognized as the depositor of the share warrant.
- c. The Company shall, on two (2) days written notice, return the deposited share warrant to the depositor.

Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a general meeting of the Company, or attend, or vote or exercise any other privileges of a Shareholder at such general meeting, or be entitled to receive any notice from the Company.

- d. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be a Shareholder of the Company.

9. Board to make rules

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Variation of Rights

10. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing of such number of the

holders of the issued shares of that class, or with the sanction of resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act.

11. To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
12. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Share Certificate

13. A certificate, may be executed and issued in accordance with the applicable provisions of the Act or rules made thereunder, as may be in force for the time being and as amended from time to time , specifying the shares held by any person, shall be prima facie evidence of the title of the person to such shares.
14. (i) Every person whose name is entered as a member in the register of members shall be entitled to Certificate in accordance with the provisions of the Act or rules made thereunder as may be in force for the time being and as amended from time to time or within such other period as the conditions of issue shall be provided,-
 - a. one certificate for all his shares without payment of any charges; or
 - b. several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
15. If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
16. A share held in depository form, the record of the depository is the prima facie evidence of the interest of the beneficial owner.
17. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
18. The provision of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company.

Commission

19. The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate or per cent or the amount of the

commission paid or agreed to be paid shall be disclosed in the manner required by the Act and rules made there under.

20. The rate or amount of the commission shall not exceed the rate or amount prescribed in the Act and the rules made there under.
21. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

Further Issue of Share Capital

22. The Board or the Company, as the case may be, may in accordance with the Act and Rules, issue further shares to:
- a. Persons who, at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or
 - b. Employees under any scheme of employees' stock option; or
 - c. Any persons, whether or not those persons include the person referred to in clause (a) or (b) above.
23. Notwithstanding anything contained in sub-clauses(s) above, but subject, however to Section 62 of the Act, the Company may increase its subscribed share capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company by passing special resolution by the members.
24. A further issue of shares may be made in any manner whatsoever as the Board may determine by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules as may be amended from time to time.

Lien

25. (i) The Company shall have a first and paramount lien-

- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company;

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

- (ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

26. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

27. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
28. (i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
29. The provision of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.

Calls on shares

30. (i) The Board of Directors may, from time to time, make calls upon the members in respect of any monies unpaid on their shares held by them respectively (whether on account of the capital value of the shares or by way of premium) and which are not by the condition of the allotment, made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time appointed by Directors. A call may be made by instalments. The call may be revoked or postponed at the discretion of the Board.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- (iii) A call may be revoked or postponed at the discretion of the Board.
31. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments.
32. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
33. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
34. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
35. The Board
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

36. The provision of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.

Joint Holders

37. Where two or more persons are registered as the joint holders (not more than three) of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:

a. the joint holders of any shares shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

b. on the death of any such joint-holder the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of the death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability in respect of the shares held by him jointly with any other person.

c. only the person whose name stands first in the Register of Members may give effectual receipts for any dividends or other moneys payable in respect of such share.

d. only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any documents served on or sent to person shall be deemed service on all the joint- holders.

e. any one of two or more joint-holders may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one such joint-holders be present at any meeting personally or by proxy then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall be entitled to vote in respect thereof but other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any shares stands shall for the purpose of this sub-clause be deemed joint-holders.

f. The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.

Transfer of shares

38. (i) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

39. The Board may, subject to the right of appeal conferred by section 58 decline to register-

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the Company has a lien.

40. The Board may decline to recognise any instrument of transfer unless-

- (a) The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

41. On giving not less than seven days' previous notice in accordance with section 91 and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

42. If the shares are in dematerialized mode, same will be governed by Depositories Act.

Transmission of shares

43. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

44. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

45. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

46. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Forfeiture of Shares

47. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

48. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

49. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

50. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

51. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

52. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

53. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Copies of Memorandum and Articles to be sent to the Members

54. Copies of the Memorandum and Articles of Association of the Company and other documents referred in provisions of the Act shall be sent by the Company to every member at his request on payment of the sum of ₹ 100/- (One Hundred Only) for each copy or such sum as may be prescribed by the Act.

Alteration of capital

55. (i) Subject to the provisions of the Act, the Company may, from time to time, by resolution in General Meeting:

- (a) Increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
- (b) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;

- (c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

56. Where shares are converted into stock,—

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

57. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

Capitalisation of profits

58. (i) The Company in general meeting may, upon the recommendation of the Board, resolve—

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);

(iii) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(iv) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

59. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

60. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

Dematerialisation of Shares

61. Notwithstanding anything contained herein, the Company shall be entitled to dematerialize its Shares, Debentures and other Securities pursuant to the Depositories Act, 1996 ("Depositories Act") and to offer its Shares, Debentures and other Securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in physical and dematerialised form in any media as permitted by law including any form of electronic media.

General meetings

62. All general meetings other than annual general meeting shall be called extra ordinary general meeting.

63. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

64. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

65. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

66. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

67. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

68. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

69. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

70. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

71. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

72. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

73. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

74. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

75. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

76. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

77. An instrument appointing a proxy shall be in the form as prescribed in the rules.

78. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

79. (a) Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (fifteen).

(b) Subject to the provisions of the Act, the Company may from time to time by Special Resolution increase or reduce the number of Directors within the limits fixed by these Articles. The Directors shall appoint one women director as per the requirements of the Act.

(c) (i) The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.

(ii) Not less than two-thirds of the total number of Directors of the Company shall:

(a) be persons whose period of office is liable to determination by retirement of Directors by rotation; and

(b) save as otherwise expressly provided in the said Act; be appointed by the Company in General Meeting.

Explanation:- for the purposes of this Article “total number of Directors” shall not include Independent Directors appointed on the Board of the Company. The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.

(iii) The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit.

(iv) Subject to the provisions of the Act, at every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

(v) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall be eligible for re- election.

(vi) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(vii) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a holiday, at the same time and place.

(viii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :-

(a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(b) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(c) he is not qualified or is disqualified for appointment;

(d) a resolution, whether special or ordinary, is required for his appointment or reappointment by virtue of any provisions of the said Act; or

(ix) The Whole-time Directors shall not be liable to retire by rotation subject to Board shall determine at the time of appointment of such Whole-time Directors.

(x) If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board and the person so appointed shall hold office up to the date which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid.

(xi) Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.

80. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the Company.

(iii) Subject to the provisions of the Act and the rules made there under, the Independent and/ or Non Executive directors shall be entitled to sitting fees for attending each meeting of the Board of directors or any committee

thereof as may be decided by the Board of directors, which shall be in addition to reimbursement of expenses incurred by them in attending the meetings.

81. The Board may pay all expenses incurred in getting up and registering the Company.

82. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions (which expression shall include work done by Director as a Member of any committee formed by the Directors) in going or residing away from the town in which the Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to or in substitution for any other remuneration to which he may be entitled.

83. The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

84. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

85. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

86. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

87. The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called 'the Original Director') during his absence for a period of not less than three months from India and such appointee whilst holds office as an Alternate Director, shall be entitled to receive notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office, if and when the Original Director returns to India. If the term or office of the Original Director is determined before he so returns to India as aforesaid, any provision in the Act or in these Articles for the automatic re-appointment of a retiring Director in default of any other appoint shall apply to the Original Director and not to Alternate Director. Such Alternate Director shall not be required to hold any qualification shares.

88. A Director of the Company may be, or may become a director of any company promoted by the Company, or in which it may be interested as a vendor, member or otherwise and subject to the provision of the Act and these Articles, no such Director shall be accountable for any benefits received as a Director or member of such Company except in so far as required by the Act.

89. The same individual may, at the same time, be appointed as the Chairman of the Company as well as the Managing Director or Chief Executive Officer of the Company.

Powers of Board

90. (i) Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which be directed or required whether by the Act or any other Act or by the Memorandum or those Articles or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such act or thing the Board shall be,

subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in General Meeting.

(ii) No regulation made by the Company in General meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(iii) Subject to the provisions of the Act and other provisions of the Act and rules there under, the Board may delegate from time to time and at any time to committee formed out of the Directors any of its powers, authorities, and discretion for the time being vested in the Board and any such delegations may be made on such terms and subject to such conditions as the Board may think fit.

(iv) The Board may appoint, at any time and from time to time by a power of attorney any person to be the attorney of the company for such purposes and with such powers, authorities and discretions not exceeding those vested in or exercisable by the board under these Articles and for such period and subject to such conditions as the Board may from time to time thinks fit, and any such appointment may, if the Board thinks fit, be made in favour of the members or any of the members of any firm or company, or the members, directors, nominees or manufacturers of any firm or company or otherwise in favour of anybody or persons, whether nominated directly or indirectly by the Board, and any such power of attorney may contain such provision for the protection or convenience of persons dealing with such attorney as the Board may think fit.

(v) The Board may authorise any such delegate, or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in it.

(vi) Subject to the provisions of the Act, the Board may delegate all or any of their powers to any Directors jointly or severally or to any one Director at their discretion.

Borrowing Powers

91. Subject to the provision of the Act and these Articles and without prejudice to the other powers conferred by these Articles the Directors shall have the power to accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of moneys for the purposes of the Company provided that the total amount borrowed at any time together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the consent of the Company in General Meeting, exceed the aggregate of the paid up share capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Such consent shall be obtained by resolution, which shall provide for the total amount up to which moneys may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six months from the date of the loans such as short term loans, cash credit arrangement, discounting of bills and the issue of other short - term loans of seasonable character but does not include loans raised for the purpose of financial expenditure of a capital nature.

92. If any uncalled capital of the Company is included in or charged by way of mortgage or other security by the Directors, the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the persons in whose favour such mortgage or security is executed or, if permitted by the Act, may by instrument, authorize the person in whose favour such mortgage or security is executed or any other person in trust for him to receive monies on call from the members in respect of such uncalled capital and the provisions herein before contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Director's powers or otherwise and shall be assignable if expressed so to be.

93. Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or

affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability

Proceedings of the Board

94. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

95. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

96. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

97. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

98. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

(iii) The participation of Directors in a meeting of the committee may be either in person or through video conferencing or audio visual means or teleconferencing if Company provides the facility and intimate in advance, as may be prescribed by the Rules or permitted by law.

99. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

100. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

101. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

102. Subject to the provisions of the Act, resolutions of the Board may be passed by circulation, if the resolution has been circulated in draft, together with necessary papers, if any, to all the Directors or members of the

Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be prescribed and has been approved by a majority of the directors or members, who are entitled to vote on the resolution. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Provided that, where not less than one-third of the total number of Directors of the Company for the time being require that any resolution under circulation must be decided at a meeting, the Chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution as aforesaid mentioned, shall be noted at a subsequent meeting of the Board or the committee thereof, as the case may be, and made part of the minutes of such meeting.

Nominee Directors

103. Nominee Directors

(a) Subject to the provisions of the Act, so long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding, and if the loan or other agreement with such institution/ corporation/ Company (hereinafter referred to as the "Corporation") so provides, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s") on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

(b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation, such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

(c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board meetings and of the meetings of the committee of which Nominee Director/s is/are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

(d) The Company may pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s may accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

104. Subject to the provisions of the Act,—

A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.

105. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.

The Seal

106. (i) The Common Seal of the Company, if required to be affixed, shall be affixed to any instrument(s), in presence of any one of Directors of the Company and/or Chief Financial Officer and/or Company Secretary and/or Compliance Officer of the Company or such person(s) as the Board or aforesaid persons may appoint for the purpose and who shall sign every instrument to which the Seal of the Company is so affixed in their presence.

(ii) Notwithstanding anything contained in the clause, the use of the Seal of the Company shall not be a mandatory requirement for authenticating any instrument or document by the Company.

(iii) The Company shall also be at liberty to use an official seal in any territory, district or place outside India.

Dividends and Reserve

107. The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

108. Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

109. (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

110. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

111. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

112. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such electronic transfer or cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders may, direct the payment of the cheque or warrant if purporting to be duly endorsed shall be a good discharge to the Company. Payment in any way whatsoever shall be made at the risk of the person entitled to the money represented thereby.

113. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

114. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

115. No dividend shall bear interest against the Company.

Accounts

116. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

Audit

117. The appointment, qualifications, powers, rights, duties of the Auditors shall be regulated by and in accordance with the Act and Rules made there under.

The Remuneration of the Auditors shall be fixed by the Board as authorised in a General Meeting from time to time.

Winding up

118. Subject to the provisions of the Act and Rules made there under—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity and Responsibility

119. Director's and others' right to indemnity

(a) Subject to the provisions of the Act, the managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such managing Director, Director, Officer or Employee or in any way in the discharge of his duties. Provided, however, that such indemnification shall not apply in respect of any cost or loss or expenses to the extent it is finally judicially determined to have resulted from the negligence, willful misconduct or bad faith acts or omissions of such Director.

(b) Subject as aforesaid the managing Director and every Director, manager, Secretary or other Officer or employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court.

120. Insurance

The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

121. Not responsible for acts of others

(a) Subject to the provisions of the Act, no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own willful act or default.

(b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Registrar of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

Secrecy Clause

122. (i) Every director, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in relation thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(ii) No Member shall be entitled to inspect the Company's works without the permission of the managing Director/Directors or to require discovery of any information respectively any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the managing Director/Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

Notice and Service of Documents

123. It shall be imperative on every member or notify to the Company for registration his place of address in India and if he has no registered address within India to supply to the Company an address within India for giving of notices to him. A member may notify his email address if any, to which the notices and other documents of the company shall be served on him by electronic mode. The Company's obligation shall be satisfied when it transmits the email and the company shall not be responsible for failure in transmission beyond its control.

Subject to Section 20 of the said Act, a document may be served by the Company on any member thereof by sending it to him by post or by registered post or by speed post or by courier or by delivering at his address (within India) supplied by him to the company for the service of notices to him. The term courier means person or agency who or which delivers the document and provides proof of its delivery.

Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by any and every notice and other document in respect of such share which previous to his name and address being entered upon the register shall have been duly given to the person from whom he derives his title to such share. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given, if given by advertisement, once in English and once in a vernacular daily newspaper circulating in the city, town or village in which the registered office of the Company is situate. Any notice or document served in the manner hereinbefore provided shall notwithstanding such member be then dead and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service, for all purposes of these presents be deemed a sufficient service of such notice or documents on his heirs, executors, administrators and all person (if any) jointly interested with him in any such shares. Any notice given by the Company shall be signed (digitally or electronically) by a Director or by the Secretary or some other officer appointed by the Directors and the signature thereto may be written, facsimile, printed, lithographed, photostat. A document may be served on the Company or on an officer thereof by sending it to the Company or officer at the Registered Office of the Company by post or by Registered Post or by leaving it at its Registered Office, or by means of such electronic mode or other mode as may be specified in the relevant Rules.

General Power

124. Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.

SECTION X –OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10:00 A.M. to 5:00 P.M. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material contracts for inspection

1. Issue agreement dated December 28, 2016 between our Company and Vivro Financial Services Private Limited.
2. Memorandum of Understanding/ Registrar Agreement dated December 19, 2016 between our Company and Karvy Computershare Private Limited.
3. Escrow Agreement dated June 14, 2017 amongst our Company, the Lead Manager, the Registrar to the Issue and the Escrow Collection Bank.
4. Monitoring Agency Agreement dated June 14, 2017 amongst our Company and Axis Bank Limited.
5. Tripartite Agreement dated June 10, 2005 between our Company, the Registrar to the Issue and NSDL.
6. Tripartite Agreement dated May 9, 2005 between our Company, the Registrar to the Issue and CDSL.

B. Material documents for inspection

1. Certified true copy of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation as 'Maa Shakti Tube Mill Private Limited' dated June 15, 1989 issued by RoC.
3. Fresh certificate of incorporation consequent on change of name to 'Sunline Tubes Private Limited' dated April 1, 1992 issued by RoC.
4. Fresh certificate of incorporation consequent on the conversion to 'Sunline Tubes Limited' dated August 25, 1993 issued by RoC.
5. Fresh certificate of incorporation consequent on change of name to 'Sunline Technologies Limited' dated December 6, 2000 issued by RoC.
6. Fresh certificate of incorporation consequent on change of name to 'Zenotech Laboratories Limited' dated August 10, 2004 issued by RoC.
7. Resolution of our Board dated November 9, 2016 in relation to this Issue and other related matters.
8. Copy of a resolution passed by the Rights Issue Committee of our Board dated May 20, 2017 finalizing the Issue Price, Record Date and the Rights Entitlement Ratio.
9. Share Purchase Agreement dated October 3, 2007 executed by and between Dr. Jayaram Chigurupati, Padmasree Chigurupati, Zenotech LLC (together referred to as "Sellers"), Ranbaxy Laboratories Limited and our Company for sale of equity shares of Sellers to Ranbaxy Laboratories Limited.

10. Share purchase and share subscription agreement dated October 3, 2007 entered amongst Dr. Jayaram Chigurupati, Padmasree Chigurupati and Zenotech LLC, Ranbaxy Laboratories Limited and our Company;
11. Loan license agreement dated December 28, 2015 entered between Sun Pharmaceutical Industries Limited and Zenotech Laboratories Limited;
12. Development, License and Supply agreement for marketing and sales dated January 31, 2007 entered between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited;
13. Material transfer agreement dated March 21, 2016 entered between Zenotech Laboratories Limited and Sun Pharmaceutical Industries Limited;
14. Agreement for Manufacture and Supply of Pharmaceutical Formulation dated April 1, 2013 between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited;
15. Licensing and Marketing agreement dated April 1, 2013 executed between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited;
16. Trademark license user agreement dated September 30, 2011 entered between Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) and Zenotech Laboratories Limited;
17. Scheme of arrangement entered between Ranbaxy Laboratories Limited and Sun Pharmaceutical Industries Limited
18. Consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisors, the Registrar to the Issue, Monitoring Agency, Bankers to our Company and Banker to the Issue and Refund Bank to include their names in this Letter of Offer and to act in their respective capacities.
19. Consent from Credit Analysis & Research Limited to include contents or any part thereof from its report titled, "Report on Pharmaceutical Industry" dated December 21, 2016, in this Letter of Offer and the Letter of Offer.
20. Statement of tax benefits dated May 20, 2017, issued by M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, as set out in this Letter of Offer.
21. The Report of the Auditor being, M/s. PKF Sridhar & Santhanam LLP, Chartered Accountants, as set out herein dated May 20, 2017 in relation to the Restated Standalone Financial Statements of our Company as appearing in this Letter of Offer.
22. Certificate dated May 20, 2017, issued by PKF Sridhar & Santhanam LLP, chartered accountants, certifying that the borrowings of our Company proposed to be repaid from the Net Proceeds have been utilized for the purposes for which they were availed.
23. Annual Reports of our Company for the financial years 2012, 2013, 2014, 2015 and 2016 and audited accounts for the nine months period ended December 31, 2016.
24. Due Diligence certificate dated December 30, 2016 from Vivro Financial Services Private Limited.
25. SEBI observation letter no. SRO/RD/Issues/Rights/Zenotech/1/2017 dated April 5, 2017 and letter bearing reference number SRO/RD/Issues/Rights/Zenotech/1/2017 dated February 1, 2017
26. In-principle listing approval dated January 13, 2017 from BSE.

27. Letter bearing reference no. FED.CO.FID.No.8232/10.21.392/2016 - 17 dated February 13, 2017 issued by RBI in relation to the renunciation of rights entitlement.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

No statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SCRA or the SEBI Act and the rules made thereunder. All the legal requirements connected with the Issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with. We further certify that all the statements in this Letter of Offer are true and correct.

Signed by the Directors of our Company

Name	Signature
Azadar Khan	
Non – Executive and Non – Independent Director	_____
Jignesh Goradia	
Non – Executive and Non – Independent Director	_____
Chintan Shah	
Independent Director	_____
Kavita Shah	
Independent Director	_____
Dinesh Kapoor	
Chief Executive Officer	_____
Kachappilly Varghese Poly	
Chief Financial Officer	_____

Date: June 21, 2017

Place: Mumbai