DRAFT LETTER OF OFFER
September 9, 2013
For Equity Shareholders of the Company only

DENIS CHEM LAB LIMITED

Our Company was originally incorporated as a Private Limited Company under the Companies Act, 1956 in the name of Denis Chem Lab Private Limited vide Certificate of Incorporation dated July 15, 1980 with the Registrar of Companies, Ahmedabad. Subsequently, our Company was converted into Public Limited Company and a Fresh Certificate of Incorporation in the name of Denis Chem Lab Limited was issued by the Registrar of Companies, Ahmedabad on April 29, 1982. The Corporate Identity Number (CIN) of our Company is L24230GJ1980PLC003843.

Registered Office: Block No.457, Village: Chhatral, Taluka: Kalol (N.G) - 382729, District: Gandhinagar, Gujarat, India. (For further details of changes in Registered Office, please refer to Chapter titled "History and Corporate Structure" beginning on page 125 of this Draft Letter of Offer.)
Tel No.: +91 2764 233596/233613 **Fax No.:** + 91 2764 233896 **Email:** cs.denischem@gmail.com
Corporate Office: 401, Abhishree Complex, Opp. Om Tower, Beside Bidiwala Park, Satellite Road, Ahmedabad-380015, Gujarat, India
Tel No.: +91 79 2692 5716/ 2692 5719 **Fax No.:** + 91 79 2692 5710
Contact Person & Compliance Officer: Dr. Himanshu C. Patel; **Email:** cs.denischem@gmail.com; **Website:** www.denischemlab.com

PROMOTERS OF OUR COMPANY: DR. HIMANSHU C. PATEL, MS. ANAR H. PATEL AND MR. NIRMAL H. PATEL

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

DRAFT LETTER OF OFFER

ISSUE OF 60,27,864 EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH ("*EQUITY SHARES*") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING TO ₹ [●] LAKHS ON RIGHTS BASIS IN THE RATIO OF 2:1 (2 (TWO) EQUITY SHARES FOR EVERY 1 (ONE) FULLY PAID UP EQUITY SHARE) HELD BY THE EQUITY SHAREHOLDERS OF THE COMPANY AS ON THE RECORD DATE, i.e. [●]. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER INFORMATION, PLEASE REFER TO CHAPTER "TERMS OF THE ISSUE" BEGINNING ON PAGE 217 OF THIS DRAFT LETTER OF OFFER.

Amount payable per Rights Equity Share (₹)*	Face Value	Premium	Total
On Application	5.00	**[●]**	**[●]**
On First and Final Call	5.00	**[●]**	**[●]**
Total	**10.00**	**[●]**	**[●]**

* For details on the payment method, see "Terms of the Issue" beginning on page 217 of this Draft Letter of Offer.

GENERAL RISKS

Investments in equity and equity-related securities involve a 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 this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares being offered through this Rights 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 the contents of this Draft Letter of Offer. Specific attention of the investors is invited to the statements in the Section "Risk Factors" beginning on page 15 of this Draft Letter of Offer.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Company and the Issue that is material in the context of the Issue, that the information contained in this Draft 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 Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on The Ahmedabad Stock Exchange Limited (ASE). The Company has received an in-principle approval from ASE for listing of the Equity Shares offered in this Rights Issue pursuant to letter no **[●]** dated **[●]**.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
VIVRO	
VIVRO FINANCIAL SERVICES PRIVATE LIMITED **SEBI Registration Number:** INM000010122 "VIVRO House", 11, Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad - 380007 **Tel :** +91 79 2665 0670 ; **Fax:** +91 79 2665 0570 **Email:** denis@vivro.net **Website:** www.vivro.net **Contact Person:** Mr. Ketan Modi /Mr. Shyamal Trivedi	**SHAREPRO SERVICES (INDIA) PRIVATE LIMITED** **SEBI Registration Number:** INR000001476 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Tel. Exchange Lane, Off. Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400072 **Tel:** +91 22 6772 0300 / 400; **Fax:** +91 22 2859 1568 **Email:** rights@shareproservices.com **Website:** www.shareproservices.com **Contact Person:** Mr. Anand Moolya / Ms. Janvi Amin

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	**[●]**	**[●]**

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates/implies, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Issuer Related Terms

Term	Description
"DCLL", "Denis Chem Lab Limited", or "the Company" or "We" or "Us" or "Our Company"	Denis Chem Lab Limited, a Public Limited Company incorporated under the provisions of the Companies Act, 1956
AOA/Articles/ Articles of Association	Articles of Association of the Company
Board of Directors / Board	The Board of Directors of the Company
Bankers and Lenders of our Company	AXIS Bank Limited and Bank of India
Capital or Share Capital	Share Capital of the Company comprising of subscribed and paid up Equity Share Capital.
Corporate Office of the Company	401, Abhishree Complex, Opp. Om Tower, Beside Bidiwala Park, Satellite Road, Ahmedabad – 380 015, Gujarat, India.
Director(s)	Director(s) of the Company, unless otherwise specified
Equity Shareholders / Members / Shareholders	Equity shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the register of Members of the Company in respect of the shares held in physical form at the close of business hours on the Record Date i.e. **[●]** and to whom this issue is made.
Equity Shares	Equity Shares of the Company of the Face Value of ₹10/- each, unless otherwise specified in the context thereof.
Financial Year/ Fiscal/ FY	The period of twelve (12) months ended March 31 of that particular year.
Group Concerns / Entities	Group companies shall mean companies, firms, ventures, etc. promoted by the Promoters of our Company irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act, 1956 or not. For further details please refer to Chapter titled "Promoters, Promoter Group and Group Entities of our Company" beginning on page 141 of this Draft Letter of Offer.
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of the Company
Promoters of our Company	Dr. Himanshu C. Patel, Ms. Anar H. Patel and Mr. Nirmal H. Patel
Promoter Group	Persons and entities covered under Regulation 2(1) (ZB) of the SEBI (ICDR) Regulations, 2009
Registered Office of the Company	Block No.457, Village: Chattral, Tal: Kalol (N.G), Dist.: Gandhinagar **-** 382 729
Statutory Auditors	The statutory auditors of the Company being M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad

Issue related terms

Term	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to the Equity Shareholders of the Company as on the Record Date with respect to this Issue in accordance with SEBI (ICDR) Regulations
Additional Rights Shares	The Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allotment	Unless the context requires, the allotment of Rights Shares pursuant to the Issue
Allottees	Persons to whom Rights Shares are allotted pursuant to the Issue
Allocation Ratio	A ratio of *2 (Two) Rights Equity Shares for every 1 (One) Equity Share held as on the Record Date. *After considering Bonus Issue.
Application Forms	The Forms in terms of which the Investors shall apply for the Equity Shares of the Company
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investors	Any Eligible Equity Shareholders who intend to apply through ASBA and (a) are holding Equity Shares in dematerialized form as on the Record Date and have applied for: (i) their Rights Entitlement or (ii) their Rights Entitlement and Additional Equity Shares, in dematerialized form; (b) have not renounced their Rights Entitlement in full or in part; (c) are not renouncees; and (d) are applying through blocking of funds in bank accounts maintained with SCSBs.
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be
ASE	Ahmedabad Stock Exchange Limited
Bankers to the Issue	**[●]**
Bonus Issue	Proposed issue and allotment of 15,06,966 bonus Equity Shares in the ratio of 1 (One) bonus Equity Shares of Rs. 10/- each against the existing 1 (One) Equity Share as recommended by the Board of Directors in their meeting held on September 9, 2013 subject to approval of shareholders in their general meeting scheduled to be held on October 8, 2013 and obtaining such other statutory and regulatory approvals, as may be applicable.
Composite Application Form / CAF	The form used by an Investor to apply for the Allotment of Rights Issue Equity Shares in the Issue and for application by Renouncees.
Compliance Officer	Dr. Himanshu C. Patel
Consolidated Certificate	In case Equity Shares are held in physical form, a certificate that the Company would issue the Rights Shares allotted to one folio.
Controlling Branches of the SCSBs	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/pmd/scsb.pdf
Designated Branches	Such branches of the SCSBs with which an ASBA Investor may physically submit the CAF, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html, and at such other websites as may be prescribed by SEBI from time to time.
Designated Stock Exchange	Ahmedabad Stock Exchange Limited
Draft Letter of Offer	This Draft Letter of Offer dated September 9, , 2013
Eligible Equity	A holder(s) of Equity Shares as on the Record Date

Term	Description
Shareholder	
Equity Shareholder /Shareholder	A holder of Equity Shares of the Company
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue
Issue / Rights Issue	Issue of 60,27,864 Equity Shares with a face value of ₹10 each (“***Equity Shares***”) for cash at a price of ₹[●] per Equity Share (*including a premium of ₹[●] per equity share*) for an amount aggregating to ₹[●] lakhs on rights basis in the ratio of *2:1 (2 (Two) Equity Shares for every 1 (One) fully paid up Equity Share) held by the Equity Shareholders as on the Record Date, i.e. [●]. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times of the face value of the Equity Shares. For further information, please refer to Chapter titled "Terms of the Issue" beginning on page 217 of this Draft Letter of Offer. *After considering Bonus Issue.
Issue Closing Date	**[●]**
Issue Opening Date	**[●]**
Issue Price	**[●]**
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
Issue Proceeds	The proceeds of the Issue that are available to the Company
Issue Size	The issue of 60,27,864 Rights Shares aggregating up to ₹ [●] Lakhs
Lead Manager	Vivro Financial Services Private Limited
Letter of Offer	The final Letter of Offer to be filed with the Stock Exchange after incorporating the observations from SEBI on the Draft Letter of Offer.
Listing Agreement	The Listing Agreements entered into between our Company and the Stock Exchange
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please refer to Chapter titled "Objects of the Issue" beginning on page 64 of this Draft Letter of Offer
Non Institutional Investors	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 Rights Issue Equity Shares for cumulative amount more than ₹ 2,00,000.
Record Date	A record date fixed by the Company for the purpose of determining the names of the Equity Shareholders who are eligible for the issue of Equity Shares
Refund Account	The account opened with Bankers to the Issue, from which refunds, if any, shall be made
Refund through electronic transfer of funds	Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable
Registrar of Companies/ROC	The Registrar of Companies, Ahmedabad, Gujarat
Registrar to the Issue	Sharepro Services (India) Private Limited
Rights Issue Account	In accordance with Section 73 of the Companies Act, 1956 an account opened with the Banker(s) to the Issue to receive monies from the Bank Account for the Issue on the Designated Date
Renouncee(s)	Any person(s), who have acquired Rights Entitlements from the Equity Shareholders
Retail Individual Investors	Application by an Investor whose cumulative value of Equity Shares applied for in the Issue is not more than ₹ 2,00,000
Rights Entitlements	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his/ her shareholding in the Company as on the Record Date.
Rights Shares	The Equity Shares of face value of ₹ 10 each of the Company offered and to be issued and allotted pursuant to this Issue.

Term	Description
SAFs	Split Application Forms
Self Certified Syndicate Bank or SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf
Securities	The Equity Shares offered through this Issue
Stock Exchange	ASE where the Equity Shares are presently listed and where the Equity Shares to be issued pursuant to the Issue are proposed to be listed including such other recognised stock exchange having nation wide trading terminals where our Company intends to apply for the listing of its Equity Shares.

Conventional and General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended and the Companies Act, 2013 as may be applicable.
Depository	A company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub- section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992
Depositories Act	The Depositories Act, 1996, as amended
Depositories	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Depositories registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended.
FCNR Account	Foreign Currency Non Residents (Banks) Accounts as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder, as amended.
FII / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
Mutual Fund / MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NIF	National Investment Fund set up by Resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Non Resident	A person who is not resident in India except NRIs and FIIs
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended
NRE Account	Non Resident External Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NRO Account	Non Resident Ordinary Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Overseas Corporate Body / OCB	OCB/Overseas Corporate Body – 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. OCBs are not allowed to invest in this Issue.
Qualified Foreign Investors / QFI	Non-resident investors, other than SEBI registered FIIs and SEBI registered FVCIs, who meet the Know Your Customer requirements of SEBI, and are from jurisdictions which are Financial Action Task Force compliant and with which SEBI has signed memorandum of understandings under the International Organization of Securities Commissions framework

Term	Description
Qualified Institutional Buyers or QIBs	A Mutual Fund, Venture Capital Fund and Foreign Venture Capital investor registered with the Board, a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Person(s)	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
SCRA	Securities Contracts (Regulations) Act, 1956, as amended
SCRR	Securities Contracts Regulations Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended.
Securities Act	United States Securities Act of 1993, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Special Court (TORTS) Act	Special Court under the Trial of Offences Relating to Transactions in Securities Act, 1992
Wealth Tax Act	The Wealth Tax Act, 1957, as amended

Industry terms/ Abbreviations

Term/Abbreviations	Description
₹ or Rs. Or Rupees or INR	Indian Rupees
AGM	Annual General Meeting
AHU	Air Handling Unit
ASBA	Application Supported by Blocked Amount
ASE	The Ahmedabad Stock Exchange Limited
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
A.Y.	Assessment Year
BET	Bacterial Endotoxin Testing
BFS	Blow Fill Seal
BPH	Bottles Per Hour
BPLR	Bank Prime Lending Rate
BPM	Bottles Per Minute
CAF	Composite Application Form

Term/Abbreviations	Description
CARO	Companies (Auditor’s Report) Order, 2003
CCI	Corporate Catalyst India
CDSL	Central Depository Services (India) Limited
CFM	Cubic Feet per Minute
cGLP	Current Good Laboratory Practices
cGMP	Current Good Manufacturing Practices
CST	Central Sales Tax
DG Set	Diesel Generator Set
DIN	Director Identification Number
DM	Demineralized
DP ID	Depository’s Participant’s Identity
EBIDTA	Earnings before Interest, Depreciation, Tax and Amortization
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the Shareholders of the Company
EMEA	European Medicines Agency
EPFA	Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
ESIC	Employee State Insurance Act, 1948
ESOS	Employee Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
F.Y.	Financial Year/ Fiscal Year
FCNR	Foreign Currency (Non- Resident) Account Scheme
FDCA	Food and Drugs Control Administration
FDI	Foreign Direct Investment
FFS	Form Fill Seal
FG	Finished Goods
FI	Financial Institution
FIPB	Foreign Investment Promotion Board
FRP	Fiber Glass Reinforced Plastic
Ft.	Feet
GDP	Gross Domestic Product
GMP	Good Manufacturing Practices
GoI / Government	Government of India
HEPA	High-Efficiency Particulate Air
HP	Horse Power
HPLC	High-performance liquid chromatography
HUF	Hindu Undivided Family.
ISIN	International Securities Identification Number
I. T. Act	The Income Tax Act, 1961, as amended.
I. T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise.
IBEF	Indian Brand Equity Foundation
ICH	The International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use
IEC	Import-Export Code
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IPC	In-Process Control
ITR	Income Tax Return
IV Fluid	Intravenous Fluid

Term/Abbreviations	Description
KG	Kilo Gram
KVA	Kilo Volts Ampere
KW	Kilo Watt
LAF	Laminar Air Flow
LAL	Limulus Amebocyte Lysate kit
LPH	Liters Per Hour
LTR	Liter
LVP	Large Volume Parenteral
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
N.A.	Not Applicable
NAV	Net Asset Value
N.G.	North Gujarat
NOC	No Objection Certificate
NR	Non Resident
NSDL	National Securities Depository Limited
NTA	Net Tangible Assets
P.A.	Per Annum
P/E Ratio	Price Earning Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
PCB	Pollution Control Board
PF	Provident Fund
PLR	Prime Lending Rate
PM	Packing Material
QA	Quality Assurance
QC	Quality Control
R & D	Research and Development
RBI	Reserve Bank of India
RLAF	Reverse Laminar Air Flow
RM	Raw-Material
RO	Reverse Osmosis
ROC	Registrar of Companies
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCSB	Self Certified Syndicate Bank
SIA	Secretariat for Industrial Assistance
SOPs	Standard Operating Procedures
Sq. Ft.	Square Feet
Sq. Mtr.	Square Meter
SS	Stainless Steel
TAN	Tax Deduction Account Number
TDS	Total Dissolved Solids
TPH	Tons Per Hour
TR	Tons of Refrigeration
UIN	Unique Identification Number

Term/Abbreviations	Description
US$ or USD or Dollars	Refers to the lawful currency of the United States of America
VAT	Value Added Tax
VFD	Variable Frequency Drive
w.e.f.	With effect from
WFI	Water for Injection
WHO	World Health Organization
YoY	Year on Year

NOTICE TO OVERSEAS SHAREHOLDERS

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

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft 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 Draft 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 Draft Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Shares or the Rights Entitlements referred to in this Draft Letter of Offer. A shareholder shall not renounce his entitlement to any person resident in the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company‘s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

The contents of the Draft 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 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 OF AMERICA

The Rights Shares or Rights Entitlements have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of the Draft Letter of Offer and the CAF. Any representation to the contrary is a criminal offence in the United States.

The rights and securities of the Company, including the Rights Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (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 (the "***United States***" or "***U.S.***") or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("***Regulation S***"), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the

United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, this Draft Letter of Offer/ Abridged Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. None of the company(ies), the Lead Manager or any person acting on their behalf will accept subscriptions from any person or his agent, if to whom an offer is made, would require registration of this Draft Letter of Offer with the United States Securities and Exchange Commission.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a U.S. person (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing 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 under this Draft Letter of Offer, and all persons subscribing for the Rights Shares and wishing to hold such Rights Shares in registered form must provide an address for registration of the Rights Shares in India. The Company is making this issue of Rights Shares on a rights basis to the Equity Shareholders of the Company and the Draft Letter of Offer/Abridged Letter of Offer and CAF will be dispatched to Equity Shareholders who have an Indian address. Any person who acquires rights and the Rights Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorized to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a U.S. person (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Rights Shares in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Rights Shares or Rights Entitlement in respect of any such CAF.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial and operating data in the Draft Letter of Offer is derived from our restated financial statements as of the fiscal 2013, 2012, 2011, 2010 and 2009 prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with applicable SEBI Regulations, as stated in the report of our Statutory Auditors.

The financial and operational data in the Draft Letter of Offer is presented on stand-alone basis. Our fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In the Draft 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.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in "Lakhs" or “Lacs” except where certain figures have been expressed in absolute numbers. The word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lakh” and the word “Crore” means “ten million”. All references to “India” contained in this Draft Letter of Offer are to the Republic of India.

All references to “Rupees” and “Rs.” “₹” or “INR” in this Draft Letter of Offer are to the legal and official currency of India. Throughout this document references to the singular also refer to the plural and one gender also refers to any other gender wherever applicable.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on the restated standalone financial statement prepared in accordance with Indian GAAP.

Use of Industry and Market data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Lead Manager has made any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Additionally, the extent to which the market and industry data presented in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

The Company has included statements in this Draft Letter of Offer which contain words or phrases such as "may", "will", "aim", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should", "potential" and similar expressions or variations of such expressions, that are or may be deemed to be forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations of the Company with respect to, but not limited to, factors affecting:

- General economic and business conditions in the markets in which we operate;
- Changes in laws and regulations relating to the industry in which we operate;
- Increased competition in pharmaceutical industry;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement business plans including those for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in other countries that may adversely affect us (directly or indirectly), the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause the Company's actual results to differ, please refer to the Section titled "Risk Factors" beginning on page 15 of this Draft 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 the 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 and Stock Exchange requirements, the 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 permission for the Rights Shares by the Stock Exchange.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. The Shareholders should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Shares of our Company. The risks and uncertainties described in this section are not the only risks that our Company currently face but also include risk relevant to the industry and geographic regions in which our Company operates. Additional risks and uncertainties not known to our Company or that it believes to be immaterial may also have an adverse effect on the business, results of operations and financial condition of our Company. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, the business, results of operations and financial condition of our Company could suffer, the price of the Equity Shares could decline, and the Shareholders may lose all or part of its 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.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:-

a) Some events may not be material individually but may be found material collectively.
b) Some events may have material impact qualitatively instead of quantitatively.
c) Some events may not be material at present but may be having material impact in future.

Note: - Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

To obtain a complete understanding, the Shareholders should read this section in conjunction with the Chapters titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 99 and 183 respectively as well as the other financial and statistical information contained in this Draft Letter of Offer. Unless otherwise stated, the financial information of our Company used in this Section is derived from the restated financial statements.

Internal Risk Factors

1. ***Our Company, Promoter and Directors are involved in certain litigations, the outcome of which could adversely affect our business prospects, financial condition and results of operations.***

We set out below the summary of litigation by and against our Company, Promoter and Directors:

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (₹ in Lakhs)
Litigation by and against our Company			
Litigation against our Company			
1.	Criminal Cases	1	N.A.
Litigation by our Company			
1.	Civil Cases	2	40.00
Revenue Proceedings (Direct Tax) filed against our Company			
1.	Appeals preferred by our Company	1	Not quantifiable

No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (₹ in Lakhs)
Revenue Proceedings (Indirect Tax) filed against our Company			
2.	Appeals preferred by our Company	6	Not quantifiable
Cases filed by and against our Promoters			
1.	Cases filed against our Promoters	1	N.A.
Cases filed by and against our Directors			
1.	Cases filed against our Director	2	N.A.
	Total	**13**	**40.00**

For further details of the above litigation, please refer to the Chapter titled "Outstanding Litigation and Material Developments" beginning on page 193 of this Draft Letter of Offer.

2. ***A Criminal Complaint has been filed by the Food and Drugs Administration, Wardha against our Promoter and Managing Director, Dr. Himanshu C. Patel.***

   The Food and Drugs Administration, Maharashtra, Wardha Office has filed a Criminal Complaint against our Managing Director, Dr. Himanshu C. Patel and other parties under Section 397 of the Code of Criminal Procedure, for violation of Clause 14(2) and 16 of the Drugs (Price Control) Order, 1995 promulgated under Section 3 of the Essential Commodities Act and punishable under Section 7 of the Essential Commodities Act. The alleged offence is in relation to certain information required to be displayed on the products of our Company. For further details, please refer to Chapter titled "Outstanding Litigation and Material Developments" beginning on page 193 of this Draft Letter of Offer.

3. ***Two (2) batches of our product, Denilyte M Injection, were recalled by our Company under the directions of the Food and Drugs Control Administration, Gandhinagar due to fungus found in few bottles of these batches. The FDCA has further initiated Criminal Proceedings against our Company and its Directors.***

   The Food and Drugs Control Administration, Gandhinagar ("***FDCA***") has filed a Criminal Complaint (*2548 of 2006*) before the Judicial Magistrate, Kalol, Gandhinagar under Drugs and Cosmetics Act, 1940 against our Company and its Directors. The Inspector of FDCA, on December 10, 2005, found fungus in few bottles of two (2) batches of Denilyte M Injection lying in the factory premises. For further details, please refer to Chapter titled "Outstanding Litigation and Material Developments" beginning on page 193 of this Draft Letter of Offer. Although, we attempt to maintain high quality and storage standards, we cannot assure that all our products would meet the required quality standards and or that our Company/ distributors/ hospitals would be able to meet the recommended storage requirements which may affect the quality of our products, which in turn could adversely affect the value of our brand and financials of our Company.

4. ***The equity shares of our Company are listed on Ahmedabad Stock Exchange Limited (ASE). The Rights Shares of our company will also be listed on the ASE. The ASE has not been operational since last 9 years i.e. 2004 and therefore the equity shares of our Company are also not traded on the ASE. The proposed Rights Shares of our Company will also not be traded on the ASE due to the same reason.***

   While our Company intends to list its Equity Shares on a recognized stock exchange enabling the shareholders to trade in the Equity Shares of our Company, the Equity Shares of our Company listed on The Ahmedabad Stock Exchange Limited have not been traded since the last 9 years i.e. since 2004 as the ASE has not been functional since then. Trading in the Equity Shares and Rights Shares of our Company may not happen and the investors will not be able to sell their Equity Shares and/or Rights Shares post listing of the shares on the ASE.

5. ***We are exposed to government price controls which could negatively affect our results of operations.***

In addition to normal price competition in the marketplace, the prices of our pharmaceutical products are or may be restricted by price controls imposed by governments and healthcare providers in several countries including India. The existence of price controls can limit the revenues we earn from our products. For example, in India, prices of certain pharmaceutical products are determined by the Drug Prices Control Order ("***DPCO***"), promulgated by the Indian government and administered by the National Pharmaceutical Pricing Authority ("***NPPA***"). The NPPA set out the list of the products that are required to be sold by pharmaceutical companies at or below the price prescribed by the NPPA. If the price of one or more products are administered or determined by the DPCO/NPPA, it may have a material adverse impact on our profitability in case we are not able to control costs.

6. ***We participate in tenders which are highly competitive and failure to meet any of the conditions or increased competitive pressure for selection during the tendering process may adversely affect our business.***

Our institutional customer base includes government, semi-government, hospitals and nursing homes, aided agencies and the defence sector. Our Company procures orders from these institutions by tender process. Our Company submits financial bids to procure orders from such government institutions. We cannot assure you that our financial bids, when submitted or if already submitted, would be accepted. Further, there might be delays in the bid selection process owing to variety of reasons which may be outside our control and our bids, once selected may not be finalized within the expected time frame which may affect our financial condition.

7. ***We require government approvals for expansion of our existing facility for manufacturing sterile injectables forming a part of our Objects of the Issue.***

Our Company is in the process of expanding its existing facility of manufacturing sterile injectables. The aforementioned expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS) which is to be partly funded from the proceeds of the Issue. We have already received the approval from the Commissioner of the Food and Drugs Control Administration approving the site development plans for the proposed expansion. We will make application to the appropriate authorities for the other licenses and approvals in due course. For further details, please refer to the Chapter titled "Government and Other Approvals" beginning on page 197 of this Draft Letter of Offer. In the event, that we do not receive these approvals in a timely manner or at all or subject to conditions, it may affect our expansion plans and consequently the deployment of the Net Proceeds may be delayed.

8. ***Our Company has not placed orders for some of the plant and machineries. In case of any escalation in prices of these machineries, our total project cost may increase which in turn will adversely affect our Company's financials.***

The Net Proceeds of this Issue are proposed to partly fund the proposed expansion project as explained in the Chapter titled "Objects of the Issue" beginning on page 64 of this Draft Letter of Offer. Our Company has placed the orders for important Plant and Machineries and made the payments of ₹352.70 lakhs towards advance for supply of such machineries. Any delay in placing the orders or procurement for remaining Plant and Machinery may result in a delay in implementing the proposed expansion. Consequently, we may have to purchase such remaining plant and machineries at a higher price affecting the project cost which may have an adverse effect on our Company's financials and profitability.

9. ***The Objects of this Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the Chapter titled "Objects of the Issue".***

Our funding requirements, the funding plans and the deployment of the proceeds of the Issue are based on our management estimates and have not been appraised by any bank or financial institution. The deployment of funds in the expansion project is entirely at our own discretion and the same will not be monitored by any external agency. We may have to revise our management estimates from time to time and consequently our funding requirements may also change. The estimates contained in the Draft Letter of Offer may exceed the value that would have been determined by third party appraisals, which may require us to reschedule the deployment of funds proposed by us and may have a bearing on our expected revenues and earnings.

10. ***The completion of our proposed expansion is dependent on performance of external agencies and any shortfall in the performance of these external agencies may adversely affect our expansion plans.***

The completion of our proposed expansion is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.

11. ***Under-utilisation of our proposed expansion may adversely impact our financial performance.***

We propose to undertake the expansion of our existing facility for manufacturing sterile injectables is based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or change in technology or non-acceptability of the product in the market for any other reason, our capacities may not be fully utilised thereby adversely impacting our financial performance.

12. ***The pharmaceutical industry in general is characterized by a rapidly changing market landscape.***

The market landscape of the pharmaceutical industry in general is constantly evolving, primarily due to factors such as but not limited to technological advances, regulations of both governments and bilateral treaties and arrangements and consolidation of resources by industry players. These factors are susceptible to sudden change which may affect the industry in a positive or negative manner. Any successful pharmaceutical or formulations company must be adequately prepared to react quickly and successfully when such changes occur. Any delay by our Company in reaction to these changes, whether in terms of modification of our Company's strategy or diversion of its production or management resources, would have a material adverse effect on its business, results of operation and financial condition.

13. ***The success of our strategy of expanding presence in semi-regulated markets is dependent on a number of factors, some of which are beyond our control.***

One of our business strategies is to expand our sales and distribution activities in semi-regulated markets, including the Sri Lanka and Vietnam. The success of such expansion is dependent upon our obtaining requisite approval of the regulatory authorities for the products which we intend to sell, as well as timely renewal of existing accreditations. Any change in foreign governments or in foreign governmental policies, regulations, practices or focus that results in a slowdown or inability to obtain government approvals or product registrations could adversely affect this strategy, which in turn could adversely affect our business, financial condition and results of operations.

14. ***Our Company proposes to increase its products offerings. If we do not successfully commercialise our products or if our commercialization is delayed, our business, financial condition and results of operations may be adversely affected.***

Our future results of operations depend, to a significant degree, upon our ability to successfully commercialize additional products in our key therapeutic areas. To develop our product pipeline, we commit substantial efforts, funds and other resources towards formulations and development. Our planned investments in plant and machinery, equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues. If we are unable to develop and manufacture new products or if the commercialisation of our new products is delayed, our business, financial condition and results of operations may be adversely affected.

15. ***The availability of spurious pharmaceutical products could lead to losses in revenues and harm the reputation of our products, which may in turn result in a material adverse effect on our business, financial condition and results of operations.***

We are exposed to the risk of spurious products or similar products not manufactured by us being sold under our name and brand. This practice by third parties may harm our corporate reputation and that of our brand. In the event that the spurious products are manufactured using the "Denis" brand, we may have to establish that the spurious products are not manufactured and/or marketed by us so that we are able to defend any claim that may be made against us. In order to do so, we mark our products with specific batch numbers and manufacturing and expiry dates, which are maintained in our internal database at our manufacturing facility. We cannot assure you that by dubious activities/processes our products will not be replicated by the manufacturer of the spurious products, and therefore, may suffer financial losses as well as loss to our reputation, which may in turn result in a material adverse effect on our business, financial condition and results of operations.

16. ***Certain proportion of our business transactions are entered into with government or government-funded entities in India and any change in the government policies, practices or focus may adversely affect our business and results of operations.***

Certain proportion of our business transactions are dependent on contracts with governmental authorities, government hospitals and other entities funded by governments or governmental authorities in the domestic markets. If there is any change in the government or in governmental policies, practices or focus that results in a slowdown in obtaining government contracts, our business and results of operations may be adversely affected. One of the standard conditions in contracts typically awarded by governments or government-backed entities is that the government or government entity, as a client, has the right to terminate the contract for convenience, without any reason, at any time after providing us with notice. In the event that a contract is so terminated, our results of operations may be adversely affected.

17. ***Due to our specialisation in a limited number of therapeutic categories, our business, financial condition and results of operations may be materially adversely affected if recent levels of market growth in these therapeutic categories are not maintained.***

We garner most of our revenue from the sale of sterile injectables within the pharmaceutical industry. If recent levels of market growth in this segment are not maintained or if profit margins for products sold declined, our results of operations could be adversely affected. Any such development or invention in these therapeutic categories could have a material adverse effect on our business, financial condition and results of operations.

18. ***The senior management team and other key personnel are critical to the sustained operations of our Company and the loss of or the inability to attract and retain such personnel in the future could harm the business of our Company.***

The sustained operations of our Company depend on the continued service and performance of the members of the senior management team and other key personnel in the business for the management and running of the daily operations and the planning and execution of the business strategy. The ability to implement the business strategy will depend, in large part, on our Company's ability to attract and retain/replace highly skilled personnel. Any shortage of skilled personnel or loss of services of the senior management could adversely affect the business and results of our Company.

19. ***Our Company's' entire manufacturing facility is located at a single location, and all of our Company's manufactured products are produced from such facility in Village Chhatral, Taluka Kalol (N.G), District Gandhinagar. Any delay in production at, or shutdown of, these facilities may in turn adversely affect our business, financial conditions and results of operations.***

Our Company's manufacturing facility is at single location and all of our Company's products are manufactured from such facility in Village Chhatral, Taluka - Kalol (N.G), District Gandhinagar. If our Company experiences delays in production or shutdown at such facilities due to any reason, including disruptions caused by disputes with its workforce or due to its employees forming a trade union, our Company's operations will be significantly affected, which in turn would have a material effect on its business, financial conditions and results of operations.

20. ***We do not currently have long term contracts or exclusive supply arrangements with any of our vendors, and any major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial conditions.***

While we are not significantly dependent on any single supplier, we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. We are therefore dependent on adequate and timely deliveries by our suppliers of necessary raw materials or equipment. In the event of delay, inadequacy of 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. Furthermore, it is possible that some of our existing suppliers may choose to discontinue operations, or offer more viable terms or enter into exclusive arrangements with our competitors. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial conditions.

21. ***We do not own the property where our corporate office is situated. If we are unable to renew any of our leases or licenses, this could adversely affect our business and financial condition.***

We operate from our corporate office at 401, Abhishree Complex, Opposite Om Tower, besides Bidiwala Park, Satellite, Ahmedabad 380015. We do not own the said corporate office. It has been leased from one of the Promoters of our Company. The term of the leave and license period is three years and can be extended / terminated with mutual consent subject to terms of the leave and license agreement. If the agreement under which we occupy the premises is not renewed or is renewed on terms and conditions that are unacceptable to us, our Company may suffer a temporary disruption in its operations.

22. ***Our inability to maintain our relationships with our sales agents may affect our sales operations.***

We conduct our sales through various channels, including through super stockists, stockists and chemist. If our sales agents discontinue selling our products or commence selling the products of our competitors, our sales network may get reduced and it would adversely affect our overall revenues and orders. Our inability to maintain effective relationships may also affect our sales operations and results of operations.

23. ***Our success depends on our distribution and marketing arrangements with our distributors, stockists, and customers including our institutional customers. If any of these arrangements are discontinued for any reason, our business, financial condition and results of operations may be adversely affected.***

Our Company supplements its territorial coverage of products in various countries in the semi-regulated markets through licensing and sales/distribution arrangements with third parties. Our products are distributed in Sri Lanka and Vietnam. Therefore, in addition to the marketing activities undertaken by our Company, it also depends on third parties for marketing and distributing of certain products in the markets they operate. These arrangements are contractual in nature and terminate at the end of the supply term or may be terminated by either party providing the other with notice of termination. While due caution is exercised by our Company at the time of entering into these agreements, it may not be able to renew or re-negotiate these third party arrangements at the end of the term, or on breach or if there are significant changes in the commercial environment in the market which may have a material adverse effect on our Company's business and results of operations.

24. ***Delays associated with the collection of receivables from our clients may adversely affect our business and results of our operations.***

There may be delays associated with the collection of receivables from our clients and distributors. As of the year ended March 31, 2013, ₹ 172.02 Lakhs, or 10.35% of our total accounts receivable were outstanding for a period of more than six (6) months. Our operations involve significant working capital requirements and delayed collection of receivables could adversely affect our liquidity and results of operations.

25. ***The contingent liabilities, if materialized could adversely affect the financial condition of our Company since there is no provision made in the books of accounts of our Company.***

The contingent liabilities as on March 31, 2013 are as follows:

No.	**Nature of Liability**	**Amount as on March 31, 2013 (₹ in lakhs)**
1	In Respect of counter Guarantee given by Bank	73.77
2	In respect of Disputed demand for sales tax for FY 2006-07	44.85
3	In respect of Disputed demand for sales tax for FY 2005-06	80.35
4	In respect of Disputed demand for sales tax for FY 2004-05	13.21
5	In respect of Disputed demand for Income tax for FY 2009-10	3.55
	Total	**215.73**

If any of these contingent liabilities materialise, fully or partly, the financial condition of our Company could be adversely affected. For more information regarding our contingent liabilities, please refer to the Annexure 23 titled "Statement of Contingent Liabilities, as Restated" in the Section titled "Financial Information" beginning on page 181 of this Draft Letter of Offer.

26. ***Our Company has entered into transactions with related party and may continue to do so.***

Our Company has entered into various transactions with related parties aggregating to ₹195.42 Lakhs and ₹ 132.27 Lakhs for the period ended on March 31, 2013 and year ended on March 31, 2012 respectively. There can be no assurance that these transactions with such related parties have been entered into on an arm's length basis. Such agreements give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. For further details, please refer to Annexure 22 titled

"Statement of Related Party Disclosures, as Restated" in the Section titled "Financial Information" beginning on page 179 of this Draft Letter of Offer.

27. ***Our Company has availed unsecured loan aggregating ₹233.47 lakhs, as of July 29, 2013, from promoters and others that is repayable on demand, which if recalled may have an adverse effect on our financial conditions.***

As on July 29, 2013 our Company has availed unsecured loan of ₹233.47 lakhs from promoters and others that is repayable on demand. In the event that Promoter or other lenders from whom we may avail unsecured borrowings in the future, call in such loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all. For further details please refer to Annexure 10 "Statement of Unsecured Loans, as Restated" beginning on page 172 in Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

28. ***The indebtedness and the conditions and restrictions imposed by the financing arrangements entered into by our Company could adversely affect the ability to conduct the business and operations of our Company.***

The agreements entered with banks and financial institutions by our Company contain certain restrictive covenants and shall require the prior written approval from lenders for matters such as:

- ❖ Effect changes in our Company's capital structure;
- ❖ Formulate any scheme of amalgamation/reconstruction;
- ❖ Conclude any fresh borrowing arrangement either secured or unsecured with any other bank, financial institutions, company, firm or persons or otherwise;
- ❖ Create any further charge, lien or encumbrance over assets and properties of our Company, which are to be charged to our bank, in favour of any other bank, financial institutions, company, firms or person;
- ❖ Undertake any expansion or fresh project or acquire fixed assets, while normal capital expenditure e.g. replacement of parts, can be incurred;
- ❖ Invest by way of share capital or lend or advance to or place deposits with any other concern (normal trade credit) or security deposit in the routine course of business or advances to employees can, however be extended;
- ❖ Undertake guarantee obligations on behalf of another borrower or third party;
- ❖ Change in the composition of our Company's Board of Directors;
- ❖ Declare dividend for any year except out of profits relating to that year after making all the due and necessary provisions provided that no default had occurred in any repayment obligation and Bank's permission is obtained;
- ❖ Make any repayment of loans and deposits and discharge other liabilities except those shown in the fund flow statement submitted from time to time;

There can be no assurance that our Company will be able to comply with the above covenants or that it will be able to obtain the consents necessary to take the actions that it believes are required to operate and grow the business of our Company. An event of default under any of these loan arrangements, if not cured or waived, could have a material adverse effect on our Company. Our Company has made an application for obtaining the No Objection Certificate (NOC) for the proposed Issue from its lenders.

29. ***Our Company has negative cash flows from Operating Activities, Investing Activities and Financing Activities in the past. Any negative cash flows in the future could adversely affect the growth and business of our Company.***

We have experienced negative cash flow from operating activities for the year ended March 31, 2013. Further, we have experienced negative cash flow from Investing Activities for the year ended March 31, 2009 to March 31, 2013 and from financing activities for the year ended on March 31, 2009 to March 31, 2012. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

(₹ In Lakhs)

Particular	2012-13	2011-12	2010-11	2009-10	2008-09
Net Cash (used in) / From Operating Activities	(49.03)	38.68	427.01	436.36	323.25
Net Cash used for Investing Activities after exceptional items	(187.72)	(43.45)	(193.54)	(296.67)	(41.28)
Net Cash (used in) / Generated from Financing Activities	366.66	(34.91)	(220.76)	(148.70)	(368.55)

If we experience any negative cash flow in the future, this could adversely affect our results of operations and financial condition. For further details, please refer to the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

30. ***We have not registered our Company's logo" " as a trademark with Trademarks Registry.***

Our Company's logo ' ' is not a registered trademark with Trademarks Registry. We sell our pharmaceuticals products in the name of "Denis" and use " " for marketing and recognition of our products. In the event, the intellectual property rights in respect of our Company's trademarks and associated logos either infringe the intellectual property rights of another person or any application to register such intellectual property rights is contested or refused, our Company's ability to use our intellectual property rights may be restricted or lost. Till the time our logo is registered, we can only protect our logo through an action under common laws, including seeking relief against "passing off" action by any person. If we fail to successfully obtain registration of our logo, we may have to change our logo leading to loss of recognition created by this logo. Any such restriction could have an adverse effect on our business, financial condition and results of operations.

31. ***We have not obtained registrations of our product brands under the Trade Marks Act, 1999 for the protection of our intellectual property. Unauthorized parties may infringe our intellectual property by selling their products under our brands, which could have a material adverse effect on our business, financial condition and results of operations.***

Our Company sells its products under various brands *viz*. Denivert 10S, Deniline Injection, Glyden-S, Denimezole, Dextran 40 Injection I.P., etc. However, our Company has not made an application under the Trademarks Act, 1999 for registration of the aforementioned brands. Any failure to protect our intellectual property rights may adversely affect our competitive business position, financial condition and profitability. If any of our unregistered trademark or propriety rights are registered by a third party, we may not be able to make use of such trademark or propriety rights in connection with our business and consequently, we may be unable to capitalize on our brand recognition.

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 transit policy, Plant and Machinery, Factory Building, Stocks, Furniture and Fixtures and Other Consumables, etc. 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. 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. ***We operate in a competitive business environment, both globally and domestically.***

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. Further, several of our competitors are larger international and national companies and have access to greater resources or 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. Any of these factors may have a material adverse effect on our business and prospects.

34. ***The pharmaceutical Industry is highly regulated and furthermore, the success of our strategy of entering regulated markets is dependent on a number of factors beyond our control.***

The pharmaceutical industry is highly regulated, including in relation to quality standards and pricing of drugs and intermediates. Further, entry barriers in many regulated markets in which we currently operate and seek to expand are very high. The research, testing, manufacturing, selling and marketing of pharmaceutical products are subject to extensive regulation by regulatory authorities, and regulations differ from country to country.

Further, any adverse change in the regulatory policies in terms of margins or prices of our products sold would affect our customers' sales and strategy, which would also impact our sales. Further, there is no assurance or guarantee that any government or statutory authority will not ban the products manufactured by us. In such an event, our business and profitability may be affected. In addition, regulatory requirements are still evolving in many emerging markets where we sell or manufacture our products. In these markets, the regulatory requirements and the policies may at times be unclear or inconsistent. As a result, there is an increased risk of our inadvertent non-compliance with such regulations, which could lead to withholding or delay in receipt of regulatory approvals for our new products, or regulatory sanctions or increased compliance costs.

35. ***We are susceptible to product liability claims and associated risks of litigation that could expose us to material liabilities, loss in revenues and increased expenses.***

We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits, in regulated and unregulated markets.

We may also be subject to claims resulting from manufacturing defects or negligence in storage and handling leading to the deterioration of our pharmaceutical products. For example, our products sold by our distributors may have expired or cause side-effects to consumers or lack adequate efficacy. Moreover, since many of our products are directly injected into the blood-stream of the person, the consequences of expired or faulty pharmaceutical products are significantly more harmful for human health. In foreign jurisdictions, precedents show that the quantum of damages, especially punitive, awarded in cases of product liability is extremely high. Deterioration in our quality controls could also result in product liability claims against us. Our contracts with our distributors and business partners require us to indemnify the opposite party for any losses suffered by them due to any inherent defects in products supplied by us.

Actual or claimed defects in our Company's manufacturing facility and/or product quality could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facility, pollution, inefficient operating processes, loss of production or suspension of operations. Moreover, defending claims against our Company diverts the management's time, adversely affects our reputation and the marketability of our products. The consequential liabilities and costs could have a material adverse effect on our business, financial condition and results of operations.

36. ***Our business is dependent on approvals from both Indian and foreign governmental authorities and health regulatory bodies.***

We require product registrations, marketing authorisations and other approvals granted by Indian and various foreign governmental authorities and health regulatory bodies. The cost of acquiring such authorisations and approvals is substantial. Governmental authorities in India, the United States, Europe, Africa and other countries regulate research, development, manufacture, and testing to ensure the safety of pharmaceutical products. The regulations applicable to our existing and future products may change. There can be long delays in obtaining required clearances from regulatory authorities in any country after applications are filed. Our products, as well as the facilities where we manufacture them, require extensive testing, government reviews and approvals before they can be marketed. Whether or not a product is approved in India, regulatory authorities in many of the markets to which we export products must approve that product before we can begin to market it in those countries. The time required to obtain such approvals may be longer than we anticipate. Any failure or delay in obtaining regulatory approvals, or any implementation of new standards or conditions that have to be met in order to obtain such approvals, could impact the marketing of our products and, in turn, affect our financial condition and results of operations. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

Our expansion plans would require certain further government and statutory approvals. Any delay in getting these approvals or inability to obtain them may adversely affect the implementation of such projects, resulting in a cost and time overrun, and accordingly adversely affect our operations and profitability.

37. ***We are susceptible to volatility of prices of our products, including due to competitive products.***

Prices of our products are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our profitability. Further, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future.

38. ***We may not be able to correctly assess the demand for our products, which may adversely affect our business, financial condition and results of operations.***

Our production and distribution processes require us to anticipate the demand for our products based on the feedback received from our own marketing personnel as well as our distributors. Accurate assessment of market demand requires significant investment in the creation of a sales and marketing network and training of marketing personnel. There is no guarantee that our estimate of market demand in India or in foreign countries will be accurate. In the event that we overestimate the demand for our products, we will have expended resources in manufacturing excess products, taxes on manufacture, export costs, insurance costs, distribution expenses, storage and warehousing and other allied expenditures. Our products have a limited expiry period and in the event of excess production, we might have to bear the cost of expiry and destruction of these goods. In the event that we underestimate the market demand, we will have lost out on sales opportunities that our competitors will capitalise on and thereby increase their respective market shares. Any incorrect assessment of the demand for our products may adversely affect our business, financial condition and results of operations.

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 or client requirements, 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. To meet our clients' needs as well as keep pace with our competitors, we regularly update existing technology and acquire or develop new technology for our pharmaceutical manufacturing activities. 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 failure to anticipate or to respond adequately to advancements in technology, changes in market demand or client requirements could adversely affect our business and financial results.

40. ***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 commitments to deliver our products to our clients / customers 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. 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.

Our actual expense may vary substantially from the assumptions underlying our fixed price contractual commitment for several reasons, including:

- ❖ Unanticipated increases in the cost of raw materials, fuel, labour or other inputs;
- ❖ Unforeseen distribution conditions, including the inability of our Company or the distributor to obtain requisite approvals, product registrations and marketing authorisations, resulting in delays and increased costs; and
- ❖ Suppliers', distributors' or subcontractors' failure to perform.

Timely and cost-effective execution of our contracts is dependent on the adequate and timely supply of key raw materials. 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.

41. ***We may not be able to sustain effective implementation of our business and growth strategies, including our expansion plans and the financing of such expansion, which may adversely affect our business and results of operations.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. There can be no assurance that we will be able to execute our strategy within the estimated budget, or that we will meet the expectations of targeted customers i.e. the multi-specialty hospitals and nursing homes. Our inability to manage our business and growth strategies may have an adverse effect on our business, financial condition and results of operations.

One of our business strategies is to target our products to multi-specialty hospitals as well as corporate hospitals and select semi-regulated export markets such as South East Asian and African countries to take advantage of growth opportunities in these export markets. The construction of new plants and the expansion of existing facility are subject to certain risks that could result in delays or cost overruns, which could require us to expend additional capital and adversely affect our business and operating results. Such potential events include: shortages and late delivery of building material and facility equipment; delays in the delivery, installation, commissioning and qualification of our manufacturing equipment; seasonal factors, such as a long and intensive wet season that limits construction; labour disputes; design or construction changes with respect to building spaces or equipment layout; delays or failure in securing the necessary governmental approvals, building sites or land use rights; and technological capacity and other changes to our plans for new plants necessitated by changes in market conditions. Delays in the construction and equipping or expansion of our manufacturing facility could result in the loss or delayed receipt of earnings and an increase in financing costs and would adversely affect our business and results of operations.

42. ***Increasing employee compensation in India may erode some of our competitive advantage and may reduce our profit margins, which may have a material adverse effect on our business, financial condition and results of operations.***

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals. However, compensation increase in India may erode some of this competitive advantage and may negatively affect our profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our business, financial condition and results of operations.

43. ***We rely extensively on our systems, including quality assurance systems, products processing systems and information technology systems, the failure of which could adversely affect our business, financial condition and results of operations.***

We depend extensively on the capacity and reliability of the quality assurance systems, product processing systems and information technology systems, supporting our operations. There can be no assurance that we will not encounter disruptions in the future. Our systems are also subject to damage or incapacitation by natural disasters, human error, power loss, sabotage, computer viruses, hacking, acts of terrorism and similar events or the loss of support services from third parties. Any disruption in the use of, or damage to, our systems may adversely affect our business, financial condition and results of operations.

44. ***Our operations are subject to environmental, workers' health and safety and employee laws and regulations.***

Our operations are subject to environmental laws and regulations relating to environmental protection in India, such as the Water Pollution Act, Air Pollution Act and the Environment Act, as well as internationally. For example, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to liabilities towards the government and third parties, and may result in our incurring costs to remedy any such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations in India have become increasingly stringent, and it is possible that they will become significantly more stringent in the future. If any of our plants or the operations of such plants are shut down, we may continue to incur costs in complying with regulations, appealing any decision to close our facilities, maintaining production at our existing facilities and continuing to pay labour and other costs which may continue even if the facility is closed. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations may impose new liabilities on us or result in the need for additional compliance requirements and additional investment in environmental protection equipment, either of which could adversely affect our business, financial condition or prospects.

We are also subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour, work permits and health and safety. In some of the territories in which we operate, environmental and workers' compensation liability may be assigned to us as a matter of law.

If we are unable to comply with various regulatory requirements, it may have a material adverse affect on our business, financial condition and results of operations.

45. ***Our Company's financial results may be subject to seasonal variations.***

Our Company's revenue and results of operations are affected by seasonal factors since some of our products are in more demand during the summer and monsoon seasons as compared to winter season on account of an increase in common diseases requiring strategic injectables during the summer and monsoon seasons.

46. ***Our Company may be subject to industrial unrest, slowdowns and increased labour costs.***

As at March 31, 2013, our Company had approx. 106 full-time employees. In addition, our Company hires contract labour. While our Company believes that it maintains good relationships with the employees and contract labour, there can be no assurance that our Company will not experience future disruptions to its operations due to disputes or other problems with its work force, which may materially and adversely affect the business and operations of our Company.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although the employees are not currently unionized, our Company cannot assure that they will not unionize in the future. If some or all of the employees unionize or if our Company experience unrest or slowdowns, it may become difficult for the Company to maintain flexible labour policies and our Company may experience increased wage costs and employee numbers and may materially and adversely impact the operations and financial condition.

47. ***Our Company may be unable to obtain, renew or maintain its statutory and regulatory permits and approvals required to operate the business.***

Our Company requires certain statutory and regulatory permits and approvals for conducting its business. For example, laws or regulations in some countries, including India, may require our Company to obtain licenses or permits to conduct its operations. In the future, our Company will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by our Company. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in the interruption of its operations and may have a material adverse effect on the business, financial condition and results of our Company.

48. ***Our Company is subject to risks arising from interest rate fluctuations, which could adversely affect the financial results of our Company.***

As on March 31, 2013, our Company has outstanding term loans and working capital facilities to the tune of ₹282.13 lakhs and ₹572.15 lakhs respectively from various banks and financial institutions. Any increase in the interest rates could significantly raise the costs of borrowing adversely affecting the results of our Company.

49. ***The shares arising out of this Rights Issue shall be initially partly-paid up until the First and Final Call is received by our Company.***

The Issue Price of Equity Shares of our Company is ₹ [●] per Equity Share. Investors will have to pay ₹ [●] which constitutes [●] % of the Issue Price on application and the balance ₹ [●] which constitutes [●] % of the Issue Price on the First and Final Call made by our Company. The Equity Shares offered under the Issue will be listed under separate ISIN for the period as may be applicable prior to the record date for the First and Final Call. An active market for trading may not develop for the partly paid-up Rights Shares and, therefore, the trading price of the partly paid-up Rights Shares may be subject to greater volatility than our fully-paid Rights Shares. Further, Investors in this Issue will be required to pay the money due on the First and Final Call even if, at that time, the market price of our Equity Shares is less than the Issue Price. If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by our Company, then any of our Rights Shares in respect of which such notice has been given may, at any time thereafter, before payment of the call money and interest and expenses due in respect thereof, be forfeited by a resolution of our Board to that effect. Such forfeiture shall include all dividends declared in respect of such forfeited Rights Shares and actually paid before such forfeiture. Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of our Company. If certain Investors do not pay the full amount, we may not be able to raise the amount proposed under the Issue.

50. ***The partly paid-up Equity Shares of our Company will not be traded from the Issue of Call Notice as per the rules and regulations of the Stock Exchange with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the First and Final Call. The holders of the partly paid-up Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up.***

The Issue Price of the Equity Shares of our Company is ₹[●] per Equity Share. The Investors have to pay ₹[●] which constitutes [●] % of the Issue Price on application and the balance ₹[●] which constitutes [●] % of the Issue Price on the First and Final Call. Till such time the total Issue Price is paid, the Equity Shares shall be considered to be partly paid-up. The partly paid-up Equity Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the Call Record Date. The ISIN representing partly paid-up Equity Shares will be terminated after the Call Record Date. On payment of the First and Final Call in respect of the partly paid-up Equity Shares, such partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for the Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for First and Final Call would be sent. With effect from the Call Record Date, trading in the partly paid-up Equity Shares for which First and Final Call have been made would be suspended for such period as may be applicable under the rules and regulations. The holders of the partly paid-up Equity Shares will not be able to trade in these shares till they are credited to the holders account as fully paid-up Equity Shares.

51. ***There is no monitoring agency appointed by our Company, though it shall be monitored by the Audit Committee formed under Corporate Governance norms.***

As per the SEBI (ICDR) Regulations, appointment of monitoring agency is required only for Issue size above ₹50,000 Lakhs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the Audit Committee will monitor the utilization of Issue proceeds. Further, the Company shall inform about material deviations in the utilization of issue proceeds to the Stock Exchanges and shall also simultaneously make the material deviations / adverse comments of the Audit Committee to the public as required under law.

52. ***We have not identified any alternate source of financing the 'Objects of the Issue'. If we fail to mobilize resources as per our plans, our growth plans may be affected.***

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from the Issue or any shortfall in the Issue Proceeds may delay the implementation schedule of our Project and could adversely affect our growth plans. For further details please refer to the Chapter titled "Objects of the Issue" beginning on page 64 of the Draft Letter of Offer.

External Risk Factors

53. ***Exchange rate fluctuations may affect our Company's business.***

Our Company's financial statements are prepared in Indian rupees. A substantial portion of our net revenue is in Indian rupees. However, we export some of our sterile injectable products to countries like Srilanka, Vietnam, etc. and realise our export revenues in foreign currency. We sometimes import key raw-material viz. PP granules from various countries, for which we are required to make payment in foreign currencies. Further, as a part of our proposed expansion project, our Company has placed an order for import of plant & machinery viz. Bottle Filling and Sealing Machine from Germany, for which we are required to make payment in Euro. Although our Company can hedge a portion of the resulting net foreign exchange position through forward exchange contracts and derivatives, our Company may still be affected by fluctuations in exchange rates between the Indian rupee and foreign currencies. Any significant fluctuation in exchange rates may therefore materially affect our profitability.

54. ***Global economic downturn, adverse market conditions and a slowdown in the economic growth in India could cause the business of our Company to suffer.***

The developed economies of the world viz. U.S., Europe, Japan and others are in midst of a downturn affecting their economic condition and markets general business and consumer sentiment has been adversely affected due to the global slowdown and there can be no assurance whether the developed economies or the emerging market economies will see good economic growth in the near future. Consequently, this has also affected the global stock and commodity markets. The performance and growth of our Company is directly related to the performance of the Indian economy. The performance of the Indian economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely impact the results of operations, and consequently the price of the Equity Shares of our Company.

55. ***Any downgrade of India's debt rating by an independent agency may adversely affect our Company's ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our Company's ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the capital expenditure plans, business, financial condition and the price of the Company's Equity Shares.

56. ***Our Company's ability to pay dividends in the future will depend upon its future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in its financing arrangements.***

Our Company's future ability to pay dividends will depend on its earnings, financial condition and capital requirements. Dividends distributed by our Company will attract dividend distribution tax at rates applicable from time to time. Our Company cannot assure that it will generate sufficient income to cover its operating expenses and pay dividends to its shareholders, or at all. Our Company's ability to pay dividends could also be restricted under certain financing arrangements that it may enter into. In addition, dividends that our Company has paid in the past may not be reflective of the dividends that our Company may pay in a future period. Our Company may be unable to pay dividends in the near or medium term, and its future dividend policy will depend on its capital requirements, financing arrangements, results of operations and financial condition.

Risk Factors in relation to the Issue

57. ***You will not be able to immediately sell any of the Rights Shares you purchase in this Issue on the Stock Exchanges.***

Under the SEBI (ICDR) Regulations, our Company is permitted to allot Rights Shares within fifteen (15) days of the Issue Closing Date. Consequently, the Rights Shares you purchase in the Issue may not be credited to your dematerialized account with Depository Participants until fifteen (15) days of the Issue Closing Date.

58. ***There is no guarantee that the Right Shares issued pursuant to the Issue will be listed on the ASE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Rights Shares issued pursuant to the Issue will not be granted until after such Rights Shares have been issued and allotted. Such approval will require all other relevant documents authorising the issuing of Rights Shares to be submitted. There could be a failure or delay in listing these Rights Shares on the ASE. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Rights Shares.

59. ***Shareholders may be subject to Indian taxes arising out of capital gains on the sale of the Rights Shares.***

Capital gains arising from the sale of the equity shares of a company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than twelve (12) months to an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of twelve (12) months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Rights Shares of our Company will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a 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 jurisdictions on gain upon a sale of the Rights Shares. For further details, please refer to the Chapter titled "Statement of Tax Benefits" beginning on page 79 of this Draft Letter of Offer.

Prominent Notes to Risk Factors:

1. Issue of 60,27,864 Equity Shares with a face value of ₹10 each ("***Rights Shares***") for cash at a price of ₹ **[●]** per equity share (including a premium of ₹ **[●]** per rights share) for an amount aggregating of ₹ **[●]** lakhs on rights basis in the ratio of 2:1 (2 Rights Shares for every 1 fully paid up equity shares) held by the equity shareholders on the record date, i.e. **[●]**. The face value of the Rights Shares is ₹10 each and the issue price is **[●]** times of the face value of the Equity Shares.

2. The Net Worth of our Company as per the restated financial statements as on March 31, 2013 is ₹ 752.64 lakhs. For further details, please refer to Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

3. The Net Asset Value per Equity Share of our Company as per the restated financial statements as on March 31, 2013 is ₹49.94. For further details, please refer to Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

4. For further details regarding the related party transactions and business interest, please refer to Annexure 22 titled "Statement of Related Party Disclosures, as Restated" in the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

5. Our Company has not issued any Equity Shares for consideration other than cash. Our Company is in the process of issuing bonus Equity Shares out of Share Premium Account, in the ratio of (1:1) [1 (one) bonus Equity Share for every 1 (one) existing Equity Share held] vide a resolution passed recommending the

Bonus Issue at the meeting of the Board of Directors held on September 9, 2013, making the post-bonus Equity Share capital of Rs. 301.40 lakhs divided into 30,13,932 Equity Shares of Rs. 10/- each. The same is proposed to be approved by the members of our Company in their meeting to be held on October 8, 2013.

6. For details of transactions in the shares of our Company by the Promoters, the Promoter Group and Directors in the last six (6) months, please refer the Chapter titled "Capital Structure" beginning on page 50 of this Draft Letter of Offer.

7. The average cost of acquisition of promoters' shareholding is ₹ 20.94 per Equity Share. After considering the Bonus Issue, the average cost of acquisition of promoters' shareholding will be ₹ 10.47 per Equity Share.

8. For information on changes in our Company's name, registered office and Objects Clause of the Memorandum of Association of the Company, please refer to the Chapter titled "History and Corporate Structure" beginning on page 125 of this Draft Letter of Offer.

9. Except as disclosed in the Chapter titled "Capital Structure", "Promoters, Promoter Group and Group Entities of our Company" and "Management of our Company" beginning on pages 50, 141 and 128 respectively of this Draft Letter of Offer, none of the Promoters, Directors or Key Managerial Personnel have any interest in our Company.

10. There are no financing arrangements whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company during the period of six (6) months immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

11. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the Investors at large and no selective or additional information would be available for a section of Investors in any manner whatsoever. Investors may contact the Lead Manager for any complaints, information or clarifications pertaining to the Issue. The Lead Manager is obliged to provide the same to Investors.

12. The Lead Manager and our Company shall update this Draft Letter of Offer and keep the shareholders and the public informed of any material changes till the listing and trading commencement, and our Company shall continue to make all material disclosures as per the terms of the listing agreement.

13. Trading in Equity Shares for all investors shall be in dematerialized form only.

14. Investors may contact Compliance Officer or the Lead Manager for any complaints pertaining to the Issue.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Industry Overview

The Indian Economy

India is clearly becoming a more and more important player on the world stage in G20 context, in terms of its role in the global economy. India is the fifth best country in the world for dynamic growing businesses, according to the Grant Thornton Global Dynamism Index.

India is expected to record 6.1% GDP in the fiscal year 2013-14 and it is expected to increase to 6.7% in the year 2014-15, according to the World Bank. India is expected to be the second largest manufacturing country in the next five years, followed by Brazil as the third ranked country, as per Deloitte Touche Tohmatsu Limited (Deloitte). Indian manufacturing and services sectors expanded more than China in February, 2013 according to a survey by HSBC. The HSBC composite index for India for manufacturing and services stood at 54.8 in February, 2013 whereas it was 51.4 for China. ***(Source:*** *India Brand Equity Foundation (IBEF)- www.ibef.org* ***)***

Indian Pharmaceutical Industry

The Indian pharmaceutical industry accounts for over 8 per cent of global pharmaceutical production. The industry has over 60,000 generic brands across 60 therapeutic categories and manufactures more than 400 different active pharmaceutical ingredients (APIs).

The Indian pharmaceuticals sector revenues stood at US$ 15.6 billion during 2011 and are expected to reach US$ 35.9 billion by 2016. Further, total pharma exports from India are forecasted to increase more than two fold over the next five years. The trade surplus in the sector is likely to expand to US$ 16.5 billion by 2016.

Due to its cost advantage, India has emerged as a major producer of generic drugs with several companies focussing on this sector. The manufacturing cost of Indian pharmaceutical companies is up to 65 per cent lower than that of US firms and almost half of that of European manufacturers.

The Government of India (GOI) allows zero duty for technology upgrades in the pharmaceutical sector through the Export Promotion Capital Goods (EPCG) Scheme and is planning to relax foreign direct investment (FDI) norms in the sector.

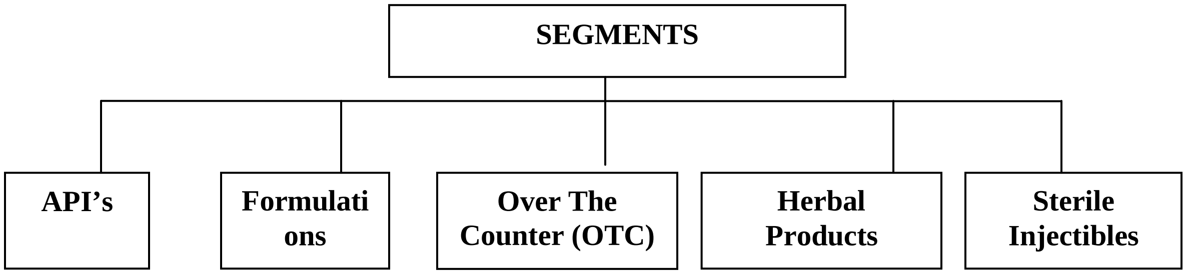
India is among the leaders in the clinical trial market. Due to a genetically-diverse population and availability of skilled doctors, India has the potential to attract huge investments in its clinical trial market. ***(Source:*** *Indian Brand Equity Foundation (IBEF) – Indian Pharmaceutical Industry Analysis-www.ibef.org****)***

Current Scenario

The Indian pharmaceutical industry is expected to grow at 19% in 2013. India is now among the top 5 pharmaceutical emerging markets. There will be new drug launches, new drug filings and Phase II clinic trials throughout the year. On back of increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market is expected to grow at 13-14% in 2013.

Moreover, the increasing population of the higher income group in the country will open a potential US$ 8 bn market for multinational companies selling costly drugs by 2015, making India a lucrative destination for clinical trials for global giants. (**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Segments of Indian Pharmaceutical Industry



API's

Active Pharma Ingredient (API), the main ingredient in a pharmaceutical product is responsible for the potency and efficacy of a drug and at the same time for the major portion of overall costs of a drug. Therefore, companies need to look for high quality and cost-effective APIs. Qualitative API will produce drugs with superior quality enabling the company to pass through the Food and Drug Administration (FDA) approval process with relative ease, while reducing the cost of manufacturing and increasing margins.

Formulations

A Formulation is a medicine prepared from one or more API's drugs with or without the aid of pharmaceutical aids. This formulation does not include ayurvedic, siddha, unani and homeopathic system of medicines.

Over the Counter (OTC) Products

The term 'OTC' has no legal recognition, all the drugs that are not included in the list of 'prescription only drugs' are considered as non- prescription drugs (or OTC drugs). OTC proprietary drugs are also regulated by the Drugs and Cosmetics Act and the Drugs and Cosmetics Rules. OTC drugs may have even stronger potential in India. An increasing number of Indians are already dipping into their own pockets to buy OTC drugs. The Government is now considering plans to expand the list of drugs which can be sold outside pharmacies, since many common household remedies are more difficult to obtain in India than in other developing countries. An expansion of the list would substantially increase the potential market opportunity in this segment.

Herbal Products

Currently, the Indian herbal market size is estimated at Rs.7000 crore and over Rs.3600 crore of herbal raw materials and medicines are exported by India.

Out of 700 plant species commonly used in India, only 20% were earlier being cultivated on commercial scale and 90% of medicinal plant used by the industries are collected from the wild. On the whole, India is stated to have 45,000 plant species, nearly 20% of the global species occurs in the Indian sub-continent. Out of these, about 4,500 species of both higher and lower plant groups are of medicinal value.

Sterile Injectibles

Intravenous fluids are administered for restoring fluid and fluid constituents and extra medications. Four-fifths of patients admitted to a hospital require intravenous fluids regularly, making it an essential part of treatment.

Sterile Injectable Industry

In Pharmaceutical Industry, there are considerable amount of pharmaceutical products that are delivered to the human body as tablets or capsules, orally. However, there are many drugs that are available only in injectable format due to issues of safety, efficacy and critical timing.

The injectable form is preferred when the patient is in a critical situation. These Injectables by their very name cannot be consumed orally and need to be injected or infused into the body. Due to this, injectables have certain specific characteristics compared to oral dosage forms:

- They are more difficult to formulate and have multiple technology and delivery platforms
- They are more capital intensive to produce
- They are governed by tougher regulations
- They require specialized skills to formulate and produce
- The customer segments are almost exclusively hospitals where the decision making process and criteria is distinct from individual doctors

Intravenous fluids injected into a patient's vein either as a medium for other medicines or to relieve dehydration. 80% of patients admitted to a hospital require intravenous fluids regularly, making it an essential part of treatment.

80% of all patients admitted to a hospital as well as similar number of patients in the emergency and intensive care units need intravenous fluids. Intravenous fluids are used to administer other medicines as it is the fastest way to deliver drugs throughout the body. These are of two types, sugary (dextrose) and saline. Their choice is made depending on the properties of the medicine to be administered as well as the patient's risk of low sugar or high sodium.

Besides, infusion products, the injectables business consist of a large number of specialty products which are used across various therapeutic categories – oncology, anti-infectives, anaesthetics etc. These products as a category are called Specialty Injectable Products (SIP).

SUMMARY OF BUSINESS

<u>Business Overview</u>

Our Company is primarily into the business of manufacturing and marketing of sterile injectables for the past thirty (30) years. We offer a range of sterile injectable products for human and veterinary consumption. Our Company's product offerings comprise of more than fifty (50) products sold across fifteen (15) States in India. The institutional customer base of our Company includes government, semi-government, hospitals and nursing homes, aided agencies and the Indian Defence sector. All of our Company's products are off-patent/ generic drugs, a significant majority of which are directly injected into the body and are also used in the treatment of critical illnesses.

Our Company offers its products in different therapeutic areas through the ethical and institutional sales for the domestic markets. Our product range includes antibiotic injections, diuretic injections, parenteral amino acid injections, plasma volume expanders, anti anaerobic injections, anti pyretic and irrigation solutions, etc. In addition to the above, we also manufacture various other Intravenous Fluids in filled volumes of 100 ml, 250 ml, 500 ml, 1000 ml and 3000 ml.

Our Company's manufacturing facility is located near Ahmedabad, Gujarat. The manufacturing facility is approved by the Foods and Drugs Control Administration Authority (FDCA), Gujarat and certified by WHO GMP. The manufacturing facility is also ISO 9001-2008 certified. In addition to the above, most of our products are registered and approved by the FDCA and WHO GMP. In addition to manufacturing our own products which we sell under our own brands, we also use our facility to manufacture products on contract basis for third parties including certain multinational pharmaceutical companies who market such products under their own brands. As on March 31, 2013, our Company's manufacturing facility has an installed capacity to manufacture 240 lakhs plastic bottles and 258 lakhs glass bottles. We are in the process of expanding our existing facility of manufacturing sterile injectables. The aforementioned expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS). We propose to partly fund this expansion from the proceeds of the Issue. For further details, please refer to Chapter titled "Objects of the Issue" beginning on page 64 of the Draft Letter of Offer.

The domestic business of our Company is driven by its own sales and marketing network comprising of approximately forty (40) Medical Representatives (MR) covering various territories across India. Our Company has arrangements with sixteen (16) super stockists in fifteen (15) States of India and one (1) distributor in Nepal. In international markets, our Company partners with local distributors who import and distribute the products of our Company, under their supervision and carry out marketing activities. In addition to direct marketing, we also participate in bulk supplies of sterile injectable products by way of bidding in tenders of various State Government Health Departments.

Our Company on standalone basis have achieved total revenues of ₹5616.84 lakhs and ₹4179.51 lakhs and net profit after tax of ₹100.21 lakhs and ₹79.04 lakhs for the financial year ended on March 31, 2013 and March 31, 2012 respectively.

Competitive Strengths

- Diverse Product Portfolio
- Wide sales, marketing and distribution network
- Wide range of fill volumes
- Experienced management team and well qualified senior executives

Business Strategy

- Adoption of superior technology for manufacturing sterile injectables
- Our contract manufacturing and institutional sales business stabilizes our revenue stream
- Targeting new domestic and export markets
- Wide range of Sterile Injectable Products

For further details regarding our business, please refer to Chapter titled "Business Overview" beginning on page 99 of this Draft Letter of Offer.

THE ISSUE

Issue of 60,27,864 Equity Shares of ₹ 10/- each for cash at a premium of ₹ **[●]** per share, on Rights basis, to the existing Equity Shareholders of the Company as on the Record Date aggregating up to ₹ **[●]** Lakhs.

Equity Shares proposed to be issued by our Company	60,27,864 Rights Equity Shares
Rights Entitlement	*2 (Two) Equity Shares for every 1 (One) Equity Share held. *After considering Bonus Issue.
Record Date	**[●]**
Issue Price per Equity Share	₹ **[●]**
Money Payable at the time of Application	₹ **[●]**
Balance Money Payable at the time of First and Final Call	₹ **[●]**
First and Final Call Record Date	A record date fixed by the Board for the purpose of determining the names of the holders of partly paid-up Rights Shares for issue of First and Final Call Notice.
First and Final Call Payment Period	A period as may be fixed by the Board to enable the payment of the First and Final Call by the holders of partly paid-up Rights Shares.
Equity Shares outstanding prior to the Issue	*30,13,932 Equity Shares *After considering Bonus Issue.
Equity Shares outstanding after the Issue	90,41,796 Equity Shares
Use of Issue proceeds	For more information, see Chapter titled "Objects of the Issue" on Page 64 under Section "Particulars of the Issue" of this Draft Letter of Offer.
Terms of the Issue	For more information, see Chapter titled "Terms of the Issue" on Page 217 under Section "Issue Information" of this Draft Letter of Offer.

Terms of Payment

Amount payable per Rights Equity Share (₹)*	Face Value	Premium	Total
On Application	5.00	**[●]**	**[●]**
On First and Final Call	5.00	**[●]**	**[●]**
Total	**10.00**	**[●]**	**[●]**

**For details, refer to the chapter 'Terms of the Issue' beginning on page 217 of this Draft Letter of Offer.*

IMPORTANT:

1. This Issue is applicable to such Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company at the close of business hours on [●] (the Record Date).
2. This Draft Letter of Offer is filed in compliance with Regulation 19 of SEBI (ICDR) Regulations, 2009 as our Company is in the process of issuing 15,06,966 bonus Equity Shares out of Share Premium Account, in the

ratio of (1:1) [1 (one) bonus Equity Share for every 1 (one) existing Equity Share held] vide a resolution passed recommending the Bonus Issue at the meeting of the Board of Directors held on September 9, 2013. The same is proposed to be approved by the members of our Company in their meeting to be held on October 8, 2013.

3. The Equity Shares are presently listed but not traded on ASE. Post Bonus Issue, our Company intends to seek listing of its Equity Shares on BSE Limited / recognised Stock Exchange having nation wide trading terminals subject to necessary compalince and listing proccudure.
4. Please ensure that you have received the Composite Application Form ('CAF') along with the Letter of Offer. In case the original CAF is not received, lost or misplaced by the shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Equity shareholder who should furnish the registered folio number/DP ID number/client ID number and his/her full name and address to the Registrar to the Issue. Please note that those applicants who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. In case the original and the duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored.
5. Please read the Draft Letter of Offer and the instructions contained herein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the Draft Letter of Offer or the CAF.
6. All enquiries in connection with this Rights Issue or CAF should be addressed to the Registrar to the Issue i.e. Sharepro Services (India) Private Limited quoting the Registered Folio number/DP and Client ID number and the CAF number as mentioned in the CAF.
7. The Issue will be kept open for a minimum period of 15 (Fifteen) days. If extended, with the approval of the Board, will be kept open for a maximum period of 30 (Thirty) days.
8. The Lead Manager and our Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including any presentation, research note or sales reports etc. after filing of the Draft Letter of Offer with SEBI.
9. All the legal requirements as applicable till the filing of the Draft Letter of Offer with the Designated Stock Exchange have been complied with.

The Lead Manager and our Company shall update this Draft Letter of Offer and keep the public informed of any material changes till the listing and trading commences for Equity Shares offered through this Issue.

SUMMARY OF FINANCIAL INFORMATION

The following summary financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations and restated as described in the Auditor's Report (Peer Review) of Shah & Shah Associates, Chartered Accountants dated June 18, 2013 in the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer. The summary financial information presented below should be read in conjunction with our restated financial statements for the year ended March 31, 2009, March 31, 2010, March 31, 2011, March 31, 2012 and March 31, 2013 including the notes thereto and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 183 of this Draft Letter of Offer.

Summary Statement of Profit and Loss Account, As Restated

(₹ In Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Revenue from Continuing Operations:					
Revenue from operations (gross)					
Of products manufactured	2661.01	3079.12	3467.01	4284.62	5667.54
Of products traded	0.18	0.00	17.36	0.00	0.00
Total Revenue	2661.19	3079.12	3484.37	4284.62	5667.54
Less: Excise Duty/ VAT	0.00	0.00	0.00	127.83	64.59
Net Revenue	**2661.19**	**3079.12**	**3484.37**	**4156.78**	**5602.96**
Other Income	14.33	12.04	13.94	22.73	13.89
Profit on sale of investments	0.00	0.00	0.00	0.00	0.00
Total of (A)	**2675.52**	**3091.16**	**3498.31**	**4179.51**	**5616.84**
Expenditure					
Cost of materials consumed	1645.92	1872.10	2160.18	2304.73	3092.35
Purchases of stock-in-trade					
Changes in inventories of finished goods, work-in-progress and stock-in-trade	39.98	2.77	(62.01)	77.07	(27.60)
Employee benefits expense	195.81	193.34	264.05	311.73	373.58
Manufacturing & Other expenses	239.98	311.98	397.27	487.88	651.27
Selling & Distribution expense	211.42	342.06	332.04	551.25	931.32
Total Expenses (B)	**2333.12**	**2722.25**	**3091.53**	**3732.67**	**5020.91**
Earnings before Depreciation, Interest, exceptional items, extraordinary items and Tax (EBITDA) (A - B)	**342.40**	**368.91**	**406.78**	**446.84**	**595.93**
Depreciation and amortisation expense	114.81	122.18	136.06	136.90	129.48
Earnings before Interest, exceptional items, extraordinary items and Tax	**227.59**	**246.73**	**270.72**	**309.94**	**466.45**
Finance costs	140.05	154.49	164.49	186.94	212.52
Profit / (Loss) before tax	**87.54**	**92.23**	**106.23**	**123.00**	**253.93**
Tax expense:					
Provision for Taxation	**16.58**	**26.57**	**43.59**	**43.96**	**85.55**
Provision for Income Tax	30.50	21.00	41.00	49.00	85.85
Current Year	30.50	21.00	41.00	49.00	95.00

Less: MAT Credit					
Previous Year					(9.15)
Provision for Deferred Tax	(13.92)	5.57	2.59	(5.04)	(0.30)
Provision for Fringe Benefit Tax					
Profit/(Loss) from continuing operations and before adjustment on account of Restatement	**70.95**	**65.66**	**62.65**	**79.04**	**168.38**
Net Profit After Tax for the year	70.95	65.66	62.65	79.04	168.38
Adjustments on Account of Restatement	0.00	0.00	0.00	0.00	(68.17)
Net Profit After Tax & Adjustment on account of Restatement	70.95	65.66	62.65	79.04	100.21

Summary Statement of Assets & Liabilities, As Restated

(₹ In Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Non-current assets					
Fixed assets					
Tangible assets	797.33	970.40	1,040.96	941.86	950.53
Intangible assets	-	-	-	-	-
Capital work-in-progress	2.10	6.88	-	-	3.50
Intangible assets under development	-	-	-	-	-
Fixed Assets held for sale	-	-	-	-	-
Non-current investments	19.75	19.75	17.25	21.38	30.11
Long-term loans and advances	23.30	27.40	32.79	40.28	86.17
Total Non-Current Assets(A)	**842.48**	**1,024.44**	**1,091.00**	**1,003.52**	**1,070.31**
Current assets					
Current investments	-	-	-	-	-
Inventories	170.86	244.33	298.53	245.65	332.14
Trade receivables	604.81	805.89	774.65	1,117.35	1,662.15
Cash and Bank Balances	143.84	134.83	147.54	107.86	237.77
Short-term loans and advances	110.82	157.15	85.65	127.65	155.79
Other current assets	3.04	5.73	9.00	1.69	7.74
Total Current Assets (B)	**1,033.37**	**1,347.94**	**1,315.37**	**1,600.20**	**2,395.59**
Non-current liabilities					
Long-term Provision	-	-	-	-	64.53
Long-term borrowings	271.43	269.28	160.19	231.17	450.70
Deferred tax liabilities (net)	55.91	61.48	64.07	59.02	58.72
Other long-term liabilities	-	-	-	-	-
Total Non-Current liabilities (C)	**327.34**	**330.76**	**224.26**	**290.19**	**573.95**
Current liabilities					
Short-term borrowings	469.51	498.63	548.83	626.46	983.48
Trade payables	294.93	547.01	496.72	355.16	507.28
Other current liabilities	287.10	440.19	492.04	590.19	537.80
Short-term provisions	24.37	39.61	64.04	83.28	110.75
Total Current liabilities (D)	**1,075.91**	**1,525.44**	**1,601.63**	**1,655.09**	**2,139.31**
Net Worth [A + B - C - D]	**472.60**	**516.17**	**580.47**	**658.44**	**752.64**
Networth Represented By					

Shareholder's Funds:					
Share Capital					
Equity Share Capital	123.68	129.30	136.10	143.20	150.70
Total (E)	**123.68**	**129.30**	**136.10**	**143.20**	**150.70**
Reserves & Surplus					
General Reserve	10.91	14.91	18.91	28.91	41.91
Capital Reserve	11.98	11.98	11.98	11.98	11.98
Security Premium	192.84	201.27	218.27	236.73	258.48
Profit and Loss Account	119.14	158.71	195.21	237.62	289.57
Preferential Warrants	14.05	-	-	-	-
Total (F)	**348.92**	**386.87**	**444.37**	**515.24**	**601.94**
Share application money pending allotment	**-**	**-**	**-**	**-**	**-**
Total (G)	**-**	**-**	**-**	**-**	**-**
Net Worth [E + F + G]	**472.60**	**516.17**	**580.47**	**658.44**	**752.64**

GENERAL INFORMATION

Our Company was originally incorporated as a Private Limited Company under the Companies Act, 1956 in the name of Denis Chem Lab Private Limited vide Certificate of Incorporation dated July 15, 1980 with the Registrar of Companies, Ahmedabad. Subsequently, our Company was converted into Public Limited Company and a Fresh Certificate of Incorporation in name of Denis Chem Lab Limited was issued by the Registrar of Companies, Ahmedabad on April 29, 1982. The Corporate Identity Number (CIN) of our Company is L24230GJ1980PLC003843.

The Board of Directors of our Company has approved the present Rights Issue under Section 81(1) of the Companies Act, at their meeting held on July 26, 2013.

ISSUE OF 60,27,864 EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR AN AMOUNT AGGREGATING TO ₹ [●] LAKHS ON RIGHTS BASIS IN THE RATIO OF *2:1 (2 (TWO) EQUITY SHARES FOR EVERY 1 (ONE) FULLY PAID UP EQUITY SHARE) HELD BY THE EQUITY SHAREHOLDERS OF THE COMPANY AS ON THE RECORD DATE, i.e. [●]. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER INFORMATION, PLEASE REFER TO CHAPTER "TERMS OF THE ISSUE" ON PAGE 217 OF THIS DRAFT LETTER OF OFFER.

*After considering Bonus Issue.

Amount payable per Rights Equity Share (₹) *	Face Value	Premium	Total
On Application	5.00	**[●]**	**[●]**
On First and Final Call	5.00	**[●]**	**[●]**
Total	**10.00**	**[●]**	**[●]**

#For details, refer to the chapter 'Terms of the Issue' beginning on page 217 of this Draft Letter of Offer.

Registered Office of our Company:
Denis Chem Lab Limited
Block No.457, Village: Chhatral,
Taluka: Kalol (N.G.) - 382729,
District: Gandhinagar, Gujarat.
Tel No.: +91 2764 233596 / 233613;
Fax No.: + 91 2764 233896;
Email: cs.denischem@gmail.com;
Website: www.denischemlab.com;

Corporate Office of our Company:
Denis Chem Lab Limited
401, Abhishree Complex,
Opp. Om Tower, Besides Bidiwala Park,
Satellite Road, Ahmedabad – 380 015, Gujarat.
Tel No: +91 79 2692 5716/ 2692 5719
Fax No.: + 91 79 2692 5710
Email: cs.denischem@gmail.com;
Website: www.denischemlab.com;

Registrar of Companies

Our Company is registered with the office of the Registrar of Companies, Gujarat, Ahmedabad situated at: ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380 013.

BOARD OF DIRECTORS OF OUR COMPANY

The Company's Board comprises of the following Directors:

No.	Name, Nature of Directorship and DIN	Age	Residential Address
1	Mr. Dinesh B. Patel Non-Executive Chairman DIN: 00171089	79	"Vrundavan" Bunglows, B/h. Apang Manav Mandal, Vastrapur, Ahmedabad – 380 015
2	Dr. Himanshu C. Patel Managing Director DIN: 00087114	59	2, Ashwamegh Society IV, Off. Satellite Road, Opp. P & T Colony, Ahmedabad – 380 015
3	Ms. Anar H. Patel Non-Executive & Non Independent Director DIN: 01335025	54	2, Ashwamegh Society IV, Off. Satellite Road, Opp. P & T Colony, Ahmedabad – 380 015
4	Dr. Gaurang K. Dalal Non-Executive & Indepedent Director DIN: 00040924	61	3, Ashani Society, Nr. Darbar Hotel, Jodhpur Tekra Road, Ahmedabad – 380 053
5	Mr. Priyavadan C. Randeria Non-Executive & Indepedent Director DIN: 01334965	87	"Mitali" Bungalow, Nr. Sadma Society, Navrangpura, Ahmedabad – 380 009
6	Mr. Chinubhai N. Munshaw Non-Executive & Indepedent Director DIN: 02780432	84	Niral, Opp. Parimal Garden, Near Chimanlal Park, C. G. Road, Ellis Bridge, Ahmedabad – 380 006.
7	Mr. Janak G. Nanavaty Non-Executive & Indepedent Director DIN: 00472925	58	"Gunjan", Nr. Manekbaug Hall, Polytechnic, Ambavadi, Ahmedabad – 380 015

For further details of the Management of the company, please refer to the chapter titled "Management of Our Company" beginning on page 128 of this Draft Letter of Offer.

Compliance Officer
Dr. Himanshu C. Patel
Denis Chem Lab Limited
401, Abhishree Complex,
Opp. Om Tower, Beside Bidiwala Park,
Satellite Road, Ahmedabad-380015, Gujarat.
Tel No.: +91 79 26925716/ 2692 5719
Fax No.: + 91 79 26925710
Email: cs.denischem@gmail.com;
Website: www.denischemlab.com;

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. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

LEAD MANAGER TO THE ISSUE	LEGAL ADVISOR TO THE ISSUE
VIVRO Financial Services Private Limited **SEBI Registration Number:** INM000010122 "VIVRO House", 11, Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad - 380007 **Tel No:** +91 79 2665 0670 **Fax No.:** +91 79 2665 0570 **Email:** denis@vivro.net **Website**: www.vivro.net **Contact Person:** Mr. Ketan Modi /Mr. Shyamal Trivedi	**Rajani Associates** **Advocates & Solicitors** 204-207, Krishna Chambers 59, New Marine Lines Mumbai 400 020, India Telephone: +91 22 4096 1000 Facsimile: +91 22 4096 1010 Email: info@rajaniassociates.net
REGISTRAR TO THE ISSUE	**STATUTORY AUDITORS**
SHAREPRO SERVICES (INDIA) PRIVATE LIMITED **SEBI Registration Number:** INR000001476 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai 400072 **Tel:** +91 22 6772 0300 / 400; **Fax:** +91 22 2859 1568 **Email:** rights@shareproservices.com **Website:** www.shareproservices.com **Contact Person:** Mr. Anand Moolya / Ms. Janvi Amin	**M/s. Shah & Shah Associates,** **Firm Reg. No. 113742W** **Chartered Accountants,** 702, Aniket Tower, Nr. Municipal Market, C G Road, Ahmedabad – 380009 **Tel No.:** +91 79 2646 5433 **Fax No.:** +91 79 2640 6983 **Email:** nimish@shahandshah.co.in **Contact Person:** Mr. Nimish Shah **Peer Review Board Certificate No.:** 005979
BANKERS TO THE COMPANY	
AXIS Bank Limited Corporate Banking, 2nd Floor, 3rd Eye One, Panchvati Circle, CG Road, Ahmedabad – 380009 Tel. No. + 91 79 6614 7192 Fax No. + 91 79 6614 7105 Contact Person : Mr. Uma Shankar Email: uma1.shankar@axisbank.com Web site: www.axisbank.com	**Bank of India** S.G. Highway Branch, 6-7, Ground Floor, Shapath-IV, Ahead Karnavati Club, Opp. Chimanbhai Patel Institute, S.G. Highway, Ahmedabad – 380051 Tel. No. +91 79 2693 7313 Fax No. +91 79 2693 7307 Contact Person: Mr. Abhay Kumar Email: sghighway.ahmedabad@bankofindia.co.in Web site: www.bankofindia.co.in

Expert Opinion

Except for the restated financial statements and audit reports of the Auditor of our Company for the financial year ended on March 31, 2013, 2012, 2011, 2010 and 2009, their report on Statement of Tax Benefits and Certificate for Expenditure incurred till July 29, 2013 and Certificate of Break- up of Unsecured loans given by Promoters and Others till July 29, 2013 issued by M/s. Sompura & Associates, Chartered Accountants, our Company has not obtained any other expert opinion in relation to this Issue. The term "expert" as used in the Draft Letter of Offer is not intended to be considered an "expert" within the meaning of Section 11 of the U.S. Securities Act. Please refer to the details given on Section titled "Financial Information" and "Statement of Tax Benefits" beginning on pages 151 and 79 respectively of this Draft Letter of Offer.

BANKER TO THE ISSUE

[●]

SELF CERTIFIED SYNDICATE BANKS (SCSBs)

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process and details relating to the Designated Branches of SCSBs collecting the ASBA CAF are provided on http://www.sebi.gov.in/pmd/scsb.html.

INTER SE ALLOCATION OF RESPONSIBILITIES AMONGST THE LEAD MANAGERS

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. The various activities have been set out below:

No.	Activities
1.	Structuring of the Issue in conformity with the SEBI (ICDR) Regulations, undertaking liaison with the Stock Exchange, as may be required under the prevailing framework of regulations/rules/guidelines issued by the SEBI and the Stock Exchange.
2.	Assisting the Company and its legal advisors in drafting the Letter of Offer, the Abridged Letter of Offer and the CAF; conduct due diligence as may be required on the Company and assist in compliance with regulatory requirements of the SEBI and the Stock Exchange. The Lead Manager shall ensure compliance with the SEBI (ICDR) Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchange and the SEBI.
3.	Assisting the Company in preparing the Issue advertisements.
4.	Follow-up with the Bankers to the Issue to get quick estimates of collection and advising such Banks about closure of the Issue, based on the correct figures.
5.	Assisting in the listing of the Rights Shares issued pursuant to the Issue on the Stock Exchange.
6.	Assist in the selection of various agencies connected with the Issue, including printers, advertising agencies, legal advisors, bankers to the Issue (selecting collection centers) and Registrar to the Issue.
7.	The post-Issue activities will involve essential follow up steps which must include finalization of basis of allotment/weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the activities such as Registrars to the Issue, Bankers to the Issue. Whilst, many of the post-Issue activities will be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfilll their functions and enable them to discharge this responsibility through suitable agreements with the Company.

CREDIT RATING

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

GRADING

As the present issue being the Rights Issue of the Equity Shares, grading is not required.

DEBENTURE TRUSTEES

As the Issue consists of the Equity Shares, the appointment of trustees is not required.

MONITORING AGENCY

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, since the size of the present Issue is less than ₹ 50,000 lakhs, our Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the listing agreements with the Stock Exchange, the Audit Committee appointed by the Board of Directors will monitor the utilization of the Issue proceeds. Our Company will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in the quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under the applicable law and regulation.

APRAISING AUTHORITY

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

UNDERWRITING

Our Company has not entered into any underwriting arrangement with the Lead Manager in connection with the Issue.

ADDITIONAL SUBSCRIPTION BY THE PROMOTERS

The Promoters hereby confirm and undertake to subscribe to the full extent of their entitlement in the proposed Rights Issue, either by themselves or through one or more Promoter Group and either singly or jointly amongst any of them. The Promoters (either through one or more Promoter Group and either singly or jointly amongst any of them) also intend to subscribe to any unsubscribed portion of the Issue such that not less than 90% of the Issue is subscribed. As a result of this subscription and consequent allotment, the Promoters and one or more Promoter Group may acquire Equity Shares over and above their Rights Entitlement, which may result in an increase of Promoter and/or the Promoter Group shareholding above its current shareholding and including their allotment pursuant to Rights Entitlement of Equity Shares and to the extent of the unsubscribed portion of the Issue as mentioned above. This subscription and acquisition of additional Equity Shares by the Promoters/Promoter Group through this Issue, if any, will not result in a change of control of the management of the Company and shall be in compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and other applicable regulations therein.

Presently, the Company is complying with Clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid-up equity capital.

The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with Clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained. For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to sub-section titled "Basis of Allotment" under the Chapter titled "Terms of the Issue" beginning on page 217 of this Draft Letter of Offer.

DECLARATION BY BOARD ON CREATION OF SEPARATE ACCOUNT

The Board of Directors declares that funds received against this Issue will be transferred in terms of the SEBI (ICDR) Regulations to a separate bank account maintained by the Company as per the provisions of sub-section (3) of Section 73 of the Companies Act.

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 Opens on	**[●]**
Last date for request for Split Application Forms	**[●]**
Issue Closes on	**[●]**

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding thirty (30) days from the Issue Opening Date.

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, the Company shall refund the entire subscription amount received within fifteen (15) days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight (8) days after the Company becomes liable to pay the subscription amount (i.e. fifteen (15) days after the Issue Closing Date), the Company will pay interest for the delayed period at 15% per annum as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of Sub-Section (1) of Section 68A of the Companies Act, 1956 which is reproduced below: "Any person who-

a. Makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or

b. Otherwise induces a Company to allot or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

PRINCIPAL TERMS OF LOAN AND ASSETS CHARGED AS SECURITY

For more information on Principal Terms of Loan and Assets charged as security, please refer the Chapter titled “Financial Indebtedness” on page 191 of this Draft Letter of Offer.

CAPITAL STRUCTURE

The Capital Structure of our Company as on date of filing of this Draft Letter of Offer with SEBI and Stock Exchange is as follows.

(₹ In Lakhs)

Description of Authorized, Issued, Subscribed and Paid Up Capital along with Share Premium before and after the Rights issue		Nominal Value (₹)	Aggregate Value (₹)
A.	**Authorized Share Capital**		
	1,10,00,000 Equity Shares of ₹10/- each#	1100.00	1100.00
B.	**Issued, Subscribed and Paid up Capital before the Issue** (After considering Bonus Issue)		
	30,13,932 Equity Shares of ₹ 10/- each.	301.40	301.40
C.	**Present Issue of Equity Shares being offered to Existing Equity Share holders through this Offer**		
	60,27,864 Equity Shares of ₹10/- each at price of ₹ **[●]** each on a Right basis to the existing shareholders of the Company in the ratio *2 (Two) Rights Equity Shares for every 1 (One) Equity Shares held as on Record Date. *After considering Bonus Issue	602.79	**[●]**
D.	**Paid-up Share Capital after the Issue (assuming full Subscription)**		
	90,41,796 Equity Shares of ₹ 10/- each fully paid up	904.18	**[●]**
E.	**Share Premium Account**		
	- Before the Rights Issue	107.78	107.78
	- After the Rights Issue	**[●]**	**[●]**

Our Company is in the process of increasing its Authorised Share Capital from existing ₹ 700 Lakhs divided into 70,00,000 Equity Shares of ₹ 10 each to ₹ 1100 Lakhs divided into 1,10,00,000 Equity Shares of ₹ 10 each and has sought approval of the members of our company in their meeting to be held on October 08, 2013.

Notes:

- The present Rights Issue of Equity Shares has been authorized by the Board of Directors of our Company under Section 81(1) of the Companies Act, 1956 vide a resolution passed at their meeting held on July 26, 2013.
- The above Capital Structure has been prepared on the assumption that proposed Rights Issue of 60,27,864 Equity Shares at the price of ₹ **[●]** per share will be fully subscribed (and the balance amount on the partly-paid up Right Shares is received).
- The Board of Directors of our Company has recommended the Bonus Issue i.e. issue of bonus Equity Shares out of Share Premium Account, in the ratio of (1:1) [1 (one) bonus Equity Share for every 1 (one) existing Equity Share held] vide a resolution passed recommending the Bonus Issue at their meeting held on September 09, 2013. The same is proposed to be approved by the members of our Company in their meeting to be held on October 08, 2013. Accordingly, after the issue and allotment of of Bonus Shares, the Capital Structure of our Company would undergo a change to that extent.

Details of Increase in Authorized Share Capital:

Sr. No.	Particulars of increase / modification in Authorised Share Capital	Cumulative No. of Equity Shares	Cumulative Authorized Capital	Date of change	AGM/ EGM
1	On Incorporation (Equity Share of Face Value of ₹100 each)	30,000	30,00,000	Incorporation	-
2	Split of one share of face value of ₹ 100 each into 10 shares of ₹ 10 each	3,00,000	30,00,000	January 30,1982	EGM

3	Increase from ₹ 30 Lakhs to ₹ 100 Lakhs	10,00,000	1,00,00,000	January 30,1982	EGM
4	Increase from ₹ 100 Lakhs to ₹ 500 Lakhs	50,00,000	5,00,00,000	August 20, 1993	AGM
5	Increase from ₹ 500 Lakhs to ₹ 700 Lakhs	70,00,000	7,00,00,000	September 26, 1995	EGM
6	Increase from ₹ 700 Lakhs to ₹ 1100 Lakhs	1,10,00,000	11,00,00,000	Subject to approval of shareholders in their meeting to be held on October 08, 2013	EGM

For details of changes in the Authorized Share Capital of the Company, please see "History and Corporate Structure" on page 125 of this Draft Letter of Offer.

Notes to Capital Structure:

1. **Details of Equity Share Capital of our Company**

Date / Year of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of Allotment	Cumulative No. of Equity shares	Cumulative paid up Share Capital (₹ In Lakhs)	Cumulative Share Premium (₹ In Lakhs)
08.07.1980	10	100	100	Cash	Subscribers to MOA	10	0.01	-
23.05.1981	515	100	100	Cash	Further Allotment to Promoters & Others	525	0.525	-
30.12.1981	2,450	100	100	Cash	Further Allotment to Promoters & Others	2,975	2.975	-
17.08.1981	7,000	100	100	Cash	Further Allotment to Others	9,975	9.975	-
30.01.1982	-	-	-	-	Sub Division of one Share of Face Value of ₹ 100 into 10 shares of face value of ₹10 each	99,750	9.975	-
07.06.1982	20,250	10	10	Cash	Further Allotment to Others	1,20,000	12	-
25.08.1982	20,000	10	10	Cash	Further Allotment to Others	1,40,000	14	-

12.09.1982	2,10,000	10	10	Cash	Initial Public Offer	3,50,000	35	-
11.12.1984	70,000	10	10	Cash	Rights Issue	4,20,000	42	-
29.11.1989	1,17,728	10	10	Cash	Rights Issue	5,37,728	53.77	-
22.11.1995	1,80,750	10	40	Cash	Further Public Issue	7,18,478	71.85	54.23
25.07.1996	4,05,840	10	40	Cash	Further Allotment to Others	11,24,318	112.43	175.98
25.03.2008	56,216*	10	25	Cash	Conversion of Preferential Warrants to Promoter	11,80,534	118.0534	184.41
25.07.2008	56,216*	10	25	Cash	Conversion of Preferential Warrants to Promoter	12,36,750	123.675	192.84
25.06.2009	56,216*	10	25	Cash	Conversion of Preferential Warrants to Promoter	12,92,966	129.2966	201.27
05.10.2010	68,000*	10	35	Cash	Preferential Allotment to Promoters	13,60,966	136.0966	218.27
21.03.2012	71,000*	10	36	Cash	Preferential Allotment to Promoter	14,31,966	143.20	236.73
24.09.2012	75,000*	10	39	Cash	Preferential Allotment to Promoter	15,06,966	150.70	258.48
[●] **Please refer Note 2 below.**	15,06,966	10	-	Bonus		30,13,932	301.40	-

* The said Preferential Allotment to the Promoter / Promoter Groups have been made in accordance with *"Chapter VII – Preferential Issue"* of SEBI (ICDR) Regulations and the erstwhile SEBI (Disclosure and Investor Protection) Guidelines, 2000.

2) Our Company has not issued any Equity Shares for consideration other than cash or out of revaluation reserve. Our Company has proposed issue of 15,06,966 Equity Shares as Bonus Shares out of Share Premium Account, in the ratio of (1:1) [1 (one) Bonus Equity Share for every 1 (one) existing Equity Share held] vide a resolution passed recommending Bonus Issue at the meeting of the Board of Directors held on September 09, 2013 subject to the approval of members of our Company in their meeting to be held on October 08, 2013.

3) Our Company has not issued or allotted any Equity Shares in terms of Scheme of Arrangement under Section 391-394 of the Companies Act, 1956.

4) Our Company has not issued any bonus shares out of revaluation reserve at any point of time.

5) Our Company has not issued any Equity Shares under Employees Stock Option Scheme or Employees Stock Option Plan at any point of time.

6) There are no outstanding warrants convertible into Equity Shares as on the date of this Draft Letter of Offer.

7) The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer.

8) The Equity Shares to be issued through this Rights Issue would be Partly Paid up at the time of the Issue and balance to be paid at the time of First and Final Call.

9) If the Investor fails to pay the money at the time of First and Final Call after notice has been sent by our Company, then any equity shares in respect of which such notice has been given may, at any time thereafter, before payment of the First and Final Call money and interest and expenses due in respect thereof, be forfeited by a resolution of our Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of such forfeited Rights Equity Shares and not actually paid before such forfeiture.

10) Our Company has not issued any Equity Shares at a price lower than the issue price during the preceding one year from the date of this Draft Letter of Offer.

11) Our Company presently does not have any intention or proposal to alter our capital structure by way of split/consolidation of the denominations of Equity Shares, or issue of Equity Shares on a preferential basis or issue of bonus or rights or further public issue of shares or any other securities or qualified institutional placement, within a period of six months from completion of the issue. However, in the event we enter into acquisitions or joint ventures or enter into strategic or new investments, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or to use such shares as consideration for such joint ventures.

12) We have not issued any shares during last one year except issue of 75,000 Equity Shares to one of the promoter of our Company representing face value of ₹ 10/- each at an issue price of ₹ 39/- per share (including Securities Premium of ₹ 29/- per share) on September 24, 2012 on preferential basis and proposed issue of 15,06,966 bonus Equity Shares out of Share Premium Account, in the ratio of (1:1) [1 (one) bonus Equity Share for every 1 (one) existing Equity Share held] vide Board resolution dated September 09, 2013 and members' approval to be obtained in their meeting scheduled on October 8, 2013.

13) Build-up of Promoter Shareholding

Name of the Promoter	Date of Allotment / Transfer	No.of shares acquired	Cumulative no. of shares	Issue Price	Face Value	Consideration	% of Pre Issue Paid up Capital	% of Post Issue Paid up Capital	No. of Shares under Lock-in	% of Pre-Issue Shares under Lock-in[5]
Dr. Himanshu C. Patel	30.12.1981	17,000	17,000	10	10	Cash			-	-
	1989	4,250	21,250	10	10	Cash			-	-
	20.06.1992	500	21,750	10	10	Cash			-	-
	25.06.1997	41,850	63,600	10	10	Cash			-	-
	07.04.1999	4,400	68,000	10	10	Cash			-	-
	07.04.1999	17,700	85,700	10	10	Cash			-	-
	16.08.1999	3,450	89,150	10	10	Cash			-	-

	16.08.1999	8,850	98,000	10	10	Cash			-	-
	30.11.1999	18,380	1,16,380	10	10	Cash			-	-
	25.03.2008	39,352	1,55,732	25	10	Cash			-	-
	25.07.2008	28,108	1,83,840	25	10	Cash			-	-
	05.10.2010	34,000	2,17,840	35	10	Cash			34,000	2.26%
	20.03.2012	71,000	2,88,840	36	10	Cash			71,000	4.71%
	[●]	2,88,840 [4]	5,77,680	-	10	Bonus			-	-
	Total	**5,77,680**					**19.17%**	**19.17%**	**1,05,000**	**6.97%**
Ms. Anar H. Patel	23.05.1981	3,000	3,000	10	10	Cash			-	-
	28.06.1992	100	3,100	10	10	Cash			-	-
	22.11.1995	8,460	11,560	10	10	Cash			-	-
	25.06.1997	31,298	42,858	10	10	Cash			-	-
	21.07.1997	12,660	55,518	10	10	Cash			-	-
	07.04.1999	22,250	77,768	10	10	Cash			-	-
	30.11.1999	56,150	1,33,918	10	10	Cash			-	-
	03.09.2001	24,700	1,58,618	10	10	Cash			-	-
	03.09.2001	10,340	1,68,958	10	10	Cash			-	-
	03.09.2001	4,950	1,73,908	10	10	Cash			-	-
	03.09.2001	5,000	1,78,908	10	10	Cash			-	-
	03.09.2001	6,600	1,85,508	10	10	Cash			-	-
	03.09.2001	4,600	1,90,108	10	10	Cash			-	-
	09.01.2002	15,649	2,05,757	10	10	Cash			-	-
	25.07.2008	28,108	2,33,865	25	10	Cash			-	-
	25.06.2009	56,216	2,90,081	25	10	Cash			-	-
	05.10.2010	34,000	3,24,081	35	10	Cash			34,000	2.26%
	14.09.2012	75,000	3,99,081	39	10	Cash			75,000	4.98%
	27.06.2013	8,940 [3]	4,08,021	-	10	-			-	-
	[●]	4,08,021 [4]	8,16,042	-	10	Bonus			-	-
	Total	**8,16,042**					**27.08%**	**27.08%**	**1,09,000**	**7.23%**
Mr. Nirmal H. Patel	24.10.1994	50	50	10	10	Cash			-	-
	22.11.1995	1,550	1,600	10	10	Cash			-	-
	12.06.1998	750	2,350	10	10	Cash			-	-
	25.06.1998	650	3,000	10	10	Cash			-	-
	20.07.1998	650	3,650	10	10	Cash			-	-
	19.05.1998	650	4,300	10	10	Cash			-	-
	12.02.1999	700	5,000	10	10	Cash			-	-
	17.07.1998	750	5,750	10	10	Cash			-	-
	27.11.1998	400	6,150	10	10	Cash			-	-
	22.12.1998	1,000	7,150	10	10	Cash			-	-
	22.12.1998	700	7,850	10	10	Cash			-	-
	25.02.1999	650	8,500	10	10	Cash			-	-
	16.08.1999	750	9,250	10	10	Cash			-	-
	18.03.1999	800	10,050	10	10	Cash			-	-

	18.03.1999	800	10,850	10	10	Cash			-	-
	18.03.1999	700	11,550	10	10	Cash			-	-
	18.03.1999	650	12,200	10	10	Cash			-	-
	23.03.1999	750	12,950	10	10	Cash			-	-
	17.07.1998	650	13,600	10	10	Cash			-	-
	16.08.1999	700	14,300	10	10	Cash			-	-
	20.12.1999	350	14,650	10	10	Cash			-	-
	28.12.1999	650	15,300	10	10	Cash			-	-
	28.12.1999	300	15,600	10	10	Cash			-	-
	28.12.1999	650	16,250	10	10	Cash			-	-
	28.12.1999	650	16,900	10	10	Cash			-	-
	28.12.1999	350	17,250	10	10	Cash			-	-
	28.12.1999	650	17,900	10	10	Cash			-	-
	10.05.2000	700	18,600	10	10	Cash			-	-
	10.05.2000	650	19,250	10	10	Cash			-	-
	10.05.2000	650	19,900	10	10	Cash			-	-
	10.05.2000	700	20,600	10	10	Cash			-	-
	10.05.2000	1,300	21,900	10	10	Cash			-	-
	10.05.2000	750	22,650	10	10	Cash			-	-
	10.05.2000	650	23,300	10	10	Cash			-	-
	10.05.2000	650	23,950	10	10	Cash			-	-
	23.05.2000	1,000	24,950	10	10	Cash			-	-
	23.05.2000	1,000	25,950	10	10	Cash			-	-
	22.12.2000	350	26,300	10	10	Cash			-	-
	22.12.2000	650	26,950	10	10	Cash			-	-
	3.09.2001	650	27,600	10	10	Cash			-	-
	3.09.2001	650	28,250	10	10	Cash			-	-
	3.09.2001	650	28,900	10	10	Cash			-	-
	9.01.2002	650	29,550	10	10	Cash			-	-
	10.01.2003	650	30,200	10	10	Cash			-	-
	10.01.2003	200	30,400	10	10	Cash			-	-
	10.01.2003	750	31,150	10	10	Cash			-	-
	10.01.2003	1,300	32,450	10	10	Cash			-	-
	25.03.2008	16,864	49,314	25	10	Cash			-	-
	[●]	49,314 [4]	98,628	-	10	Bonus			-	-
	Total	**98,628**					**3.27%**	**3.27%**	-	-
Grand Total			**14,92,350**				**49.52%**	**49.52%**	**2,14,000**	**14.20%**

Notes:

1. Post Issue shareholding % is calculated assuming full subscription.
2. For further details as to the Promoters, please refer to Chapter titled "History and Corporate Structure" on page 125 of this Draft Letter of Offer.
3. On June 27, 2013, Mr. Dinesh B. Patel has transferred 8,940 Equity Shares to Ms. Anar H. Patel by way of gift.

4. Bonus Issue: Our Company has proposed the issue of 15,06,966 bonus Equity Shares in the ratio of (1:1) [1 (one) bonus Equity Share for every 1 (one) existing Equity Share held] vide Board resolution dated September 09, 2013 and members' approval to be obtained in their meeting scheduled on October 8, 2013.
5. % of Pre-Issue Shares under Lock-in have been calculated as pre- bonus issue.

14) Except for 2,14,000 Equity Shares allotted on preferential basis to our Promoters, none of the Equity Shares of our Company are under lock-in, details of which are as under:

No.	Name of Shareholder	No. of Shares under Lock-in*	% of Shares under Lock-in as a % of Pre-Issue Share Capital	Lock-in Up to
1	Dr. Himanshu C. Patel	34,000	2.26%	October 04, 2013
		71,000	4.71%	March 19, 2015
2	Ms. Anar H. Patel	34,000	2.26%	October 04, 2013
		75,000	4.98%	September 13, 2015
	Total	**2,14,000**	**14.20%**	

**Pre-Bonus Issue*

15) Our Promoters have disclosed under the provisions of Regulation 57(2)(b) and under Clause 5 (VI)(C)(6)(a) of Part E of the SEBI (ICDR) Regulations that they intend to subscribe to their part of the Rights Entitlement. In case of under subscription, even after considering the additional shares applied by non-promoter shareholders, the Promoter, in order to ensure the minimum subscription in the Rights Issue, may contribute towards the unsubscribed portion of the Rights Issue along with their associates and persons falling within the promoter group (hereinafter referred to as "Promoter Group").

Our Promoters have confirmed that they along with the persons falling under the Promoter Group intend to subscribe to the full extent of their entitlement in the Issue. Promoter Group as defined under Regulation 2(1)(zb) of SEBI (ICDR) Regulations, 2009, also intends to apply for additional Equity Shares in the Issue such that at least 90% of the Issue Size is subscribed. The Promoter Group reserves their right to subscribe to their entitlement in the Issue either by themselves, relatives, associates or a combination of entities controlled by them, including by subscribing for Equity Shares pursuant to any renunciation made within the Promoter Group to another person forming part of the Promoter Group.

Our Promoters have provided an undertaking that they shall apply for additional Equity Shares in the Issue, directly or through persons falling within the Promoter Group, to the extent of the unsubscribed portion of the Issue, if any. As a result of this subscription and consequent allotment, the Promoter Group may acquire Equity Shares over and above their entitlement in the Issue, which may result in an increase of their shareholding being above the current shareholding.

This subscription and acquisition of additional Equity Shares by the Promoters Group through this Issue, if any, will not result in change of control of the management of our Company and shall be exempt in terms of provision under Regulation 10(4)(b) of the SEBI (SAST) Regulations, 2011. As such, other than meeting the requirements indicated in the Chapter titled "Objects of the Issue", there is no other intention / purpose for this Issue, including any intention to delist our Company, even if, as a result of allotment to the Promoters, in this Issue, the Promoter's shareholding in our Company exceeds their current shareholding.

The Promoter Group shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter Group of any unsubscribed portion, over and above their entitlement shall be done in compliance with clause 40A of the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

Our Promoters have given an undertaking that in case the subscription by them to the unsubscribed portion results in the public shareholding falling below the permissible minimum level as specified in the listing condition agreement, they will undertake necessary steps to maintain the minimum public shareholding in such manner and within such period as specified in Clause 40A of the Listing Agreement.

16) **Shareholding Pattern of the Company**

The table below presents the shareholding pattern of the Company as on June 30, 2013 as per Clause 35 of the Listing Agreement:

(1)(a)	**Statement showing shareholding pattern**			**Total No. of Shares**				
Category Code	**Category of Shareholder**	**No. of Share holders**	**Total No. of Shares**	**No. of shares held in Demat Form**	**Total Shareholding as % of Total No. of Shares**		**Shares pledged or otherwise encumbered**	
					% of Total Shares i.e. A+B	**% of Total Shares i.e. A+B+C**	**No. of Shares**	**As a %**
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)=(VIII)/(IV)*100**
(A)	**Shareholding of Promoter & Promoter Group**							
1	**Indian**							
A	Individual/ HUF	3	7,46,175	7,46,175	49.52	49.52	-	-
B	Central/ State Govt.							
C	Bodies Corporate							
D	Fin. Inst./ Bank							
E	Others							
	Sub Total (A)(1)	**3**	**7,46,175**	**7,46,175**	**49.52**	**49.52**	**0**	**0.00**
2	**Foreign**							
A	Individual (NRI/ Foreign)							
B	Bodies Corporate							
C	Institutions							
D	Others							
	Sub Total (A)(2)	0	0	0	0	0	0	0.00
	Total of Promoter & Promoter							
	Group (A) = (A)(1) + (A)(2)	**3**	**7,46,175**	**7,46,175**	**49.52**	**49.52**	**0**	**0.00**
(B)	**Public Shareholding**						**N.A.**	**N.A**
1	**Institutions**							
A	Mutual Funds							
B	Fin. Inst./ Bank							
C	Central/ State Govt.							
D	VCF							

E	Ins. Companies							
F	FII							
G	Foreign VCF							
H	Others							
	Sub Total (B)(1)	**0**	**0**	**0**	**0.00**	**0.00**		
2	**Non Institutions**							
A	Bodies Corporate	5	5,445	245	0.36	0.36		
b(i)	Individual shareholders holding nominal share capital < = ₹1,00,000	1,379	3,32,481	1,08,088	22.06	22.06		
b(ii)	Individual shareholders holding nominal share capital > ₹ 1,00,000	1	16,525	16,525	1.10	1.10		
C	Others (NRIs & OCB)	6	4,06,340	400	26.96	26.96		
	Sub Total (B)(2)	**1,391**	**7,60,791**	**1,25,258**	**50.48**	**50.48**		
	Total Public Shareholding							
	(B) = (B)(1) + (B)(2)	**1,391**	**7,60,791**	**1,25,258**	**50.48**	**50.48**		
	Total (A)+(B)	**1,394**	**15,06,966**	**8,71,433**	**100.00**	**100.00**	**N.A.**	**N.A**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**						**N.A.**	**N.A**
	Grand Total (A)+(B)+(C)	**1,394**	**15,06,966**	**8,71,433**	**100.00**	**100.00**		

Statement showing shareholding of persons belonging to Category "Promoter and Promoter Group"

Sr. No.	Name of Shareholder	Total Shares held		Shares Pledged or otherwise encumbered		
		Number	AS a % of grand total A+B+C	Number	As a %	As a % of grand total A+B+C
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
1	Ms. Anar H. Patel	4,08,021	27.08	0	0.00	0.00
2	Dr. Himanshu C. Patel	2,88,840	19.17	0	0.00	0.00
3	Mr. Nirmal H. Patel	49,314	3.27	0	0.00	0.00
	Total	**7,46,175**	**49.52**	**0**	**0**	**0**

Statement showing shareholding of persons belonging to Public holding more than 5% of total shares

Sr.No.	Name of Shareholder	No. of Shares	% of Total Shares
1	Vaessen Schoemaker Holding B. V.	4,05,840	26.93
	Total	**4,05,840**	**26.93**

Note : There are no outstanding of Warrants/ Convertible Securities as on date.

Statement showing shareholding of Public holding more than 1% of shares

Sr.No.	Name of Shareholder	No. of Shares	% of Total Shares
1	Mr. Ankit Jayantibhai Patel	16,525	1.10
	Total	**16,525**	**1.10**

Statement showing details of locked in shares

Sr.No.	Name of Shareholder	No. of Locked-in Shares	% of Total Shares
1	Ms. Anar H. Patel	1,09,000	7.23
2	Dr. Himanshu C. Patel	1,05,000	6.97
	Total	**2,14,000**	**14.20**

Statement showing details of Depository Receipts	Not Applicable
Statement showing details of Depository Receipts in excess of 1%	Not Applicable
Statement showing the voting pattern of shareholders, if more than one class of shares/securities is issued by the issuer	Not Applicable

17) **Pre & post Bonus Issue shareholding pattern of the Company:**

Our Company has proposed issue of bonus Equity Shares in the ratio of 1 (one) bonus Equity Share for every 1 (one) existing Equity Share of the Company making the post-bonus share capital of Rs. 301.40 lakhs.

Particulars	No. of share-holders	Pre Bonus Issue		Post Bonus Issue	
		Total No. of shares	% of Share holding	Total No. of shares	% of Share holding
Shareholding of Promoter and Promoter Group					
Individuals/ Hindu Undivided Family	**3**	**7,46,175**	**49.52**	**14,92,350**	**49.52**
a) Directors	2	6,96,861	46.25	13,93,722	46.25
b) Directors Relatives	1	49,314	3.27	98,628	3.27
Bodies Corporate	-	-	-	-	-
Financial Institutions/Banks	-	-	-	-	-
		7,46,175	49.52	14,92,350	49.52
	3	**7,46,175**	**49.52**	**14,92,350**	**49.52**
Public shareholding					
Institutions	-	-	-	-	-
<u>Non Institutions</u>					
Bodies Corporate	5	5,445	0.36	10,890	0.36
Individual Shareholders holding nominal share cap less than Rs.1 lakh	1,379	3,32,481	22.06	6,64,962	22.06

Individual Shareholders holding nominal share capital more than Rs. 1 lakh	1	16,525	1.10	33,050	1.10
Others (NR & NRI)	6	4,06,340	26.96	8,12,680	26.96
Total	**1,394**	**15,06,966**	**100.00**	**30,13,932**	**100.00**

18) Pre and post Rights Issue shareholding pattern of our Company assuming full subscription in the Rights Issue as on June 30, 2013, is given below (the pre and post issue shareholding may undergo a change).

Particulars	**No. of share-holders**	**Pre Rights Issue***		**Post Rights Issue**	
		Total No. of shares	**% of Share holding**	**Total No. of shares**	**% of Share holding**
Shareholding of Promoter and Promoter Group					
Individuals/ Hindu Undivided Family	**3**	**14,92,350**	**49.52**	**44,77,050**	**49.52**
a) Directors	2	13,93,722	46.25	41,81,166	46.25
b) Directors Relatives	1	98,628	3.27	2,95,884	3.27
Bodies Corporate	-	-	-	-	-
Financial Institutions/Banks	-	-	-	-	-
		14,92,350	49.52	44,77,050	49.52
	3	**14,92,350**	**49.52**	**44,77,050**	**49.52**
Public shareholding					
Institutions	-	-	-	-	-
<u>Non Institutions</u>					
Bodies Corporate	5	10,890	0.36	32,670	0.36
Individual Shareholders holding nominal share cap less than Rs.1 lakh	1,379	6,64,962	22.06	19,94,886	22.06
Individual Shareholders holding nominal share capital more than Rs. 1 lakh	1	33,050	1.10	99,150	1.10
Others (NR & NRI)	6	8,12,680	26.96	24,38,040	26.96
Total	**1,394**	**30,13,932***	**100.00**	**90,41,796**	**100.00**

*After considering Bonus Issue

Notes:-

i) Post Rights Issue holding is computed assuming that all shareholders subscribe to their Rights Entitlements in full.

ii) In case of under-subscription, even after considering the additional shares applied by Non promoter shareholders, if any, the Promoter group shareholders, in order to ensure the minimum subscription in the rights issue, may contribute towards the unsubscribed portion of the rights issue through their associates and only to that extent the post-Rights Issue holdings of the Promoter Group may go up.

19) **Top Ten Shareholders:**

i. Top Ten Shareholders as on date of filing of the Draft Letter of Offer with SEBI

Sr. No.	Name of the shareholder	No. of Shares	% of the Pre-Issue Share Capital
1	Ms. Anar H Patel	4,08,021	27.08%
2	Vaessen Schoemaker Holding B. V	4,05,840	26.93%
3	Dr. Himanshu C Patel	2,88,840	19.17%
4	Mr. Nirmal H Patel	49,314	3.27%
5	Mr. Ankit Jayantibhai Patel	16,525	1.10%
6	Mr. Bhavesh Dhirajlal Tanna	5,010	0.33%
7	VTC Leasing & Finance Limited	5,000	0.33%
8	Ms. Giraben Jitendraprasad Patel	3,800	0.25%
9	Ms. Ratnamala Satishbhai Patel	3,000	0.20%
10	Ms. Gunvanti Motilal Shah	2,700	0.18%
	Total	**11,88,050**	**78.84%**

ii. Two years prior to filling the draft Letter of Offer with the Stock Exchange

Sr. No.	Name of Shareholder	No. of Shares	% of the Share Capital
1	Vaessen Schoemaker Holding B. V	4,05,840	29.82%
2	Ms. Anar H. Patel	3,24,081	23.81%
3	Dr. Himanshu C. Patel	2,17,840	16.01%
4	Mr. Nirmal H. Patel	49,314	3.62%
5	Mr. Dinesh B. Patel	8,940	0.66%
6	VTC Leasing & Finance Limited	5,000	0.37%
7	Ms. Giraben Jitendraprasad Patel	3,800	0.28%
8	Mr. Dilipkumar R Mahadevia	3,350	0.25%
9	Ms. Ratnamala Satishbhai Patel	3,000	0.22%
10	Mr. Dipak Shantilal Patel	2,700	0.20%
	Total	**10,23,865**	**75.23%**

iii. 10 days prior to filling the draft Letter of Offer with the Stock Exchange

Sr. No.	Name of the shareholder	No. of Shares	% of the Pre-Issue Share Capital
1	Ms. Anar H. Patel	4,08,021	27.08%
2	Vaessen Schoemaker Holding B. V	4,05,840	26.93%
3	Dr. Himanshu C Patel	2,88,840	19.17%
4	Mr. Nirmal H. Patel	49,314	3.27%
5	Mr. Ankit Jayantibhai Patel	16,525	1.10%

6	Mr. Bhavesh Dhirajlal Tanna	5,010	0.33%
7	VTC Leasing & Finance Limited	5,000	0.33%
8	Ms. Giraben Jitendraprasad Patel	3,800	0.25%
9	Ms. Ratnamala Satishbhai Patel	3,000	0.20%
10	Ms. Gunvanti Motilal Shah	2,700	0.18%
	Total	**11,88,050**	**78.84%**

20) Our Promoter and Promoter group, directors & their immediate relatives have not purchased /sold any Equity Shares during the last six months.

21) **Promoters' Contribution and Lock in**

The present issue being a Rights Issue, provisions of the Promoters' Contribution and lock in are not applicable as per Regulation 34 (c) of SEBI (ICDR) Regulations.

22) Our Company, Promoters, Directors and Lead Manager have not entered into any buyback or standby arrangements for any of the securities being issued through this Draft Letter of Offer.

23) The Equity Shares offered through this issue shall be made fully paid up or may be forfeited for non-payment of calls within twelve months from the date of allotment of shares.

24) The Lead Manager and their associates do not hold any Equity Shares in our Company as on the date of filing of this Draft Letter of Offer.

25) No further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by our Company during the period commencing from the date of submission of the Draft Letter of Offer with SEBI till the Securities referred to in this Draft Letter of Offer have been listed, or application money is refunded on account of failure of the issue except Bonus Issue as mentioned above in para No. 4 of "Notes to Capital Structure" beginning on page 50 of this Draft Letter of Offer.

26) Our Promoter Group, the Directors of our Company who are Promoters, our other Directors and their relatives have not financed the purchase by any other person of securities of our Company other than in the normal course of the business of any financing entity during the period of six months immediately preceding the date of filing of this Draft Letter of Offer with the Board.

27) Our Company has not raised any bridge loan against the proceeds of this issue.

28) Our Company has 1,394 Equity Shareholders as on June 30, 2013.

29) For Equity Shares being offered on rights basis under this Issue, shareholders are entitled to the allotment of *2 (Two) Equity Shares for every 1 (One) Equity Share held.
*After considering Bonus issue.

30) The average cost of acquisition of promoters' shareholding is ₹ 20.94/- Per Equity Share. After considering the Bonus Issue, the average cost of acquisition of promoters' shareholding will be ₹10.47 per Equity Share.

31) There are no outstanding warrants, financial instruments or any rights, which would entitle our Promoter or other shareholders or any other person any option to acquire any of the Equity Shares as on the date of this Draft Letter of Offer.

32) The terms of Issue to Non-Resident Equity Shareholders / Applicants have been presented under the Chapter "Terms of the Issue" of this Draft Letter of offer.

33) The Issue will remain open for Fifteen (15) Working Days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding Thirty (30) working days from the Issue Opening Date.

34) The Equity Shares of our Company are of face value of ₹ 10 /- each and the marketable lot is 1 (one) equity share.. 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.

35) Our Company has not re-valued its assets since inception.

36) Our Company has not bought back its Equity Shares during last six (6) months.

37) In case permission for listing of the Rights Shares is not granted by the ASE and such other recognized Stock Echange where the Equity Shares of the Company may be listed, the Company shall forthwith repay without interest, all monies received from the applicants in pursuance of this Draft Letter of Offer and if such money is not repaid within eight (8) working days after the day from which the Company is liable to repay it, the Company shall pay interest @15% p.a. as prescribed under Section 73 (2)/ 73 (2A) of the Companies Act, 1956.

SECTION IV: PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The proceeds of the Issue, after deducting the Issue related expenses (the **"Net Proceeds"**), are estimated to be approximately ₹ **[●]** Lakhs.

The Net Proceeds of the Issue are proposed to be deployed for financing the following objects:

1. To undertake the expansion of the existing facility of manufacturing Sterile Injectables;
2. General Corporate Purposes.

The Main Object clause and objects incidental or ancillary to the Main Object clause of the Memorandum of Association of our Company permits our Company to undertake the existing activities and the activities for which the funds are being raised through the present issue. Further, we confirm that the activities we have been carrying on until now are in accordance with the objects clause of our Memorandum of Association.

Issue Proceeds, Issue Related Expenses and Net Proceeds

The details of proceeds of the Issue are summarized in the following table:

Sr. No.	Description	₹ In Lakhs
1.	Gross Proceeds of the Issue	**[●]**
2.	Issue related Expenses	**[●]**
3.	Net Proceeds of the Issue	**[●]**

Utilization of Net Proceeds of the Issue

We intend to utilize the Net Proceeds of the Issue of ₹ **[●]** lakhs for part-financing the objects as set forth below:

Sr. No.	Cost of Project	₹ In Lakhs
1	To undertake the expansion of the existing facility of manufacturing Sterile Injectables	3475.00
2	General Corporate Purposes	**[●]**
	Total Cost of Project	**[●]**

Details of Means of Finance / Source of Finance

We propose to fund the objects of the Issue as under:

Sr. No.	Means of Finance	₹ In Lakhs
1.	Net Proceeds of Issue of Shares under this Rights Issue	**[●]**
2.	Project Term Loan from Banks	2250.00
3.	Unsecured Loans from Promoters & Others	325.00
	Total Means of Finance	**[●]**

Our Company has deployed ₹ 470.02 lakhs towards meeting the expenditure incurred on the proposed expansion plan as on July 29, 2013, which is certified by M/s. Sompura & Associates, Chartered Accountants, vide their Certificate dated July 31, 2013.

Means of Finance
We propose to meet the requirement of funds for the Objects from the Net Proceeds of the Issue, Unsecured Loans and Loan from Banks.

Net Proceeds of the Rights Issue

We propose to utilize net proceeds of the issue of approx. ₹ **[●]** Lakhs by way of proposed rights issue of shares.

Project Term Loan from Banks

We have been sanctioned project term loans of ₹1,250.00 lakhs and ₹1,000.00 lakhs by Axis Bank Limited and Bank of India by way of their sanction letter dated June 11, 2013 and July 23, 2013 respectively.

Details of the terms of Bank Borrowings

Particulars	**Axis Bank Limited**	**Bank of India**
Loan Amt. (₹ Lakhs)	1,250.00	1,000.00
Rate of Interest	Base Rate + 3.75% p.a. (Existing Base Rate 10% and hence effective rate of interest is 13.75% p.a. payable monthly)	*Base Rate + 3.50% p.a. (Existing Base Rate 10% and hence effective rate of interest is 13.50% p.a. payable monthly)
Tenor	90 months (Including moratorium period)	90 months (Including moratorium period)
Moratorium Period	18 months	18 months
Margin Money	35.25%	35.25%
Repayment Terms	71 monthly installments of ₹ 17.30 lacs and 72nd installment of ₹ 21.70 lacs commencing after moratorium period from the last date of first disbursement	71 monthly installments of ₹ 13.90 lacs and 72nd installment of ₹ 13.10 lacs commencing after moratorium period from the last date of first disbursement
Security	**Primary** First pari passu charge on Fixed Assets to be acquired out of bank finance with other consortium lenders **Collateral** • Second charge on fixed assets funded by the consortium • First pari passu charge by way of mortgage of company's land and building situated at survey block No. 457/P, Chhatral, Taluka: Kalol (N.G.), Dist. Gandhinagar admeasuring 14153.50 sq. mt. • First pari passu charge by way of mortgage of company's land situated at survey block No. 460/P, Chhatral, Taluka: Kalol (N.G.), Dist. Gandhinagar admeasuring 17300.00 sq. mt. • First pari passu on the Plant and Machinery of company with other consortium banks.	**Primary** First pari passu charge on Fixed Assets to be acquired out of bank finance with other consortium lenders **Collateral** • First pari passu charge by way of mortgage of company's land and building situated at survey block No. 457/P, Chhatral, Taluka: Kalol (N.G.), Dist. Gandhinagar admeasuring 14153.50 sq. mt. • First pari passu charge by way of mortgage of company's land situated at survey block No. 460/P, Chhatral, Taluka: Kalol (N.G.), Dist. Gandhinagar admeasuring 17300.00 sq. mt. • First pari passu on all other Plant and Machineries of company
Guarantee	Personal guarantee of Dr. Himanshu C. Patel	Personal guarantee of Dr. Himanshu C. Patel

Unsecured Loans from Promoters & Others:

As on July 29, 2013, the promoters of our Company and others have brought in an aggregare unsecured loans of ₹233.47 lakhs to part-finance the project cost as certified by M/s. Sompura & Associates, Chartered Accountants, vide their Certificate dated July 31, 2013. The Promoters of our Company viz. Dr. Himanshu C. Patel, Ms. Anar H. Patel and Mr. Nirmal H. Patel have given an undertaking to bring in the balance unsecured loan of ₹ 91.53 lakhs in order to part-finance the project cost. These unsecured loans are intended to be repayable after repayment of project term loans availed from Axis Bank Limited and Bank of India.

Accordingly, we have made the firm arrangements of finance through verifiable means for 75% of the stated means of finance excluding the Issue Proceeds under Regulation 4 (2) (g) of the SEBI (ICDR) Regulations.

Details of Objects of the Issue

1. ***To undertake the expansion of the existing facility of manufacturing Sterile Injectables***

Our Company is in the process of expanding existing facility of manufacturing sterile injectables. The aforementioned proposed expansion (hereinafter referred to as "Expansion Project" will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS).

About ISBM Technology

The Company will be amongst the first to introduce sterile injectables by using the ISBM technology in the Indian markets. The ISBM technology has a distinct advantage over the existing FFS technology prevalent in the industry and gives unique features to the final product *viz.* more compact, more transparent and the liquid sterile injectable can be sterilized up to 121 degree celsius, which is recommended by EMEA *vis-à-vis* 105 degree celsius for FFS technology. This product has a stopper attached to it which reduces leakages and superior quality as compared to FFS. The ISBM technology also offers significant cost advantages in terms of lower raw material consumption, higher product yields and lower labour costs. The Company will be targeting to existing market catered by the bottles manufactured through the FFS (technology) segment in the urban markets which has a total market size of 40 lac bottles per day. The Company's production capacity being built up with the Expansion Project will be 1 lakh bottles per day which will be equivalent to 2% of the total market of FFS at full capacity utilization. Hence the risk of competition is mitigated till the time the Company is able to replace a substantial share of bottles made through the FFS technology in the market.

Overall advantages of the Project

Product and Sales Advantage

The company with its new packaging will be able to sell its sterile injectables in the Corporate Hospital segment. In terms of different packaging, the company will be able to cater to the demands of the products acceptable in glass bottles like Paracetamol Sterile Injectables. The Government Tender market and the Rural Markets will be fulfilled by the Plastic BFS bottles where price is a concern. Accordingly, the Company can cater to entire spectrum of market demand of Sterile Injectables.

The Exports exposure of the Company will increase through the new product and hence it will gain more recognition in the export market. This can boost the export sales of the Glass, BFS and the 10 liters Hem dialysis products (nephrology).

Operational Benefits:

The company through this Expansion Project will be increasing its capacity substantially and hence will reduce the operational cost of the plant by achieving the economies of scale.

Better Margin:

Due to lower rejections and lower consumption of raw materials, the margin would be much better than the existing BFS technology.

The Expansion Project is intended to be implemented adjacent to our existing plant location spread over 5300 sq. meters at Plot No. 457 & 460, Village- Chhatral, Sub-district Kalol, Gandhinagar District, Gujarat at an estimated cost of approx. ₹3475 lakhs. The Company proposes to complete implementation of Expansion Project by March 2014 and commence commercial production by April 2014.

The break-up of the Project Cost is given hereunder:

Sr. No.	Particulars	₹ In Lakhs
I	Land	NIL
II	Factory Building and Other Civil Work (including Administrative Block)	640.00
III	**Plant and Machinery**	
(a)	Imported Machineries	633.00
(b)	Indigenous Machineries, Erection, Electrification and Other Installations	1658.00
IV	Statutory and Preoperative Expenses	53.32
V	Interest during Construction Period	204.00
VI	Margin Money for Working Capital	120.00
VII	Provision for Contingencies	166.68
	Total	**3475.00**

The break-up of the estimated cost of expansion plan is given hereunder:

I. Land

As on the date of this Draft Letter of Offer, our Company owns non-agriculture land aggregating to 35,309 sq. meters, which consists of two adjoining plots viz. Plot No. 457 admeasuring 18,009 sq. meters and Plot No. 460 admeasuring 17,300 sq. meters at Village-Chhatral, Sub-district Kalol, Gandhinagar District, Gujarat. The said land is a freehold and is well connected by Road, Rail and Port.

Our existing manufacturing facility occupies 14,124 sq. meter of land and the rest is open and available for expansion of manufacturing facility. We intend to utilize approx. 5,300 sq. meter of land for setting-up the proposed manufacturing facility. Therefore, our Company does not propose to incur any expenditure on acquisition of land for the proposed project.

II. Factory Building and Other Civil Works (including Administrative Block)

We plan to create Factory Building Structure housing our proposed facility with an installed capacity of 288 lakhs bottles per annum which shall include facilities such as raw-material input section, storage section, manufacturing blocks, utilities like Air Handling Units, boiler house, etc. In this regard, we have obtained an estimate from Architect and Structural engineering consultant viz. Horizon Creations Private Limited certifying the estimated cost of ₹640.00 lakhs to be incurred on Civil Work and Structures.

The details of civil work and structures to be built for expansion facilities are as under:

Sr. No.	Name of Area	Area	Unit	Rate per Unit	Cost ₹ In Lakhs
1	Ground Floor	1481	Sq. Mt.	15,000	222.15
2	First Floor	795	Sq. Mt.	12,000	95.40
3	Service Area	100	Sq. Mt.	12,000	12.00
4	Utility Block	500	Sq. Mt.	15,000	75.00
5	Doors & Windows	93	Sq. Mt.	8000	7.44
6	False Ceiling	1022	Sq. Mt.	600	6.13
7	Epoxy Work	1	Lot	10,00,000	10.00
8	Bore Well / UGT / Plumbing & Drainage	1	No.	35,00,000	35.00
9	Pipe Rack & Support Steel Work	40	Ton	70,000	28.00
10	ETP Civil Work	1	Lot	15,00,000	15.00
11	RCC Road	1	Lot	54,00,000	54.00
12	Construction on Reception Area, Construction of Admin. Block & Conference Hall	1	Lot	80,00,000	80.00
	TOTAL				**640.12**

(Source: Quotation received from Horizon Creations Private Limited dated 15th April 2013)

The civil work and structure work includes earth work, plain and reinforced cement work, masonry work, plastering & pointing, water proofing, flooring, paving & floor finishing, steel structural work, doors & windows, plumbing and sanitary, RCC road work, Effluent treatment civil work, etc.

III. Plant and Machinery

We plan to procure plant and machinery for expansion project from domestic market as well as overseas. We propose to import plant and machineries costing approx. ₹633 lakhs including cost of machines, cost of transportation, freight, insurance, customs duty, additional customs duty, cost of erection and commissioning, etc.

(a) Imported Plant and Machineries

Plant and Machinery	Name of Supplier	(₹ In Lakhs)	Quotation Date
Bottle Filling and Sealing Machine with capacity to manufacture 5,000 bottles / hr. (to fill the bottle with Sterile Injectables, Seal it and attach stopper)	Plumat Maschinenbau Vertriebsgesellschaft mbH, Germany	633.00	February 18, 2013
Total		**633.00**	

(Source: Quotations received by our Company)

(b) Indigenous Plant and Machineries

Sr. No.	Description of Plant & Machinery, Equipment & Accessories	Name of Supplier	Capacity	Qty.	Cost ₹ In Lakhs	Quotation Date
1	Air Handling Unit (incl. Labour Work)	Airmax Gujarat Private Limited	As per Room Area		351.81	March 13, 2013
2	Nissie ASB Moulding Machine	ASB International Private Limited	2618 BPH	2	346.41	March 23, 2013

3	Mold for Nissie ASB	ASB International Private Limited		2	154.72	March 23, 2013
4	Super-Heated Water Spray Sterilizer & Steam Sterilizer cum Bung Processor	Metal Chem Industries			312.77	March 12, 2013
5	Modular (Doors, Accessories and Installation)	Ajni Industries Private Limited			75.37	March 22, 2013
6	Diesel Generator Set	Sudhir Transformers Limited	750 KVA	1	54.69	January 16, 2013
7	Stainless Steel (SS) Tank	Ravindra Eng. Works	10,000 LTR	2	54.34	March 12, 2013
8	Air Compressor with Dryer and 2 Filters	Chicago Pneumatic Sales	55 CFM	2	39.90	January 17, 2013
9	Boiler	Clean Combustion Private Limited (Walia)	5.0 TPH	1	35.63	March 15, 2013
10	Clean room equipment	Fabtech Technologies International Limited			31.89	February 12, 2013
11	RO	Arvind Accel	15000 LTR	1	28.35	October 18, 2012
12	FC Curtis Rotary Screw Air Compressor (25 HP)	Excel Pneumatic	105 CFM	3	22.81	January 17, 2013
13	Cage Hoist Crane 4000 KG	Safex Industries Limited	4000 KG	1	15.16	January 01, 2013
14	Auto Flow Wrapping Machine	UFlex Limited	100 BPM	1	12.85	January 17, 2013
15	Water Chiller for ASB-19.1	Nu-Vu Conair Private Limited	ECA – 7	2	10.11	January11, 2013
16	Transformer 1000 KVA TX	Sudhir Transformers Limited			8.45	January 19, 2013
17	Mold Temp Controller	Nu-Vu Conair Private Limited	AT2-MC-1.5 KW	6	7.94	January11, 2013
18	SS Filter Press Reverse Flow	Pharmalab India Private Limited	Flow – 5000 LPH	1	6.88	January 21, 2013
19	Automatic Sticker Labelling Machine	Maharshi Udyog	100 BPM	1	4.52	December 24, 2012
20	Thermal Ink Jet	Maharshi Udyog	Part of Labelling Machine	1	-	-
21	Dispensing Booth (RLAF)	Fabtec Technologies International Limited	6 * 3 Ft.	1	4.45	February 19, 2013
22	Vacuum Circuit Breakers	Sudhir Transformers Limited			3.39	January 16, 2013
23	Garment Storage Cab	Fabtec Technologies International Limited	4 * 3 Ft.	1	3.13	February 19, 2013
24	Static Pass Box	Fabtec Technologies International Limited	1 * 1 Mtr.	2	3.00	February 19, 2013
25	Konark Online Visual Inspection Unit	JP Marketing	100 BPM	1	2.02	January 16, 2013
26	Hopper Loader	Nu-Vu Conair Private Limited	50 kg / hr.	2	1.80	January11, 2013

27	Strapex Make Case Sealer Size 2”	Manilal Pack Plast Private Limited	300 BHP	1	1.73	December 28, 2012
28	Konark Packing Conveyor Belt	JP Marketing	100 BPM	1	1.42	January 16, 2013
29	Centrifugal Pump	Jay Pumps Private Limited	15000 LT	2	1.33	January 17, 2013
30	Manual Pallet Truck	Majboot Material Handling	2500 KG	5	1.15	March 18, 2013
31	FRP Cooling Tower	Tower Tech	150 TR	1	0.99	March 15, 2013
32	10” Hosing	PAM Engg.	Flow – 5000 LPH	5	0.45	March 15, 2013
33	Pressure Gauge, Drain Valve, Vent Valve	PAM Engg.		5	0.21	March 15, 2013
34	Leak Testing Machine	Maharshi Industries	100 BPM	1	1.94	January 16, 2013
35	VFD for Leak Testing Machine	Maharshi Industries	-	1	0.16	January 16, 2013
36	Electrical & Other Items				56.00	
TOTAL					**1657.77**	

(Source: Quotations received by our Company)

Description of Major Indigenous Machineries and Equipment

ASB Moulding Machine: (Nissel ASB Bi-Axial orientation Stretch Blow Moulding): This machine would be used to manufacture bottles from PP granules. The entire process would be as follows:

- √ First, Granules will be molten.
- √ This liquid will be moulded with proper mixture
- √ This mould would be air filled and then it would be filled in bottles

This machine would have capacity to manufacture 12 bottles per round. There will be 200 rounds per hour. There would be two such machines and accordingly, there would be 4800 bottles manufactured per hour.

Air Handling Unit

The Air conditioners would be used to maintain the temperature of the rooms in which the machineries are placed. Also air handling units are used to maintain clean rooms as per FDA/GMP provisions and to avoid contamination of the filling & sealing area etc.

Autoclave Sterilizer

Post filling, bottles will be sterilized at 121 Degree Celsius as per FDA/GMP norms. This will require sourcing an autoclave sterilizer from Metal Chem Industries. The sterilizer will operate at the rate of the filling line i.e. 5000BPH.

Packing Line

The filled bottles will be transferred from sterilizer to the packing line. The packing line will be used to sort, visually inspect & label the product. The packing line is a combination of a Leak Testing Machine (Maharshi Industries), Visual Inspection Unit (Maharshi Industries), an automatic labelling machine (Maharshi Udyog), a conveyor (Konark) & a flow wrapping machine (Uflex). The bottle once packed will be cartooned and will be ready for dispatch. The entire packing line has a capacity of operating at approx. 100 bottles per minute, i.e. 6000 BPH.

Auxiliary Equipment

Transformers

The company has an existing transformer but is proposing to buy a new transformer to take on the additional load and improve efficiencies (Sudhir Transformers 750 kVA with VCB).

Air Compressors

The filling line, AHU and the ASB Moulding machine will require various combinations of Air Compressors for manufacturing operations. The company is sourcing 5 Air compressors of High Pressure and Low Pressure from Chicago Pneumatic & FC Curtis respectively.

Boiler

The boiler is required for heating the water for injection to desirable temperature (70 Degree Celsius). It will work on Bio fuel which gives the project a significant cost & environmental advantage. It will be sourced from Clean Combustion Private Limited (Walia Engineers).

The above cost of plant and machinery, equipment and accessories includes the cost of transportation, freight, insurance, central sales tax, value added tax, excise, custom duty, counter veiling duty, education cess and other cess.

IV. Statutory and Pre-operative Expenses

Statutory and preoperative expenses include preliminary investigation and consultancy, engineering consultancy, fees of lenders advisors, and balance towards financial & legal charges and miscellaneous expenses. Total estimated expenditure towards the statutory and pre-operative expenses is ₹ 53.32 Lakhs.

V. Interest During Construction Period

We have been sanctioned project term loan of ₹ 2250 lakhs by consortium of Banks led by Axis Bank Limited, (₹ 1250.00 Lakhs) by their sanction letter dated June 11, 2013 and Bank of India (₹ 1000.00 Lakhs) by their letter dated July 23, 2013. These loans carry a moratorium period of 18 months. Interest during construction period is expected to be approx. ₹ 204 lakhs.

VI. Margin Money for Working Capital

Provision for margin money for working capital has been made at ₹120 lakhs and estimated at 25% of total working capital requirement for the first year of full operations.

VII. Provision for Contingencies

Provision for contingency on account of exchange fluctuations, increase in prices of plant and machinery, civil construction, transportation costs, input materials, etc. has been provided at about 4.80% of total estimated cost (being ₹166.68 lakhs of total cost of ₹3475 lakhs).

2. General Corporate Purposes

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

If the actual utilization earmarked for the Objects is lower than the proposed deployment then such balance of the Net Proceeds of the Issue would be used for future growth opportunities including general corporate purposes but not restricted to meeting expenditure towards strategic initiatives, brand building exercises, strengthening of our marketing capabilities, meeting exigencies and/or any other purposes as approved by our Board of Directors.

Our Company undertakes that the expenses related to general corporate purposes shall not exceed 25% of the amount raised by our Company through this Rights Issue as specified under Regulation 4 (4) of SEBI (ICDR) Regulations. Further, any expenses related to the Issue will not be considered as a part of General Corporate Purpose as required under Regulation 2 (1)(na) of SEBI (ICDR) Regulations.

Estimated Expenses related to Issue

The Issue related expenses consist of fees payable to Lead Manager to the Issue, Legal Counsels, Bankers to the Issue, Escrow Bankers and Registrars to the Issue, Printing and Distribution expenses, Advertising expenses, Depository fees and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchange. We intend to use about ₹ **[●]** lakhs towards these expenses for the Issue. All expenses with respect to the Issue will be borne out of Issue proceeds.

Particulars	**Amount (₹ In Lakhs)**	**% of Issue Size**	**% of Issue Expenses**
Fees to Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Statutory Auditors	**[●]**	**[●]**	**[●]**
Advertising Expenses	**[●]**	**[●]**	**[●]**
Printing, Stationary, Dispatch Expenses	**[●]**	**[●]**	**[●]**
Other Expenses (including listing fee, SEBI filing fee, Depository charges, Stamp Duty, Fees to SCSB for ASBA application, etc.)	**[●]**	**[●]**	**[●]**
Total	**[●]**	**[●]**	**[●]**

MONITORING OF FUNDS

There is no requirement for a monitoring agency in terms of Regulation 16 of the SEBI (ICDR) Regulations. The Audit Committee appointed by the Board of Directors will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of net proceeds of the issue under a separate head in our audited financial statements, clearly specifying the purpose for which such proceeds have been utilized and also indicating investments, if any, of such utilized proceeds of the Issue.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, Promoter group, our Directors, group companies or key managerial employees, except in the normal course of our business.

APPRAISAL

Our project has not been appraised by any external agency.

For risks associated with our Objects of the Issue, please refer to the Section titled "Risk Factors" beginning on page 15 of this Draft Letter of Offer.

SCHEDULE OF IMPLEMENTATION

Sr. No.	Schedule of Activities	Expected Date of Commencement	Expected Date of Completion
1	Site Development	May 2013	June 2013
2	Civil Works	June 2013	December 2013
3	Ordering of Plant and Machineries	May 2013	September 2013
4	Receipt of Plant and Machineries and Erection and Installation	January 2014	March 2014
5	Trial Production	March 2014	March 2014
6	Commercial Production	April 2014	-

Any expenditure incurred towards the Objects would be recouped from the Net Proceeds of the Issue. In the event estimated utilization out of the Net Proceeds of the Issue in any given financial year is not completely met, the same shall be utilized in the next financial year.

FUNDS DEPLOYED

Our Company has deployed ₹ 470.02 lakhs towards meeting the expenditure incurred on the proposed expansion plan as on July 29, 2013, which is certified by M/s. Sompura & Associates, Chartered Accountants vide their letter dated July 31, 2013.

DEPLOYMENT OF FUNDS AND SOURCES OF FUNDS

Description of Deployment of Funds and Sources of Funds	₹ In Lakhs
Advance towards ordering of Plant and Machinery	352.70
Statutory and Pre-operative Expenses	53.32
Advance towards Civil Construction	64.00
Total Funds Deployed	**470.02**
Sources of Funds	
Proceeds of Issue of Shares under this Rights Issue	Nil
Unsecured Loans from Promoters and Group	233.47
Loan from Bank	236.55
Total Sources of Funds Deployed	**470.02**

SCHEDULE OF DEPLOYMENT OF BALANCE FUNDS

Sr. No.	Particulars	Funds Deployed till July 29, 2013	Funds to be deployed from August 2013 to March 2014	₹ In Lakhs
I	Land	-	-	NIL
II	Factory Building and Other Civil Work (including Administrative Block)	64.00	576.00	640.00
III	**Plant and Machinery**			
(a)	Imported Machineries	49.85	583.15	633.00
(b)	Indigenous Machineries, Erection, Electrification and Other Installations	302.85	1355.15	1658.00
IV	Statutory and Preoperative Expenses	53.32	-	53.32
V	Interest during Construction Period	-	204.00	204.00

VI	Margin Money for Working Capital	-	120.00	120.00
VII	Provision for Contingencies	-	166.68	166.68
	Total	**470.02**	**3004.98**	**3475.00**

SHORTFALL OF FUNDS

In case of a shortfall in the Net Proceeds, our Company shall utilise internal accruals or raise alternate resources.

INTERIM USE OF ISSUE PROCEEDS

We, in accordance with the policies established by our Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Net proceeds will be determined by us based upon the development of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in high quality interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures for the necessary duration. Our company confirms that pending utilization of the Net Proceeds, it shall not use the funds for any investments in the equity markets.

BASIC TERMS OF THE ISSUE

The Equity Shares, now being issued, are subject to the terms and conditions of this Draft Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, the approvals from the GOI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, guidelines / regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/ or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or Security Certificate and rules as may be applicable and introduced from time to time.

BASIS FOR ISSUE PRICE

The Issue Price is ₹ **[●]** per Equity Share as determined by our Company, in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The face value of each Equity Share is ₹10/-. The Issue Price is ₹ **[●]** times the face value of Equity Shares.

Qualitative Factors

Competitive Strengths

- ❖ Diverse Product Portfolio
- ❖ Wide sales, marketing and distribution network
- ❖ Wide range of fill volumes
- ❖ Experienced management team and well qualified senior executives

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see "Business Overview" and "Risk Factors" on pages 99 and 15 of this Draft Letter of Offer, respectively.

Quantitative Factors

The information presented in this chapter is derived from our restated financial information, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Earnings Per Share (EPS)

Sr. No.	Financial Year	Amount in ₹	Weights
A	2010-11	4.72	1
B	2011-12	5.80	2
C	2012-13	6.81	3
D	Weighted Average	**6.13**	

Note:
Earnings per Share calculations are done in accordance with Accounting Standard (AS) – 20 "Earnings per Share" notified under the Companies (Accounting Standards) Rules, 2006.

2. Price Earning Ratio (P/E) in relation to the Issue Price of ₹ [●] per equity share of face value of ₹ 10 each:

Particulars	Price Earning Ratio
P/E Ratio based on basic EPS of ₹ 6.81 for the year ended March 31, 2013 at the Issue Price	**[●]**

3. Industry PE

Sr. No.	Particulars	Price Earning Ratio
A	Highest	195.90
B	Lowest	1.70
C	Industry Composite	29.00

(Source: Dalal Street Journal, Volume – XXVIII No. 20 dated September 22, 2013)

4. Return on Net worth

Sr. No.	Financial Year	% Return on Net worth	Weights
A	2010-11	10.79%	1
B	2011-12	12.00%	2
C	2012-13	13.31%	3
D	**Weighted Average**	**12.45%**	

Return on Newt worth = Net Profit / (Loss) after Tax, as restated
Net Worth excluding revaluation reserve at the end of the year / period

5. Minimum Return on Net Worth after Issue needed to maintain Pre- Issue EPS

Based on Basic EPS

At the Issue Price ₹ [●], the minimum return on Networth after Issue needed to maintain Pre-Issue EPS is [●] % based on Restated Financial Statements.

6. Net Asset Value

Sr. No.	Net Asset Value	Per Share
A	As at March 31, 2013	49.94
B	After Issue	[●]
C	Issue Price	[●]

Notes:

(i) Issue Price and the NAV after the Issue will be determined after finalisation of Issue Price.

(ii) NAV is the net worth as restated divided by Equity Shares at the end of the specified period, if any.

7. Comparison with Financial ratios of the Peer Group

Name of the Company	Period Ended	Face Value per Equity Share (₹)	Parameters (Based on Standalone Financial Information)						
			Sales	PAT	Book Value (₹)	RONW (%)	EPS (₹)	P/E Ratio (x)	Price as on 06.09.2013
			(₹ In Lakhs)						
Denis Chem Lab Limited	**31.03.2013**	**10**	**5602.96**	**100.21**	**49.94**	**13.31**	**6.81**	**-**	**-**
Peer Group									
Parenteral Drugs (I) Limited	31.03.2013	10	18735.00	(8520.00)	75.13	(43.84)	(32.94)	-	45.95
Claris Lifesciences Limited	31.12.2012	10	71801.00	7442.00	146.70	7.95	11.66	14.13	164.75
Fresenius Kabi Oncology Limited	31.03.2013	1	59630.00	8059.00	42.55	11.97	5.09	24.47	124.55

(Source: www.bseindia.com)

The Face value per share is ₹10/- and the Issue Price of ₹ [●] is [●] times the Face Value.

The Lead Manager believes that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of our Company including important profitability and return ratios, as set out in the Auditors' report on page no. 151 of this Draft Letter of Offer to have a more informed view of the investment proposition.

Market Price

The Equity Shares of our Company are listed on ASE. However, there has been no trading of shares on ASE platform since 2004. Accordingly, the Equity Shares of the Company have not been traded on the date immediately preceding the date of Board Meeting in which Rights Issue was approved by the Board of Directors of the Company. On the basis of the above mentioned qualitative and quantitative parameters, the Lead Manager and our Company are of the opinion that the Issue Price of ₹ [●] per share is reasonable and justified.

STATEMENT OF TAX BENEFITS

The Board of Directors
Denis Chem Lab Limited
401, Abhishree Complex, Opp. Om Tower,
Satellite Road, Ahmedabad – 380 015

Dear Sirs,

Statement of Possible Tax Benefits available to Denis Chem Lab Limited ('the Company') and its shareholders

We hereby confirm that the enclosed annexure, prepared by the Company, states the possible tax benefits available to Denis Chem Lab Limited, ('the Company') and its shareholders under the provisions of the Income Tax Act, 1961 ("the IT Act") and the Wealth Tax Act, 1957 ("the WT Act") presently in force in India for the FY 2012-13 and amendments made vide the Finance Act, 2013 to give effect to the financial proposals of the Central Government for the FY 2013-14. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, 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 issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

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

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

For, Shah & Shah Associates
Chartered Accountants
Firm Reg. No.: 113742W

Vasant C. Tanna
Partner
Membership No.: 100422

Place: Ahmedabad
Date: June 18, 2013

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO DENIS CHEM LAB LIMITED AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFITS

There are no Special Tax benefits available to Denis Chem Lab Limited and its shareholders.

II. GENERAL TAX BENEFITS

General benefits available to the Company under the Income-tax Act, 1961 (the Act)

A) BUSINESS INCOME:

a) Depreciation:

The Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets owned by it and used for the purposes of its business under Section 32 of the IT Act.

In case of new machinery or plant (other than ships and aircrafts), that is acquired and installed after 31.03.2005 by the company engaged in the business of manufacture or production of any article or thing, it is entitled to additional depreciation equal to 20 % of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the IT Act.

Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs as per Section 32 subject to the provisions of sub- section (2) of Section 72 and sub-section (3) of Section 73 of the IT Act.

b) Preliminary Expenditure:

As per Section 35D of the IT Act, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions and limits specified in that section.

c) Expenditure incurred on Amalgamation or Demerger:

As per Section 35DD of the IT Act, for any expenditure incurred wholly and exclusive for the purposes of amalgamation or demerger, the company is eligible for deduction of an amount equal to $1/5^{th}$ of such expenditure for each of the five successive years beginning with year in which amalgamation or demerger takes place.

d) Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with his voluntary retirement for an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

e) Carry forward of business loss:

As per Section 72(1) of the IT Act, where for any FY, the net result of the computation under the head "Profits & Gains of Business or Profession" is a loss to the company (not being a loss sustained in a speculation business), then to the extent to which such loss cannot be set off against income under any other head of income (other than salary) for the same year, it shall be eligible to be carried forward and available for set off only against income from business under the head "Profits & Gains of Business or Profession" for subsequent FYs. As per Section 72(3) of the IT Act, the loss carried forward can be set off subject to a limit of 8 FYs immediately succeeding the FY for which the loss was first computed.

However, as per Section 80 of the IT Act, only a loss which has been determined in pursuance of a return filed in accordance with the provisions of Section 139(3) of the IT Act shall be carried forward and set off under Section 72(1) of the IT Act.

f) Deduction for interest on borrowed capital:

As per Section 36 (1) (iii) of the Act and subject to the conditions mentioned therein, the company is eligible for a deduction for interest paid by it in respect of capital borrowed for the purpose of the business and profession.

g) MAT Credit:

As per Section 115JAA(1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any AY commencing on or after April 1, 2006 against normal income tax payable in subsequent AYs. MAT credit shall be allowed for any A.Y. to the extent of difference between the tax computed as per the normal provisions of the Act for that A.Y. and the MAT which would be payable for that A.Y. Such MAT credit will be available for set-off up to 10 years succeeding the A.Y. in which the MAT credit initially arose.

h) Dividend Distribution Tax:

As per Section 115O of the IT Act, for the purpose of payment of Dividend Distribution Tax on dividends, the dividends so declared, distributed or paid by domestic company shall be reduced by dividends received from its domestic subsidiary company in the same year provided the subsidiary has paid the Dividend Distribution Tax on the same.

For the said purpose, a company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

As per the Finance Act, 2013, the dividend so declared, distributed or paid by domestic company shall be reduced by dividends received from its foreign subsidiary company in the same year provided the domestic company has paid tax at the rate of 15% on such dividend plus applicable surcharge (SC), education cess (EC) and "Secondary and Higher Education cess" (S&HEC) thereon (as applicable).

i) Donation:

The Company is entitled to a deduction under Section 80G of the Income Tax Act in respect of amounts contributed as donations to various charitable institutions and funds covered under that section, subject to fulfillment of conditions therein.

B) CAPITAL GAINS:

a) Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

b) Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset being share held in a company or any other security listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10, held by an assessee for 12 months or less.

In respect of any other capital asset, STCG means capital gain arising from the transfer of capital asset, held by an assessee for 36 months or less.

c) LTCG arising on transfer of equity shares or units of an equity oriented fund (as defined) which has been set up under a scheme of a Mutual Fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

d) As per Section 112, LTCG is taxed @20% plus applicable surcharge (SC) thereon (if any), 2% education cess (EC) on tax plus Surcharge and 1% "Secondary and Higher Education Cess" (S & HEC) on income-tax and surcharge.

However as per proviso to Section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

e) As per Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange on or after 1st October, 2004, are subject to tax at the rate of 15% plus applicable surcharge (SC) thereon (if any), 2% Education Cess (EC) on tax plus surcharge and 1% Secondary and Higher Education Cess (S & HEC), provided the transaction is chargeable to STT.

f) As per Section 71 read with Section 74, Short-term capital loss arising during a year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

g) As per Section 71 read with Section 74, Long-term capital loss arising during a year is allowed to be set-off only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

h) Under Section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein:

- **i.** National Highways Authority of India constituted under Section 3 of National Highways authority of India Act, 1988
- **ii.** Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of ₹ 50 lacs on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

C) Income from Other Sources

Dividend income:

Dividend (both interim and final) income, if any, received by the Company on its investment in shares of another Domestic Company shall be exempt from tax under Section (34) read with Section 115- O of the Act.

Income received in respect of units of a Mutual Fund specified under Section 10(23D) of the Act shall be exempt from tax under Section 10(35) of the Act, subject to such income not arising from transfer of units in such Mutual Fund.

2. Key benefits available to the Members of the Company

A. Resident Members

i. Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholder from a domestic company is exempt under Section 10(34) read with Section 115O of the Act.

ii. Capital gains:

a) Benefits outlined in Paragraph II (B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.

b) As per Section 54F of the Act, LTCG arising to individual and HUF from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c) In case of resident individuals and Hindu Undivided Families, where taxable income (as reduced by long-term capital gains) is below the basic exemption limit, only the excess of the aggregate income over the maximum amount not chargeable to tax will be subjected to income-tax and surcharge.

d) Under Section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein:

(i). National Highways Authority of India constituted under Section 3 of National Highways authority of India Act, 1988;

(ii). Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of ₹ 50 lacs on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

e) As per Section 112, LTCG is taxed @20% plus applicable surcharge (SC) thereon (if any), 2% education cess (EC) on tax plus Surcharge and 1% "Secondary and Higher Education Cess" (S & HEC) on income-tax and surcharge.

However as per proviso to Section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceeds 10% of the LTCG, without availing benefit of indexation, the excess tax will be ignored.

f) As per Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange on or after 1st October, 2004, are subject to tax at the rate of 15% plus applicable surcharge (SC) thereon (if any), 2% Education Cess (EC) on tax plus surcharge and 1% Secondary and Higher Education Cess (S & HEC), provided the transaction is chargeable to STT.

iii. Clubbing of Income:

Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of ₹ 1500/- per minor child under Section 10(32) of the IT Act.

iv. Income from Business Profits:

a) Where the equity shares form part of stock-in-trade, any income realized from disposition of equity shares will be chargeable under the head "Profits & Gains of Business or Profession" as per the provisions of the IT Act.

The nature of the equity shares (i.e. stock-in-trade or investment) is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

b) As per Section 36(1)(xv) of the IT Act, an amount equal to the Securities Transaction Tax (STT) paid by the taxpayer in respect of the taxable securities transactions entered into the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits & Gains of Business or Profession". Where such deduction is claimed, no further deduction in respect of the said amount will be allowed in computing the income chargeable to tax as capital gains.

B. Non-Resident Member

i. Dividend income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under Section 10(34) read with Section 115-O of the Act.

ii. Capital gains:

a) Benefits outlined in Paragraph 2 (A) (ii) (1 & 2) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

b) As per Section 54F of the Act, LTCG arising to individual and HUF from transfer of shares will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

c) Under Section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein:

ii. National Highways Authority of India constituted under Section 3 of National Highways authority of India Act, 1988

iii. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of ₹ 50 lacs on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

d) As per Section 111A of the IT Act, short term capital gain on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax shall be subject to tax at a rate of 15% (plus applicable surcharge, education cess and secondary & higher secondary education cess). Short term capital gain arising from transfer of shares in the company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

e) As per Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gain (not covered under Section 10(38) of the IT Act) arising on transfer of shares in the company shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary & higher secondary education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, education cess and secondary & higher secondary education cess) (without indexation), at the option of the shareholders.

iii. Income from Business Profits:

a) Where the equity shares form part of stock-in-trade, any income realized from disposition of equity shares will be chargeable under the head "Profits & Gains of Business or Profession" as per the provisions of the IT Act.

The nature of the equity shares (i.e. stock-in-trade or investment) is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

b) As per Section 36(1)(xv) of the IT Act, an amount equal to the Securities Transaction Tax (STT) paid by the taxpayer in respect of the taxable securities transactions entered into the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits & Gains of Business or Profession". Where such deduction is claimed, no further deduction in respect of the said amount will be allowed in computing the income chargeable to tax as capital gains.

iv. Special provision in respect of income/ LTCG from specified foreign exchange assets available to Non resident Indians under Chapter XII-A

a) Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

b) Specified foreign exchange assets include shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange.

c) As per Section 115E, income [other than dividend which is exempt under Section 10(34)] from investments and LTCG from assets (other than specified foreign exchange assets) shall be taxable @ 20%.

d) As per Section 115E, LTCG arising from transfer of specified foreign exchange assets shall be taxable @ 10%.

e) As per Section 115F, LTCG arising from transfer of a foreign exchange asset shall be exempt if the whole or the proportion of the net consideration from such transfer being invested in any specified assets within six months from date of such transfer. If only a part of the net consideration is reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax as "Capital Gains" subsequently, if the specified assets are transferred or converted into money within 3 years from the date of their acquisition. The taxability shall arise in the year in which the transfer or conversion, as the case may be, takes place.

f) As per Section 115G of the IT Act, NRIs are not required to file a return of income under Section 139(1) of the IT Act, if the net income chargeable under the IT Act consists of only investment income or capital gains arising from the transfer of specified long term capital asset or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and provided tax deductible at source has been deducted there from as per the provisions of Chapter - XVII-B of the IT Act.

g) As per Section 115H of the Act, when a non-resident Indian become assessable as a resident in India, he/she is entitled to furnish a declaration in writing to the Assessing Officer along with the return of income to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or otherwise converted into money.

h) As per Section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing the return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and, accordingly, his total income for that assessment year will be computed in accordance with the other provisions of the Act.

i) As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non- resident / NRI would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non- resident / NRI subject to furnishing of Tax Residency Certificate containing the particulars prescribed in the IT Act, that is obtained from the Government of that country or any specified territory.

C. Key Benefits available to Foreign Institutional Investors (FIIs)

i. Dividend income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

ii. Capital Gains:

As per the provisions of Section 115AD of the Act, FlIs will be taxed on the capital gains income at the following rates:

Sr. No.	Nature of Income	Rate of Tax
1	Long Term Capital Gain	Nil
2	Short Term Capital Gain	15%

The above tax rates would apply in cases where Securities Transaction Tax is paid.

Short-term capital gains are taxed at 30%, and Long Term capital gains are taxed at 10% if such a transaction is not chargeable to Securities Transaction Tax.

The above tax rates would be increased by the applicable surcharge. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII.

iii. Under Section 54EC of the Act, capital gains arising on the transfer of a long-term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in long-term specified bonds issued by the following and subject to the conditions specified therein:

1. National Highways Authority of India constituted under Section 3 of National Highways authority of India Act, 1988
2. Rural Electrification Corporation Limited, a company formed and registered under the Companies act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced. There is a ceiling of ₹ 50 lacs on the amount of investment that an assessee can make on or after 1st April 2007 in the above-specified long-term assets. However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable in the year of transfer.

v. Income from Business Profits:

a) Where the equity shares form part of stock-in-trade, any income realized from disposition of equity shares will be chargeable under the head "Profits & Gains of Business or Profession" as per the provisions of the IT Act.

The nature of the equity shares (i.e. stock-in-trade or investment) is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding.

b) As per Section 36(1)(xv) of the IT Act, an amount equal to the Securities Transaction Tax (STT) paid by the taxpayer in respect of the taxable securities transactions entered into the course of his business during the FY will be allowable as deduction, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits & Gains of Business or Profession". Where such deduction is claimed, no further deduction in respect of the said amount will be allowed in computing the income chargeable to tax as capital gains.

c) As per Section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII subject to furnishing of Tax Residency Certificate containing the particulars prescribed in the IT Act, that is obtained from the Government of that country or any specified territory.

D. Key Benefits available to Mutual Funds

Under Section 10(23D) of the Income Tax Act, any income of Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder or Mutual Funds authorised by the Reserve Bank of India, subject to the conditions specified, would be exempt from income tax.

E. Benefits available under the Wealth Tax Act, 1957

Wealth Tax is applicable if the net wealth (as defined) of a company or an individual or HUF exceeds ₹ 30 lacs as on the valuation date (i.e. March 31 of the relevant FY). Wealth Tax shall be charged in respect of the net wealth of every company or an individual or HUF at the rate of 1% of the amount by which net wealth exceeds ₹ 30 lacs.

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of the WT Act, hence wealth tax is not leviable on shares held in a company.

F. New Amendments in the IT Act:

The General Anti- Avoidance Rules ("GAAR") had first been introduced in the DTC to curb "impermissible avoidance agreement" entered into by a person to avoid taxes. The GAAR had been introduced to deal with aggressive tax planning involving use of sophisticated structures. Although originally forming part of DTC, now it is a part of the IT Act. Under the current provisions, Chapter X-A of the IT Act dealing with the provisions of GAAR would be effective from April 01, 2015 i.e. during FY 2015-16.

Notes:

1. The above note of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

2. In respect of non- residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country / specified territory (outside India) in which the non- resident has fiscal domicile and in view of the individual nature of tax consequence, each investor is advised to consult his/ her own ta advisor with respect to specific tax consequences of his / her participation in the scheme.

3. The tax rates (including rates for tax deduction at source) mentioned in this statement is applicable for AY 2013-14 and is exclusive of surcharge, education cess and secondary & higher education cess.

   Surcharge at the rate of 5% is applicable in case of resident companies where the total income under the IT Act exceeds ₹ 1 crore. In case of foreign companies, surcharge at the rate of 2% is applicable in case the total income exceeds ₹ 1 crore.

   Currently, there is no surcharge on persons other than companies. Education cess and secondary & higher education cess is leviable on all persons at the rate of 2% and 1% respectively.

   As per the Finance Bill, 2013, surcharge is increased to 10% in case of resident companies where total income under the IT Act exceeds ₹ 10 crore. In case of Foreign companies, surcharge is increased to 5% in case the total income exceeds ₹ 10 crore. Further, for persons other than companies, surcharge is applicable at the rate of 10% where the total income exceeds ₹ 1 crore.

4. We have not considered the provisions of DTC (Direct Tax Code) 2010 for the purpose of this statement.

5. We shall not be liable to the Company for any claims, liabilities or express relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct.

For, Shah & Shah Associates
Chartered Accountants
Firm Reg. No.: 113742W

Vasant C. Tanna
Partner
Membership No.: 100422

Place: Ahmedabad
Date: June 18, 2013

SECTION V: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information.

The Indian Economy

India is clearly becoming a more and more important player on the world stage in G20 context, in terms of its role in the global economy. India is the fifth best country in the world for dynamic growing businesses, according to the Grant Thornton Global Dynamism Index.

India is expected to record 6.1% GDP in the fiscal year 2013-14 and it is expected to increase to 6.7% in the year 2014-15, according to the World Bank. India is expected to be the second largest manufacturing country in the next five years, followed by Brazil as the third ranked country, as per Deloitte Touche Tohmatsu Limited (Deloitte). Indian manufacturing and services sectors expanded more than China in February, 2013 according to a survey by HSBC. The HSBC composite index for India for manufacturing and services stood at 54.8 in February, 2013 whereas it was 51.4 for China. ***(Source: India Brand Equity Foundation (IBEF)- www.ibef.org)***

Indian Pharmaceutical Industry

The Indian pharmaceutical industry accounts for over 8 per cent of global pharmaceutical production. The industry has over 60,000 generic brands across 60 therapeutic categories and manufactures more than 400 different active pharmaceutical ingredients (APIs).

The Indian pharmaceuticals sector revenues stood at US$ 15.6 billion during 2011 and are expected to reach US$ 35.9 billion by 2016. Further, total pharma exports from India are forecasted to increase more than two fold over the next five years. The trade surplus in the sector is likely to expand to US$ 16.5 billion by 2016.

Due to its cost advantage, India has emerged as a major producer of generic drugs with several companies focussing on this sector. The manufacturing cost of Indian pharmaceutical companies is up to 65 per cent lower than that of US firms and almost half of that of European manufacturers.

The Government of India (GOI) allows zero duty for technology upgrades in the pharmaceutical sector through the Export Promotion Capital Goods (EPCG) Scheme and is planning to relax foreign direct investment (FDI) norms in the sector.

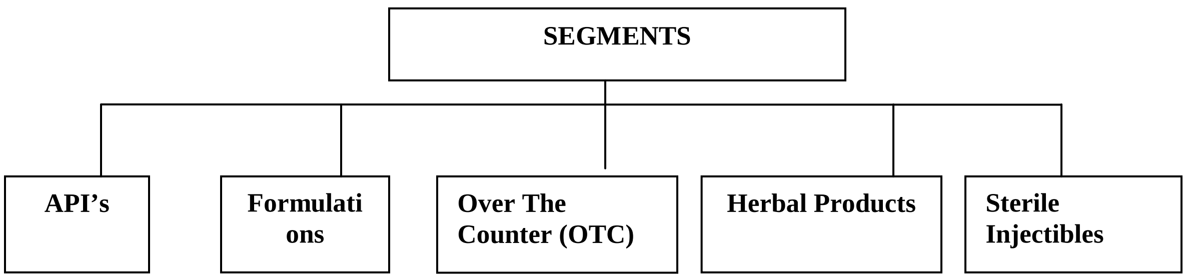
India is among the leaders in the clinical trial market. Due to a genetically-diverse population and availability of skilled doctors, India has the potential to attract huge investments in its clinical trial market. ***(Source: Indian Brand Equity Foundation (IBEF) – Indian Pharmaceutical Industry Analysis-www.ibef.org)***

Current Scenario

The Indian pharmaceutical industry is expected to grow at 19% in 2013. India is now among the top 5 pharmaceutical emerging markets. There will be new drug launches, new drug filings and Phase II clinic trials throughout the year. On back of increasing sales of generic medicines, continued growth in chronic therapies and a greater penetration in rural markets, the domestic pharmaceutical market is expected to grow at 13-14% in 2013.

Moreover, the increasing population of the higher income group in the country will open a potential US$ 8 bn market for multinational companies selling costly drugs by 2015, making India a lucrative destination for clinical trials for global giants. (**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Segments of Indian Pharmaceutical Industry



<u>API's</u>

Active Pharma Ingredient (API), the main ingredient in a pharmaceutical product is responsible for the potency and efficacy of a drug and at the same time for the major portion of overall costs of a drug. Therefore, companies need to look for high quality and cost-effective APIs. Qualitative API will produce drugs with superior quality enabling the company to pass through the Food and Drug Administration (FDA) approval process with relative ease, while reducing the cost of manufacturing and increasing margins.

The API market is largely dependent on the pharmaceutical formulation market and vice versa. However, the growth of the API market in terms of value is dependent on several other factors. Presently, close to 90 per cent of the domestic API requirements are being fulfilled by domestic API manufacturers. Indian API manufacturers also supply APIs for the global pharma market apart from fulfilling domestic demand. Thus, the global pharma industry acts as a growth driver for Indian API manufacturers.

India is characterized by its low cost manufacturing and hence low priced APIs with international quality. Over the years Indian companies have manufactured more and more complex APIs with high quality and lower costs, thus earning them high repute in the highly regulated international markets.

<u>Formulations</u>

A Formulation is a medicine prepared from one or more API's drugs with or without the aid of pharmaceutical aids. This formulation does not include ayurvedic, siddha, unani and homeopathic system of medicines.

The growth of the formulations industry will mainly be driven by the increasing penetration of the health insurance in the country and the rising incidences of lifestyle diseases in the country which has been possible due to growing working class population in the country. Further, the consolidation in the industry triggered by product patent regime has improved the pricing power in the industry. Increase in drug prices account for 3-4% growth in the domestic formulation industry.

Over the Counter (OTC) Products

Globally, over-the-counter (OTC) drug sales have been increasing in recent years. This trend is driven in part by aggressive efforts of global pharma companies to leverage the brand equity that major products have attained during the patent period. Other major winners in the OTC category include products where patients continue to buy particular remedies following an initial doctor's prescription.

OTC drugs may have even stronger potential in India. An increasing number of Indians are already dipping into their own pockets to buy OTC drugs. The Government is now considering plans to expand the list of drugs which can be sold outside pharmacies, since many common household remedies are more difficult to obtain in India than in other developing countries. An expansion of the list would substantially increase the potential market opportunity in this segment.

Although the term 'OTC' has no legal recognition, all the drugs that are not included in the list of 'prescription only drugs' are considered as non- prescription drugs (or OTC drugs). OTC proprietary drugs are also regulated by the Drugs and Cosmetics Act and the Drugs and Cosmetics Rules. However, as they do not require a drug license they can be sold by non-chemists, so sales channels are more extensive. As discussed, much of India's population relies on self-medication, and the purchasing power of the middle class is growing. These trends should drive growth in cough and cold formulations, gastrointestinal, analgesics, and dermatological. Only a few OTC active ingredients, e.g. acetylsalicylic acid and ephedrine and its salts, fall under the current DPCO price control. Counterfeits of popular OTC drugs are however a major issue. *(Source: Global Pharma Looks to India-PWC Report)*

Herbal Products

Currently, the Indian herbal market size is estimated at Rs.7000 crore and over Rs.3600 crore of herbal raw materials and medicines are exported by India.

Out of 700 plant species commonly used in India, only 20% were earlier being cultivated on commercial scale and 90% of medicinal plant used by the industries are collected from the wild. On the whole, India is stated to have 45,000 plant species, nearly 20% of the global species occurs in the Indian sub-continent. Out of these, about 4,500 species of both higher and lower plant groups are of medicinal value.

The major hurdle for cultivating medicinal and aromatic plants as sustainable agricultural professions were the lack of organized and regulated markets in India. The regulated production on scientific lines, effective enforcement of licensing system and setting up of Export Promotion Zones (EPZ) in select states will push up exports of herbal material and medicines.

Apart from that, the Indian herbal drug exporters face the stringent quality norms imposed by the EU through the Traditional Herbal Medicinal Products Directive (THMPD), Food Supplement Directive (FSD) and these directives also encouraged the high quality products and subsequently the unorganized sectors sub-standard products are rejected by them.

Sterile Injectibles

Intravenous fluids are administered for restoring fluid and fluid constituents and extra medications. Four-fifths of patients admitted to a hospital require intravenous fluids regularly, making it an essential part of treatment.

Contract Manufacturing

Contract manufacturing is a strong segment of the domestic market. Indian firms have several advantages over their Western rivals. The expertise gained in manufacturing generics through reverse- engineering has helped some companies streamline the process for getting manufacturing up and running. Costs are very competitive;

indeed, they are significantly lower than those involved in setting up and running a new manufacturing facility in the West. They can operate on significantly lower margins, given their low development and labour costs. Currently their key area of strength in outsourcing is the manufacture of APIs. Some Indian pharma companies could probably benefit significantly by moving towards specialty APIs in the future.

The US FDA has already approved over 100 manufacturing sites – more than in any country except the US. Among six offices that the US FDA has overseas, two are located in India, in Delhi and Mumbai. All domestic producers are also obliged to comply with India's Good Manufacturing Practices, under Schedule M of the Drugs and Cosmetics Act, 1940. (Source: Global Pharma looks to India-PWC Report)

Many global pharmaceutical majors are looking to outsource manufacturing from Indian companies, which enjoy much lower costs (both capital and recurring) than their western counterparts. Many Indian companies have made their plants cGMP compliant and India is also having the largest number of USFDA-approved plants outside USA.

Research and Development

In no other Industry segment innovative R&D is as critical as in Pharma industry. Here, the New Drug Discovery Research (NDDR) has to keep pace with the emerging pattern of diseases as well as responses in managing existing diseases where target organisms are becoming resistant to existing drugs. The NDDR is also an expensive activity. It is encouraging to observe that at least 10 Indian companies are into new drug discovery in the areas of infections, metabolic disorders like diabetes, inflammation, respiratory, obesity & cancer. Most of these companies have increased their R&D spending to over 3% of their respective sales turnovers. There is notable success from some Indian companies in out licensing new molecules in the asthma and diabetes segments to foreign companies. Introduction of Product Patent for Pharmaceuticals is an important feature for Indian Pharma R&D scenario. This has boosted the confidence of MNC Pharma companies in India where a number of western Pharma companies have already R&D collaborations with Indian Pharma companies in the field of NDDR. Some Indian companies have also got US-FDA approvals for their new molecules as Innovative New Drugs (IND).

Western Pharma companies have recognized the attractiveness of India as a R&D outsourcing destination due to low cost, scientific manpower, excellent infrastructure, top quality with capability to conduct modern research. Many of them have set up independent R&D centres in India.

Generics Industry

India has proven itself as a supplier of high quality, low cost generic drugs to the global market. In recent years it has also moved up the value chain into more challenging business segments such as drug discovery and development and biopharmaceuticals. India's recognition of process patents for over three decades has played an important role in the development of the country's reverse engineering and chemical synthesis skills. This laid the foundation of India's capabilities in generics. Its growing significance in the global value chain is evident in the strategic alliances between Indian companies and MNCs, which have chosen to partner with India to pursue their generics ambitions. Generics sales – particularly to foreign markets - remain the largest business segment for Indian Pharma Companies.

Domestic Demand

The industry has enormous growth potential. Factors listed below determine the rising demand for pharmaceuticals.

- The growing population of over of a 1.20 billion
- Health Insurance
- Increase in no. of Private Hospitals
- Increasing income

- Demand for quality healthcare service
- Changing lifestyle has led to change in disease patterns and increased demand for new medicines

More than 85 per cent of the formulations produced in the country are sold in the domestic market. India is largely self-sufficient in case of formulations. Some life saving, new generation under-patent formulations continue to be imported, especially by MNCs, which then market them in India. *(Source: India's Pharmaceutical Industry-www.cci.in)*

Competition

Competition is mainly from the domestic manufacturers and imports from China because of the low manufacturing cost. With the new patent regulations, the industry expects to see a major structural shift with the entry of foreign pharmaceutical manufacturers.

There is a significant development of domestic pharmaceutical capacity with participation by government-owned companies such as the Indian Drugs and Pharmaceuticals Limited, Hindustan Antibiotics Limited, Bengal Chemicals and Pharmaceuticals Limited, Bengal Immunity Limited and Smith Stanistreet Pharmaceuticals Limited. Some of the major Indian private companies are Alembic Chemicals, Aurobindo Pharma, Ambalal Sharabhai Limited, Cadila Healthcare, Cipla, Dr. Reddy's, IPCA Laboratories, Jagsonpal Pharma, J.B. Chemicals, Kopran, Lupin Labs, Lyka Labs, Nicholas Piramal, Ranbaxy Labs, Matrix Laboratories, Orchid Chemical and Pharmaceuticals, Sun Pharmaceuticals, Ranbaxy Laboratories, Torrent Pharma, TTK Healthcare, Unichem Labs, and Wockhardt.

The foreign companies in India include Abott India, Astra Zeneca India, Aventis Pharma India, Burrough-Wellcome, Glaxo SmithKline, Merck India, Novartis, Pfizer Limited, and Wyeth Ledele India. India also exports pharmaceuticals to numerous countries around the world, including to the U.S., Germany, France, Russia and UK. *(Source:India's Pharmaceutical Industry - www.cci.in)*

Future Outlook

The Indian pharmaceutical market is expected to grow at a CAGR of 15.3 per cent during 2011-12 to 2013-14, according to a Barclays Capital Equity Research report on India Healthcare and Pharmaceuticals.

The pharma market in India is expected to touch US$ 74 billion in sales by 2020 from the current US$ 15.6 billion, according to a PricewaterhouseCoopers (PwC) report. Moreover, according to an industry body study, the increasing population of the higher-income group in the country will open a potential $8 billion market for multinational companies selling costly drugs by 2015.

Growth of Indian pharma companies will be driven by the fastest growing molecules in the diabetes, skincare and eye care segment, as per a report by research firm, Credit Suisse. The market share of a drug company is directly related to the number of fast growing molecules in the company's pipeline, the report highlighted.
(**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Sterile Injectable Industry

Introduction

In Pharmaceutical Industry, there are considerable amount of pharmaceutical products that are delivered to the human body as tablets or capsules, orally. However, there are many drugs that are available only in injectable format due to issues of safety, efficacy and critical timing.

Intravenous therapy or IV therapy is the infusion of liquid substances directly into a human body. The word intravenous simply means "within a vein". Therapies administered intravenously are often called specialty pharmaceuticals.

There are products which are available in oral as well as injectable forms. The injectable form is preferred when the patient is in a critical situation. These Injectables by their very name cannot be consumed orally and need to be injected or infused into the body. Due to this, injectables have certain specific characteristics compared to oral dosage forms:

- They are more difficult to formulate and have multiple technology and delivery platforms
- They are more capital intensive to produce
- They are governed by tougher regulations
- They require specialized skills to formulate and produce
- The customer segments are almost exclusively hospitals where the decision making process and criteria is distinct from individual doctors

Hence, Injectables are considered to be a specialty and niche segment of the pharma market.

Injectables are used in a more specific range of therapy areas e.g. oncology, anti-infectives, cardio-vascular, renal, nutrition. A number of leading pharmaceutical drugs are available only in injectable form, e.g. most of the biotechnology based drugs and oncology drugs are injectables.

Intravenous fluids injected into a patient's vein either as a medium for other medicines or to relieve dehydration. 80% of patients admitted to a hospital require intravenous fluids regularly, making it an essential part of treatment.

80% of all patients admitted to a hospital as well as similar number of patients in the emergency and intensive care units need intravenous fluids. Intravenous fluids are used to administer other medicines as it is the fastest way to deliver drugs throughout the body. These are of two types, sugary (dextrose) and saline. Their choice is made depending on the properties of the medicine to be administered as well as the patient's risk of low sugar or high sodium.

Injectables are generally available in different delivery systems – vials, ampoules, bottles, pre-filled syringes, etc. Depending on the product, they could be large or small volume products. Typically, range of Intravenous solutions used in critical care e.g. various kinds of electrolytic solutions – sodium chloride, ringer lactones, normal saline, glucose etc. are delivered as infusion into the body.

These are typically offered in the following delivery systems:

- Small volume parenterals (SVP) - glass ampoules and vials of less than 100 ml
- Large volume parenterals (LVP) - glass ampoules and vials of 100 ml and above
- Bags - could be made of PVC or non-PVC; and
- Pre-filled syringes.

Besides, infusion products, the injectables business consist of a large number of specialty products which are used across various therapeutic categories – oncology, anti-infectives, anaesthetics etc. These products as a category are called Specialty Injectable Products (SIP).

Some of the Key Benefits available to Indian Pharmaceutical Industry

Competent workforce: India has a pool of personnel with high managerial and technical competence as also skilled workforce. It has an educated work force and English is commonly used. Professional services are easily available.

Cost-effective chemical synthesis: Its track record of development, particularly in the area of improved cost-beneficial chemical synthesis for various drug molecules is excellent. It provides a wide variety of bulk drugs and exports sophisticated bulk drugs.

Legal and Financial Framework: India has a 53 year old democracy and hence has a solid legal framework and strong financial markets. There is already an established international industry and business community.

Information and Technology: It has a good network of world-class educational institutions and established strengths in Information Technology.

Globalisation: The country is committed to a free market economy and globalization. Above all, it has a 70 million middle class market, which is continuously growing.

Consolidation: For the first time in many years, the international pharmaceutical industry is finding great opportunities in India. The process of consolidation, which has become a generalized phenomenon in the world pharmaceutical industry, has started taking place in India.
(**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Challenges & Future Growth

Challenges

Over the past decade, pharmaceutical companies have entered a difficult period where shareholders, the market, and regulators have created significant pressures for change within the industry. The core issues for most of the drug companies are declining productivity of in-house R&D, patent expiration of number of block buster drugs, increasing legal and regulatory concern, and pricing issue. As a result larger pharmaceutical companies are shifting to new business model with greater outsourcing of discovery services, clinical research and manufacturing.

Current global financial conditions and the threat of a broad recession accelerated the timetable for implementing transformational changes in global organizations, as the industry confronts lower corporate stock prices and an increasingly cost-averse customer .Leaders of the largest global pharmaceutical companies recognize the need for transformational change in their organizations , but will need to move swiftly to ensure sustained growth.

Transformations in the business model of larger pharmaceuticals industry spell more opportunities for Indian pharmaceutical companies. Pharmaceutical production costs are almost 50 percent lower in India than in western nations, while overall R&D costs are about one -eighth and clinical trial expenses around one-tenth of western levels.

The Indian stock market may be dreading a possible recession but Indian pharma companies seem unfazed by slowdown fears. Riding on better sales in the domestic and export markets, Indian pharmaceutical industry is expected to continue with its good performance. Today Indian pharmaceutical industry can look forward to the years to come, with great expectations. There are opportunities in expanding the range of generic products as more molecule come off patent, outsourcing, and above all , in focusing into drug discovery as more profits come from traditional plays. At the same time, the Indian Pharma industry would have to contend with several challenges particularly the

- Effects of new product patent
- Drug price control
- Regulatory reforms
- Infrastructure development
- Quality management and
- Conformance to global standards

(**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Future Growth

India will see the largest number of mergers and acquisitions (M&A) in the pharmaceuticals and healthcare sector, according to consulting firm Grant Thornton. A survey conducted across 100 companies has revealed that one-fourth of the respondents were optimistic about acquisitions in the pharmaceutical sector.

The Indian Pharmaceutical market is expected to grow at a CAGR of 15.3 per cent during 2011-12 to 2013-14, according to a Barclays Capital Equity Research report on India Healthcare and Pharmaceuticals. The growth of Indian Pharma companies will also be driven by the fastest growing molecules in the diabetes, skincare, and eye care segment.

In addition, the pharmaceutical companies such as Cipla, Ranbaxy, Dr.Reddy's Labs and Lupin might soon be part of the government's ambitious 'Jan Aushadhi' project. In an attempt to commercialize the project, the government is likely to rope in the private sector to bulk-procure generic drugs from them. There are 117 Jan Aushadhi stores across the country and the plan is to expand to at least 600 in the next two years and 3,000 by 2016.

Growth of Indian pharma companies will be driven by the fastest growing molecules in the diabetes, skincare and eye care segment, as per a report by research firm, Credit Suisse. The market share of a drug company is directly related to the number of fast growing molecules in the company's pipeline, the report highlighted.
(**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI)

Government Initiatives

- FDI, up to 100 per cent, under the automatic route, would continue to be permitted for Greenfield investments in the Pharmaceuticals sector. 100 Per cent FDI is also permitted for Brownfield investment (i.e. investments in existing companies), under the Government approval route.
- According to the Union Budget 2013-14, investment allowance of 15 per cent on new plant and machinery has been allowed.
- The Department of Pharmaceuticals has prepared a 'Pharma Vision 2020' document for making India one of the leading destinations for end-to-end drug discovery and innovation and for that purpose, the department provides requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma research and development (R&D), venture fund for research in the public and private domain and such other measures.
- In the Union budget 2012-13, it is proposed to extend concessional duty of 5 per cent with full exemption from excise duty/CVD to six specified life saving drugs/vaccines. These are used for the treatment or prevention of ailments such as HIV –Aids, renal cancer, etc.
- Probiotics are a cost effective means of combating bacterial infections. It is proposed to reduce the basic customs duty on this item from 10 per cent to 5 per cent.
- Basic customs duty and excise duty reduced on soya products to address protein deficiency among women and children. Basic customs duty and excise duty reduced on iodine.
- Marking a new trend of investments from foreign players in the Indian pharma sector, the need for overseas investors to get a no-objection from their JV partner before venturing out on their own or roping in another local firm has been removed by the Pharmaceuticals Export Promotion Council (Pharmexcil).It is expected that this measure will promote the competitiveness of India as an investment destination and be instrumental in attracting higher levels of FDI and technology inflows into the country.

The department of pharmaceuticals has prepared a 'Pharma Vision 2020' document for making India one of the leading destinations for end-to –end drug discovery and innovation and for that purpose, the department provides requisite support by way of world class infrastructure, internationally competitive scientific manpower for pharma research and development (R&D), venture fund for research in the public and private domain and such other measures. (**Source:** A Brief Report on Pharmaceutical Industry in India March, 2013, CCI).

BUSINESS OVERVIEW

Our Company is primarily into the business of manufacturing and marketing of sterile injectables for the past thirty (30) years. We offer a range of sterile injectable products for human and veterinary consumption. Our Company's product offerings comprise of more than fifty (50) products sold across fifteen (15) States in India. The institutional customer base of our Company includes government, semi-government, hospitals and nursing homes, aided agencies and the defence sector. All of our Company's products are off-patent/ generic drugs, a significant majority of which are directly injected into the body and are also used in the treatment of critical illnesses.

Our Company offers its products in different therapeutic areas through the ethical and institutional sales for the domestic markets. Our product range includes antibiotic injections, diuretic injections, parenteral amino acid injections, plasma volume expanders, anti anaerobic injections, anti pyretic and irrigation solutions, etc. In addition to the above, we also manufacture various other Intravenous Fluids in filled volumes of 100 ml, 250 ml, 500 ml, 1000 ml and 3000 ml.

Our Company's manufacturing facility is located near Ahmedabad, Gujarat. The manufacturing facility is approved by the Foods and Drugs Control Administration Authority (FDCA) and certified by WHO GMP. The manufacturing facility is also ISO 9001-2008 certified. In addition to the above, most of our products are registered and approved by the FDCA and WHO GMP. In addition to manufacturing our own products which we sell under our own brands, we also use our facility to manufacture products on contract basis for third parties including certain multinational pharmaceutical companies who market such products under their own brands. As on March 31, 2013, our Company's manufacturing facility has an installed capacity to manufacture 240 lakhs plastic bottles and 258 lakhs glass bottles. We are in the process of expanding our existing facility of manufacturing sterile injectables. The aforementioned expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS). We propose to fund this expansion partly from the proceeds of the Issue. For further details, please refer to Chapter titled "Objects of the Issue" beginning on page 64 of the Draft Letter of Offer.

The domestic business of our Company is driven by its own sales and marketing network comprising of approximately forty (40) Medical Representatives (MR) covering various territories across India. Our Company has arrangements with sixteen (16) super stockists in fifteen (15) States of India and one (1) distributor in Nepal. In international markets, our Company partners with local distributors who import and distribute the products of our Company, under their supervision and carry out marketing activities. In addition to direct marketing, we also participate in bulk supplies of sterile injectable products by way of bidding in tenders of various State Government Health Departments.

Our Company on standalone basis have achieved total revenues of ₹5616.84 lakhs and ₹4179.51 lakhs and net profit after tax of ₹100.21 lakhs and ₹79.04 lakhs for the financial year ended on March 31, 2013 and March 31, 2012 respectively.

Our Competitive Strengths

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

1. ***Diverse Product Portfolio.***

   Our Company has a portfolio of injectable products across various therapeutic segments *viz*. Antibiotic Injections, Diuretic Injections, Parenteral Amino Acid Injections, Plasma Volume Expanders, Anti anaerobic Injections, Anti Pyretic and Irrigation Solutions, etc. We have developed more than fifty (50) products. These products are available in both glass and plastic bottles in fill volumes ranging from 100 ml to 3000 ml. Hospitals are our key customers for injectables. By increasing the size of our product portfolio, we have been able to achieve sales growth in various markets.

2. ***Wide sales, marketing and distribution network.***

The domestic business of the Company is driven by its own sales and marketing network comprising of approximately forty (40) Medical Representatives (MR) covering various territories across India. The Company has arrangements with sixteen (16) super stockists in fifteen (15) States of India and one (1) distributor in Nepal. In international markets, the Company partners with local distributors who import and distribute the products of the Company, under their supervision and carry out marketing activities. In addition to direct marketing, we also participate in bulk supplies of sterile injectable products by way of bidding in tenders of various State Government Health Departments and defence sector.

In addition to manufacturing our own products which we sell under our own brands, we use our facility to manufacture products on contract basis for third parties who market such products under their own brands. We believe our diversified business model allows us to reduce our dependence on single business segment.

3. ***Wide range of Fill Volumes.***

Our Company's products are available in both glass and plastic bottles in fill volumes ranging from 100 ml to 3000 ml. The wide fill volume range provides the flexibility to our Company to meet specific demands of our clients and also enables our Company to cater to wide array of therapeutic requirements. This not only enables our Company to cater to the specific demands of fill requirements of our customers but also enables us to increase our cost efficiency. This also provides our Company an edge to market and distribute our products to cater to a wide range of customers.

4. ***Experienced management team and well qualified senior executives.***

Our Promoter viz. Dr. Himanshu C. Patel has experience of more than three (3) decades in the pharmaceutical industry. Our team includes senior executives, a majority of whom have over more than 15 years experience in the pharmaceutical industry. As on June 30, 2013, we had a total of 105 staff personnel 95 are graduates and 10 are post graduates degrees. We believe our management and executive team have a long-term vision and provide stability and continuity to our business. We also believe that the understanding and expertise of our management and executive team in manufacturing, quality control, finance, sales and marketing will enable our business to grow in a focused and constructive manner.

Our Business Strategy

Our business strategy revolves around;

1. ***Adoption of superior technology for manufacturing sterile injectables.***

Our Company is in the process of expanding its existing facility of manufacturing sterile injectables. The aforementioned expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS). We believe that our Company will be amongst the first to introduce sterile injectables by using the ISBM technology in the Indian markets. The ISBM technology has a distinct advantage over the existing FFS technology prevalent in the industry and gives unique features to the final product viz. more compact, more transparent and the liquid sterile injectable can be sterilized up to 121 degree celsius, which is recommended by EMEA *vis-à-vis* 105 degree celsius for FFS technology. This product has a stopper attached to it which reduces leakages and superior quality as compared to FFS. The ISBM technology also offers significant cost advantages in terms of lower raw material consumption, higher product yields and lower labour costs. Our Company proposes to complete implementation of the expansion project by March

2014 and commence commercial production by April 2014. For further details, please refer to Chapter titled "Objects of the Issue" beginning on page 64 of this Draft Letter of Offer.

2. ***Our contract manufacturing and institutional sales business stabilizes our revenue stream.***

   Our Company derives its revenues mainly from ethical, institutional sales and contract manufacturing. These lines of business streams enable our Company to mitigate the risk that may arise due to seasonal and market fluctuations.

3. ***Targeting new domestic and export markets.***

   We have been presently catering our sterile injectable products mostly in the domestic market across fifteen (15) States in India through our established marketing network of distributors. After implementing our proposed expansion project to manufacture sterile injectables through Injection Stretch Blow Moulding Technology, we shall be able to target our products to multi-specialty hospitals and corporate hospitals and select semi-regulated export markets such as South East Asian and African countries. Further, this will also enable our Company to command higher price than existing products and offer comparatively higher EBIDTA margin, which is expected to improve the profitability of our Company.

4. ***Wide range of Sterile Injectable Products.***

   We are in the business of manufacturing sterile injectables, the prices of which are regulated by the DPCO. As the DPCO regulates the MRP of the injectables to make it affordable to the general public, at times the margin on these products may get affected. To counter such possibilities, our Company intends to further diversify its product portfolio to manufacture more products which are outside the price control regime of the DPCO. Our wide product portfolio enables our Company to be flexible in choosing our product mix so as to off-set any adverse price control regulation by the authorities.

Collaborations

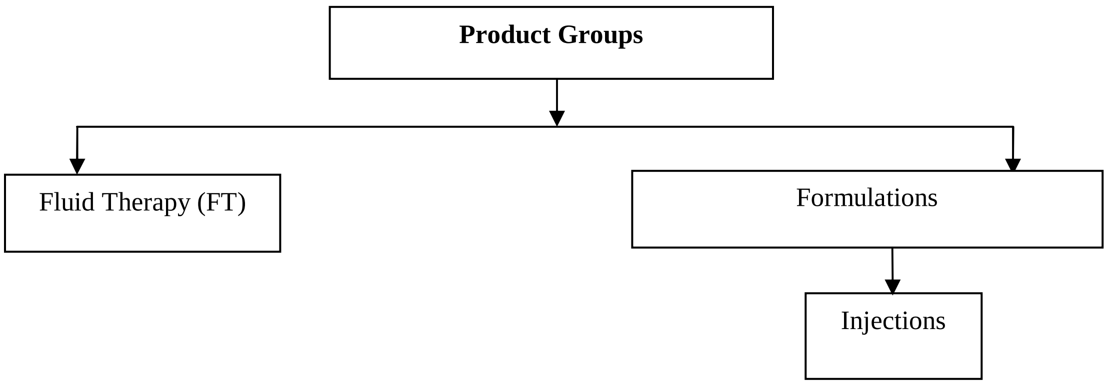
Our Company does not have collaborations with either Indian or Foreign Company except for our machineries suppliers who provide us regular assistance for operation and maintenance of our Plant and Machineries.

Recent Developments

There has been no material development in relation to our Company, its Promoters or our Group Companies since March 31, 2013.

Products of our Company

Our Products are broadly classified as fluid therapy products and Formulation. They are manufactured according to market requirements and packaged as per the accepted market standards where fill volumes range from 100 ml to 1000 ml.



Details on our Products are as under:

1. Fluid Therapy Products

IV Fluid as a therapeutic solution is more than 50-60 years old and is one of the most common methods for replenishing any loss of body fluid. It is commonly known as drip and is increasingly becoming the preferred mode of drug administration. Given the critical nature of application of IV Fluid, the quality and hence market acceptance of the product is determined by (a) the process of packing of the IV Fluid and (b) packaging material used for the IV Fluid. The type of packing as well as sophistication in manufacturing process had evolved over a period of time.

When IV Fluid was developed, it was available only in glass bottles and enjoyed 100% market share. The glass bottle manufacturing technology is an open manufacturing technology and it has an inherent disadvantage of contamination by air during filling, human touch during manufacturing and glass and rubber particles may get mixed with product while handling. The leakage and breakage losses are also high resulting in high handling cost. Due to the above disadvantages, IV Fluid is now available in both glass bottles as well as plastic bottles.

Our Company manufactures various Fluid Therapy solutions in fill volume ranging from 100ml, 250ml, 500ml 1000ml and 3000ml.

Fluid Therapy Products can be broadly grouped as follows:

Common Solution	• Sodium Chloride Injections • Dextrose Injection • Sodium Chloride & Dextrose
Electrolytes	• Compound Sodium Lactate Injection (Ringer Lactate) • Multiple Electrolytes & Dextrose Injection • Pediatric Maintenance Solution (Multiple Electrolyte P) • Multiple Electrolytes & Dextrose Injection with Ammonium (Multiple Electrolyte G) • Extra cellular Replacement Solution with Dextrose Injection (Multiple Electrolyte E)

2. Formulations

Our Formulations products predominantly cater to injectable therapies. We provide these products in large volume parenteral dosages with fill volume of 100 ml to 1000 ml in Glass and BFS plastic bottles.

Major products in the formulations segment are as under:

- Antibiotic Injectable
- Diuretic Injectable
- Parenteral Amino Acid Injectable
- Plasma Volume Expanders
- Anti-anaerobic Injectable
- Irrigation Solution
- Respiratory Products.

Our Company manufactures several specialized sterile injectable pharmaceutical products which can be broadly grouped as follows:-

Group	Container / Packaging Type	Product name	Units
Antibiotic Injectable	Glass & Plastic	Ciprofloxacin Injectable	100 ml
		Ofloxacin Injectable	100 ml
		Levofloxacin Injectable	100 ml
		Gatifloxacin Injectable	200 ml
		Moxifloxacin Injectable	100 ml
Diuretic Injectable	Glass	20% Mannitol Injectable	100 ml / 350 ml
		10% Mannitol Injectable	100 ml
		10% Mannitol with 10% Glycerine Injectable	100 ml / 350 ml
Parenteral Amino Acid Injectable	Glass	Essential Amino Acid Inj. 9% w/v	100 ml / 200 ml
		Essential & Non-Essential Amino Acid Inj., 11% w/v	500 ml
Plasma Volume Expanders	Glass & Plastic	Dextran40 in 5% Dextrose Injectable	500 ml
		Dextran 40 in 0.9% Sod. Chl. Injectable	500 ml
		Hydroxy Ethyl Starch Injectable, 10% w/v	500 ml
Anti-anaerobic	Glass & Plastic	Metronidazole Injectable	100 ml
		Metronidazole with 5% Dextrose Injectable	500 ml
		Tinidazole with 5% Dextrose Injectable	400 ml
		Ornidazole Injectable	100 ml
Irrigation Solutions	1 liter and 3 liter are packed in Plastic bottles whereas eye irrigation solutions are filled in USP Type I glass bottles only.	1.5% Glycine Irrigation	1000 ml / 3000 ml
		0.9% Sodium Chloride Injectable	1000 ml / 3000 ml
		Sterile Water for Irrigation	1000 ml / 3000 ml
		Balanced Salt Soln. for eye irrigation	500 ml (USP Type I Bottle)
		Haemodialysis Solution (Bicarbonate) Part I & II	10 liter can
Anti-Pyretic	Glass	Paraden I.V. (Paracetamol) Injectable	100 ml

Manufacturing Facilities

Our manufacturing facilities are located at Village-Chhatral, Sub-district Kalol, District – Gandhinagar, Gujarat, India, 45 km away from Ahmedabad on the Ahmedabad-Mehsana Highway. The manufacturing facility is well connected by road, railway and port.

Our Manufacturing facility has a built up area of 5,000 square meters and spread over 14,124 square meters. It is equipped with sophisticated Blow – Fill – Seal (BFS) technology for our manufacturing operations to avoid any potential contamination by human intervention in the product manufacturing process.

The following features give us a competitive advantage:

- Blow Fill Seal technology from renowned manufacturer's like Ravindra and Microtools blowing facility for sensitive drugs manufacturing.
- Clean rooms are made-up of prefabricated panels from Fabtec Technologies and Ajni Industries.
- Manufacturing is in Grade "B" area and all vessels have chilling and sterilizing facility to facilitate manufacturing of various combinations of drug in clear as well as suspension form.
- Filling is under grade "A" area having continuous particle monitoring with a background of grade "C".
- UPS for filling LAF on all BFS machines.
- Terminal Sterilization of products by 'Super Heated Water Spray Sterilizer" at 121^{o} degree celcius.
- Automated packing lines having 100% leak detection system.

Existing Installed Capacity and Utilization

We have taken various initiatives to expand our facility since inception and presently, have annualized capacity to manufacture sterile injectable of 258 lakhs glass bottles and 240 lakh plastic bottles. We strive to adhere and maintain the quality standards for our manufacturing processes and products.

Installed capacity and actual production for last three financial years are as follows:

Particulars	Installed Capacity			Production		
	2012-13	2011-12	2010-11	2012-13	2011-12	2010-11
Transfusion Solution in Glass bottles (Nos.)	*2,58,00,000	2,18,40,000	2,18,40,000	2,26,81,590	2,16,69,371	2,11,02,173
% Utilization				87.91%	99.22%	96.62%
Plastic Bottles(Nos.) (BFS)	*2,40,00,000	1,87,20,000	1,87,20,000	2,06,41,700	1,25,84,592	1,40,47,533
% Utilisation				86%	67.23%	75.04%

** There has been a small increase in installed capacity of the existing manufacturing facility due to debottlenecking of few critical manufacturing process during the year 2012-13.*

Projected Installed Capacity and Utilization

Projected Installed capacity and production for next 3 financial years are as follows:

Particulars	Installed Capacity			Production		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Transfusion Solution in Glass bottles (Nos.)	2,58,00,000	2,58,00,000	2,58,00,000	2,32,20,000	2,32,20,000	2,32,20,000
% Utilization				90%	90%	90%
Plastic Bottles(Nos.) (BFS)	2,40,00,000	2,40,00,000	2,40,00,000	2,16,00,000	2,16,00,000	2,16,00,000
% Utilisation				90%	90%	90%
Plastic Bottles (Nos.) (ISBM)	2,88,00,000	2,88,00,000	2,88,00,000	-	1,44,00,000	1,72,80,000
% Utilisation					50%	60%

* We assume that our proposed manufacturing capacity shall come into operations in 1^{st} quarter of 2014-15.

Infrastructure Facility

Raw Materials and Packaging Materials

All raw materials including glass bottles are procured from domestic market. As far as plastic granules for formation of Bottle/Vial is concerned, it is either domestically procured or imported from various suppliers across the globe.

We purchase primary and secondary packaging materials, corrugated box, cartons, labels, etc. from local suppliers.

We have elaborate testing procedures to 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. For further details on our risk with respect to the raw materials procured by us, please see the Section titled "Risk Factors" on page 15 of this Draft Letter of Offer.

Installation of Plant and Machineries at our Manufacturing Facility

The products of our Company are manufactured in ultra-modern plant using automatic equipment and facilities, which are conforming to GMP specifications as per WHO norms. The factory is located on a land area of about 14,124 sq. meters, which is situated in a pollution free environment. The built up area for the manufacturing operations is about 5,000 square meters. Our Company's products are filled in glass and plastic bottles in volume of 100 ml, 250 ml, 500 ml, 1000 ml and 3000 ml. followed by terminal sterilization.

Distillation Unit

The basic raw material, distilled water, is produced by multi effect distillation plants enabling production of 4000 liters / hour of pyrogen free distilled water in an energy efficient manner. The input to the distillation plant is from RO and De-mineralized plants from which water is processed having capacity of 100 cubic meters / regeneration. The water is taken from a bore-well located in our Company premises so as to ensure reliable water quality. Steam, chilled water, raw water, purified water is regularly used to assist our manufacturing process. We use steam generated from boilers, and have installed vapour absorption heat pump for chilled water. We have installed cooling tower for cooled water and heat exchanger for hot water.

Sterilization Plant

There are fully automatic and programmable sterilizer for sterilizing all I.V. Fluids installed at company premises. It is periodically validated by its technical staff and Independent professional agencies so as to ensure that every batch of I.V. Fluid is sterilized with the highest assurance level. The filling and bulk preparation operation is carried out in a mixing room having class 10,000 environment and which is monitored on a daily basis.

Major equipment used in the Production process

For product manufacture, mixing vessels of varying capacities are being used. All parts coming in contact with the product are of stainless steel (SS 316). Vessels are cleaned and checked for traces of previous batch product. For preparation of purified water, DM plant of 1,00,000 liter per re-generation capacity is installed. There are three multi column Distillation Stills of total capacity 4,000 liter per hour. The volumetric filling machine placed under LAF is of 6 head for Glass bottle. The Glass bottles sealing machine with capacity of 80 bottles per minute is also installed. To sterilize the products, there are super-heated hot water spray sterilizers. For washing of glass bottles multi jet washing machine of capacity 80 bottles per minute is installed. There is an automatic labelling machine having capacity of 80 bottles per minute. Filling is done under LAF manufactured by Fabtech Technologies.

Power

We use power sourced from the state electricity board i.e. Uttar Gujarat Vij Company Limited. We also have back-up arrangements for supply of uninterrupted power in the form of diesel generator sets having capacity of 320 KVA.

Environmental Control System

Our operations generate small quantities of effluents, which are treated at our effluent treatment plants, and we use such treated water for irrigation of plants.

We have obtained, consents/authorization to operate our facilities, from Gujarat Pollution Control Board, regarding the emission and discharge of effluents in air and water. For further information, see "Government and Other Approvals" on page 197.

Manufacturing Process

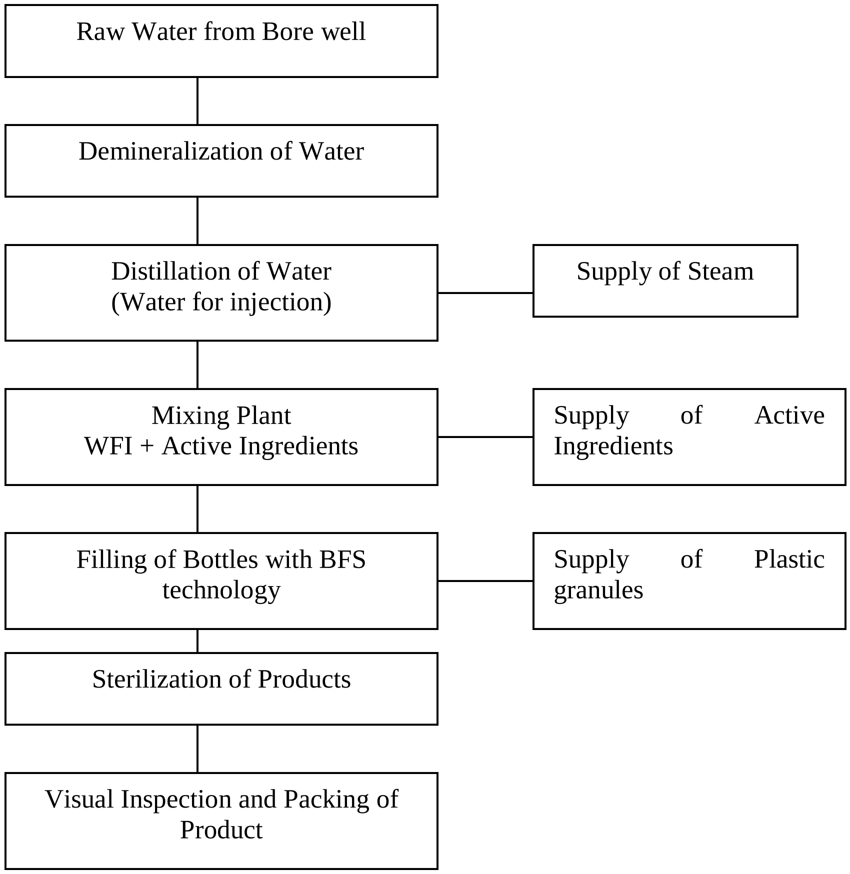
The manufacturing process for manufacture of Sterile Injectable Products is given hereunder:

1. The production department creates the production plan after getting requirement from Marketing. Thereafter a requisition for required quantity of Raw material (RM) and Packing material (PM) is issued from store. The RM is weighed accurately as per requisition in store. The weighed material is transferred to the production department. Production and QA chemist again check the weight and material, thereafter it is transferred to the solution preparation area.

2. After the batch has been prepared, a product sample is given to the QC department for conducting In-Process control (IPC) test. Based on the test result if QC releases the sample the product is filtered through a 0.45 micron filter for filling. Second filtration is carried out by 0.22 micron membrane before filling.

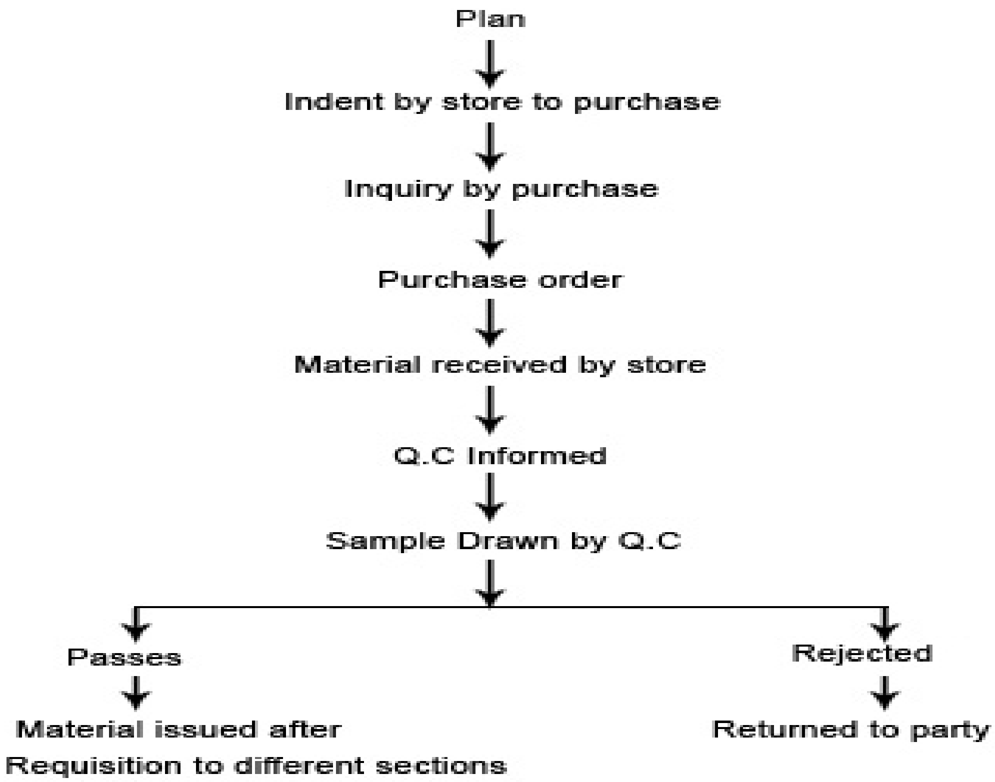
3. After filling and sealing the product containers are loaded in trays to terminally sterilize the product in autoclave. After sterilization, bottles are visually inspected. After visual inspection bottles are labelled and then packed into corrugated box. The critical process is carried out in classified area and under LAF to ensure a quality product.

Manufacturing Process Flow-Chart:



Arrangement for Handling of Raw/Packing Material and Finished Goods

The handling of RM and PM is done by the stores department, whereas that of finished goods (FG) is done by the dispatch department. Written Standard Operating Procedures (SOPs) are kept available in the stores. For the raw materials, Stores In-charge has to ensure that all incoming materials are handled and stored according to established procedures. Dispatch In-charge is responsible for handling and dispatch of finished goods. On the work floor, the Production In-Charge is responsible for the handling and storage of all incoming, in-process and out-going material. Storage of above material is also done according to written procedures and at designated locations in a way which prevents their damage. Pallets are used wherever appropriate. Methods for authorizing the receipt and the dispatch, to and from such locations, are also stipulated. In order to detect deterioration of RM, the condition of the material in stock is assessed periodically. Finished goods packing is done according to established procedure so that their identity, integrity and segregation are maintained.



Handling of Rejected Materials and Product

According to standard operating procedures, all incoming and outgoing materials which do not conform to the specified requirements are identified and segregated. These are then rejected and scrapped. The QC Manager has overall responsibility for verifying the quality and informing the Store In-charge who is responsible for the identification, segregation and disposal of nonconforming items. The Production Manager and QA are responsible for investigating the cause of the non-conformance and taking corrective action to prevent recurrence.

Description of General Policy for Process Validation

Our Company has an established policy of validation. The validation also includes environmental control. Manufacturing process is validated for its efficacy. The cleaning and manufacturing process in mixing and filling are monitored in accordance with specified In-process control (IPC) parameters for each and every batch produced. In addition to this, all the equipment are checked periodically by physical inspection and by planned preventive maintenance.

Quality Control and Quality Assurance

We have a fully equipped in-House Quality Control Laboratory having different inter-departments for Chemical Testing, Physico-Chemical Testing, Microbiological Testing, Pyrogens Testing, Sterility Testing and Toxicity Testing. All raw Materials, Packing Materials, in process testing and finished stocks are tested in-house.

(A) Elements of the QC system

Our Company has a quality control system as per the requirements of current good manufacturing practices and good laboratory practices requirements. It has standard operating procedures for operation, cleaning and calibration of equipment /instruments. It has standard specifications of raw materials, packaging materials, bulk and finished products as well as standard testing methods for raw materials, packaging materials, bulk and finished products. It has raw data protocol for each analytical report for reference. At the Quality Control department, analytical testing is done at 3 different stages of manufacturing. First when any materials (raw materials and packaging materials) come in to the QC department, each and every material (raw materials and packaging materials) is tested as per standard specification. At the second stage after processing the materials, the bulk condition before filling (in process stage) is also tested for quality and purity. Finally at the third stage, when materials are packed then quality control departments draws the sample and tests as per standard specifications of finish products.

(B) Activities of analytical testing, packaging, component testing, biological and Microbiological testing

The various tests performed are as discussed below:

Chemical analysis, which is done on raw materials, bulk samples, water and finished products as per standard specification and standard testing procedures. The tests involve use of several instruments like the HPLC, Ultra Violet Spectrophotometer, and Polarimeter etc. All instruments operation are operated as per standard operating procedure.

Bacterial Endotoxin Testing (BET) / Pyrogen testing, which is performed to detect bacterial endotoxin in the product as per standard specification and standard testing procedure. This test is presently carried out using the Limulus Amebocyte Lysate (LAL) kit. All instruments operation are operated as per standard operating procedure.

Sterility testing, which is conducted to ensure the sterility of finished products as per standard specification and standard testing procedure. The test requires 7 / 14 days of incubation time and is done using the membrane filtration method.

Stability testing is carried out on finished products by keeping the products under various parameters (accelerated temperature and humidity) as well as controlled room temperature (Real Time Stability) as per the documented procedure in line with ICH guidelines. Stability testing is done for physically, chemically and microbiologically stability as per standard specification and standard testing procedure. The Company has SOP for stability study which mentions stability plan, procedure, selection of batches, frequency of testing and records etc. reports are maintained for the stability test.

Quality Assurance System

After all production activities from batch preparation to packing are complete, the batch card with the signature of the Production In-charge is handed over to the QA department. QA reviews the entire batch card in terms of process specifications and other technical aspects. It is only after this, that the batch is released for dispatch by QC Executive. The responsibility to review, approve and distribute all documents including various test specifications, material specifications, release criteria etc. is that of the QA Manager.

The Company has technically competent QA and QC team which thoroughly monitors all processes as per GMP norms.

Quality Management System and Quality Standards

Our Company has developed a quality management system which aims to establish and maintain a documented quality system as a means of ensuring that the product conforms to specified requirements. This includes the preparation and effective implementation of documented quality assurance procedures, which are in accordance with GMP requirements.

The detail of the management system is mentioned in the respective departmental SOPs and quality manual. The Standard Operating Procedures (SOP) Manual defines the quality-related responsibilities which are required in the daily operation of the manufacturing activities and describes the written procedures, which gives in detail the activities and responsibilities of all personnel involved in operating and implementing the quality system.

The periodic and formal review of the effectiveness of the firm's quality systems, and their revision where necessary, is the responsibility of Internal Quality Audit team, which comprise of members from all the departments. This audit team reviews the effectiveness of the system by monitoring the following:-

- Incoming material quality
- Production Quality
- Compliance with system/document control
- Customer complaints
- Corrective action to avoid non-conformity
- Internal quality audits

We also conduct the audit of suppliers. The responsibility for vendor audits lies with the Q.A. department. The supplier's factory is visited by a team comprising of an inspector from the quality assurance (QA) department and a person from the Purchase department. This team inspects testing methods used by the supplier, assesses the ability of the supplier to supply consistently good quality material and ensures that the supplier follows Current Good Manufacturing Practice (cGMP) and Current Good Laboratory Practices (cGLP). Supplier audits are generally done on an annual basis.

Quality Control Laboratory Equipment

Quality Control Laboratory is equipped with all required instruments for qualitative and quantitative analysis of raw materials, in process control, finished products.

Planned Preventive Maintenance Programme for Equipment

The preventive maintenance of equipment is the responsibility of engineering department. This department is looked after by engineering head. There are written procedures that are required to be followed. The equipment going under preventive maintenance is classified into crucial and critical categories. The maintenance job to be done is also categorized similarly. Crucial equipment (those which safeguard the process and products) include Boiler, Filling machine, AHU, Air Compressors, D.G. set and Sterilizers. The critical equipment are those for which stand-by equipment are available. A preventive maintenance schedule record is maintained. These records are made available to the users. The QC Laboratory equipment are calibrated and then re-calibrated periodically according to the written procedure. In the same way, validation of manufacturing equipment and process is done periodically.

Quality Assurance Team

Our Company has a team of dedicated, well qualified and most experienced technical staff for manufacturing and Quality Control, and who have been approved by FDCA Gandhinagar, Gujarat, India for carrying out their responsibilities.

The above factors contribute to the high quality and reliability of the products being manufactured by the Company and which has enabled it to earn a good reputation in the pharmaceutical business.

Regulatory Affairs

We have a dedicated and qualified team to handle various functions of regulatory affairs. Some of our identified strengths are:

- Compiling and providing a complete range of regulatory documents suitable to the client's requirement
- Facilitating efficient interaction with regulatory bodies and client's regulatory group
- Liaisoning with FDCA and other governing bodies for getting necessary product permissions and other "quality" related certificates
- Updating our client on changes and affecting the changes (if any) by the different regulatory bodies

Export Obligations

We do not have any export obligation outstanding as on March 31, 2013.

Marketing Arrangements

Our sterile liquid injectable products are well known in the pharmaceutical markets for its reliable and high quality. The domestic business of our Company is driven by its own sales and marketing network comprising of approximately forty (40) Medical Representatives (MR) covering various territories across India. Our Company has arrangements with sixteen (16) super stockists in fifteen (15) States of India and one (1) distributor in Nepal.

In international markets, our Company partners with local distributors who import and distribute the products of our Company, under their supervision and carry out marketing activities. In addition to direct marketing, we also participate in bulk supplies of sterile injectable products by way of bidding in tenders of various State Government Health Departments.

Competition

The markets in which we sell our injectables and delivery system products are highly competitive. The primary competitive factors consist of quality, price and size of product portfolio. To stay ahead of our competitors, we regularly update existing technology and acquire or develop new technology for our pharmaceutical manufacturing activities.

We maintain a high level of involvement across our sales and marketing network to maximize our presence in India. We attempt to keep our costs of production low to maintain our competitive advantage and our profit margins. We see ourselves as competing with various pharmaceutical companies in the Indian market.

Employees

Our manufacturing process requires an appropriate mix of skilled, semi-skilled and un-skilled labour. As at June 30, 2013, we have a total of 306 employees at our manufacturing facilities and at our Registered and Corporate Offices, including 106 permanent employees and 200 contract workers and others who are not on our rolls. The break-up of our employees is given below:

Department	**No. of Employees**
Quality assurance	6
Production	20
Quality control	10
Storage and distribution	8
Engineering services	10
Corporate Office	12
Marketing	40
Total	**106**

Our employees are not currently unionized, and there have been no work disruptions, strikes, lock-outs or other employee unrest to date. We believe that our relations with employees are cordial. We maintain high safety standards in our facilities to ensure that none of our employees are exposed to any hazards.

Insurance

Our Company maintains adequate insurance policies for its manufacturing facility as well as the office premises of our Company. Our Company has obtained fire and special perils policy, factory building stock transit policy, policies for furniture and fixture, Plant and Machinery, finished goods, etc. Our Company has also availed vehicle insurance policy. As on June 30, 2013, our Company has an insurance coverage to the tune of ₹1,437.49 lakhs. Our Company generally maintains insurance covering its assets and operations at levels that it believes to be appropriate.

Intellectual Property Rights

We market our sterile injectable products under various brand names as under:

Sr. No.	Name of the Brand
1	Denivert 10W
2	Denivert 10S
3	Denisol Irrigation
4	Deniline Injection
5	Glyden-D
6	Glyden-S
7	Denimezole
8	Ciproden
9	Denocin
10	Tiniden
11	Lomoden – D
12	Lomoden - S
13	Aminoden
14	Denilyte ‘E’
15	Denilyte ‘G’
16	Denilyte ‘M’
17	Denilyte 'P'
18	Denilyte 'R'
19	Paraden
20	Denoflox IV
21	Zoralgan
22	Linezolid

However, the aforementioned brand names have not been registered as trademark or copyrights with Trademarks Authority as on the date of this Draft Letter of Offer.

Property

We occupy following properties which are either owned or leased:

Sr. No.	Description of Property	Area	Date of Agreement	Freehold / Leasehold	Seller
Registered Office and Manufacturing Facility					
1	Block No. 457, Village-Chhatral, Taluka –Kalol (N.G.), Gandhinagar District, Gujarat	18,009 Sq. Meters	21-09-1981	Owned & Freehold Land	1. Parshottam K. Patel 2. Kachrabhai B. Patel 3. Hirabhai C. Patel & 4. Shantilal J. Patel
2	Block No. 460, Village-Chhatral, Taluka-Kalol (N.G.), Gandhinagar District, Gujarat	17,300 Sq. Meters	28-02-1995	Owned & Freehold Land	1. Jayantibhai S. Patel 2. Baldevbhai S. Patel 3. Ashokkumar V. Patel 4. Pravinkumar V. Patel
Corporate Office					
3	No. 401, Abhishree, Opp. Om Tower, Satellite Road, Ahmedabad – 380015	2,400 sq. feet (super built-up)	01.04.2013 to 31.03.2018	Lease	Ms. Anar H. Patel
Other Properties					
3	Office Premises bearing No. 8, Hindustan Kohinoor Complex, L.B.S. Marg, Vikhroli (West), Mumbai- 400 083 admeasuring 500 Sq. Feet (super built-up)	500 Sq. Feet	12-01-2000	Owned	Ganga Construction Limited

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. In this section, unless the context requires otherwise, any reference to our Company refers to Denis Chem Lab Limited. No action or omission should be taken or contemplated based on the contents below without independent verification with each prospective investors' legal advisors, and any prospective investor who does without such independent verification and based on the contents herein below would do so at his/her/its sole risk and without recourse to our Company, Directors of our Company or the Lead Manager or any other person or entity whatsoever.

We are engaged in the business of manufacturing, selling and exporting Large Volume Parenterals (LVP) i.e. Intravenous Fluids (I.V. Fluids) and bulk drugs and is governed by a number of central and state legislations that regulate our business. Further our company is subject to and affected by certain foreign laws. Applicable laws of jurisdiction outside India have not been set out herein.

The following discussion summarises certain significant Indian laws and regulations that govern our company's business.

INDIAN REGULATIONS

The drugs and formulations industry in India is supervised by the Ministry of Health and Family Welfare, GoI ("**MoH**"). The MoH issues notifications under the regulations given below and also mandates the requirement of licenses for manufacture or sale or distribution, and also appoints the central license approving authority, the Drugs Controller General of India. The Department of Science and Technology, under the Ministry of Science and Technology, GoI ("**MoST**"), promotes new areas of science and technology with special emphasis on research and development, and our Company comes under its scanner since one of the major initiatives of our Company is to focus on research and development strategies.

1. **The Mashelkar Committee, 1999 (the "Mashelkar Committee")**

   The Mashelkar Committee submitted a report to the GoI in 1999, on the drug regulatory framework in India, recommending certain changes in the licensing norms, administrative and investigative apparatus and inspection and monitoring schemes, both at manufacturing level and points of sale. The key recommendation was to centralize drug licensing by creating a new national body to strengthen the implementation of drug laws in India. The recommendations of the Mashelkar Committee have not been incorporated in their entirety.

2. **Drugs and Cosmetics Act, 1940**

   Matters pertaining to drug formulations, biological and APIs are governed by the Drugs and Cosmetics Act, which regulates the import, manufacture, distribution and sale of drugs in India as well as aspects relating to labelling, packing, testing and licensing. Under the Drugs and Cosmetics Act, while regulation of manufacture, sale and distribution of drugs is primarily the responsibility of the state authorities, the central authorities are responsible for approval of new drugs, clinical trials, laying down standards, control over imported drugs and coordination of activities of state drug control organizations. These procedures involve obtaining a series of approvals for different stages at which drugs are tested, before the Drug Controller General of India (the "DCGI"), an authority constituted under the Drugs and Cosmetics Act, which is empowered to grant the final license to allow drugs to be manufactured and marketed. The Central Drugs Standard Control Organization (the "CDSCO") is responsible for testing and approving APIs and formulations in consultation with the DCGI.

At the first instance, an application is made to the DCGI, who issues a no-objection certificate after looking into the medical and chemical data and the toxicity of the drug. The next stage of testing is at the central drug laboratories, where the drug is subjected to a series of tests for its chemical integrity and analytical purity. If the drug meets the standards required by the DCGI, a certificate is issued by the DGCI in that regard. In the case of APIs, the DCGI issues a manufacturing and marketing license which is submitted by the company seeking to produce the drug to the drug control administration of the state (the "State DCA"), which clears the drug for manufacturing and marketing. The State DCA also approves technical staff as per the Drugs and Cosmetics Act and the Drugs and Cosmetics Rules, 1945 (the "Drugs Rules") framed in compliance with the World Health Organization (the "WHO") and the 'Current Good Manufacturing Practices' (the "CGMP") inspection norms. The Drugs Rules also provide for certain 'Good Manufacturing Practices' to be followed on premises manufacturing pharmaceutical products and while dealing with the raw materials for the same. In addition, certain specific requirements have been formulated with regard to the manufacture of APIs, like building specifications, product containers, in-process controls, provision of utilities and services etc. that need to be mandatorily complied with.

Under the Drugs and Cosmetics Act, the GoI may, by notification in the official gazette, regulate or restrict the manufacture, sale or distribution of a drug, if it is satisfied that such drug is essential to meet the requirements of an emergency arising due to an epidemic or natural calamities and that in the public interest, it is necessary or expedient to do so or that the use of such drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification.

The Drugs and Cosmetics Act also regulates the import of drugs into India, and prohibits the import of certain categories of drugs into India, for instance (i) any drug which is not of standard quality, (ii) any misbranded drug, (iii) any adulterated or spurious drug, (iv) any drug for the import of which a licence is prescribed, otherwise than under, and in accordance with, such licence, (v) any patent or proprietary medicine, unless there is displayed in the prescribed manner on the label or container thereof the true formula or list of APIs contained in it together with the quantities thereof, (vi) any drug which by means of any statement, design or device accompanying it or by any other means, purports or claims to cure or mitigate any such disease or ailment, or to have any such other effect, as may be prescribed, and (vii) any drug the import of which is prohibited under the Drugs and Cosmetics Act or the Drugs Rules. This restriction shall not apply, subject to prescribed conditions, to the import of small quantities of any drug for examination, testing, analysis or personal use. The GoI may, after consultation with the Drugs Technical Advisory Board, by notification in the official gazette, permit, subject to any conditions specified in the notification, the import of any drug or class of drugs not being of standard quality. Further, if the GoI is satisfied that the use of any drug involves any risk to human beings or animals or that any drug does not have the therapeutic value claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification and that in the public interest it is necessary or expedient so to do, it may, by notification in the official gazette, prohibit the import of such drug or cosmetic.

3. Pharmacy Act, 1948 ("PA")

The PA provides that all pharmacists require a registration under the PA, which registration process includes providing: (a) the full name and residential address of the pharmacist; (b) the date of his first admission to the register; (c) his qualifications for registration; (d) his professional address, and if he is employed by any person, the name of such person; and (e) such further particulars as may be prescribed.

4. **Drug Policy, 2002**

The main objectives of the Drug Policy 2002 are several and include ensuring abundant availability at reasonable prices within the country of good quality essential pharmaceuticals of mass consumption. It also concentrates on strengthening the indigenous capability for cost effective quality production and exports of pharmaceuticals by reducing barriers to trade in the pharmaceutical sector and strengthening the system of quality control over drug and pharmaceutical production and distribution to make quality an essential attribute of the Indian pharmaceutical industry and promoting rational use of pharmaceuticals. The Policy further encourages the R&D in the pharmaceutical sector in a manner compatible with the country's needs and with particular focus on diseases endemic or relevant to India by creating an environment conducive to channelising a higher level of investment into R&D in pharmaceuticals in India. Creating an incentive framework for the pharmaceutical industry which promotes new investment into pharmaceutical industry and encourages the introduction of new technologies and new drugs is another important aspect which has been examined b this Policy.

5. **National List of Essential Medicines, 2003**

The MoH introduced the National Essential Drugs List (the "***NEDL***") in 1996, modelled on the WHO Essential Drugs List. The NEDL was meant to be an indicator of availability of the included drugs (approved by the DCGI) in the country. The NEDL was reviewed by a committee of experts constituted by the Director General of Health Services, MoH, and was revised and adopted as the National List of Essential Medicines (the "***NLEM***") in 2003. Currently, the NLEM has 354 medicines included in it.

6. **Pharmaceutical Research and Development Support Fund and Drug Development Promotion Board**

The Pharmaceutical Research and Development Support Fund and the Drug Development Promotion Board were established in January, 2004 under the administrative control of the Department of Science and Technology, MoST, to create enabling infrastructure to facilitate new drug development through supporting R&D projects jointly proposed by industry and academic institutions / laboratories, and to extend soft loans for R&D to publicly funded drug R&D institutions. The fund seeks to support research in all systems of medicine, including setting up of facilities, support joint research projects of industry and institution and provide loan amount of up to 70 % of the project cost.

7. **Pharmaceutical Export Promotion Council**

The Pharmaceutical Export Promotion Council (the "***Pharmexcil***") was set up by the Ministry of Commerce and Industry, GoI (the "***MCI***"), on May 12, 2004, in order to serve as an exclusive export promotion council for the Indian pharmaceutical industry. Pharmexcil is the sole issuer of registration-cum-membership certificates to exporters of pharmaceutical products in India. Pharmexcil takes on several external trade promotion activities by organizing trade delegations outside India, arranging buyer-seller meetings and organizing international seminars. Various pharmaceutical products such as bulk drugs and formulations, collaborative research, contract manufacturing, diagnostics, clinical trials and consultancy are covered under its purview.

8. **Indian Pharmacopoeia Commission**

The GoI has established the Indian Pharmacopoeia Commission (the "Pharmacopoeia Commission") which is an autonomous institution under the aegis of the MoH, dedicated to setting standards for drugs, pharmaceuticals, healthcare devices and technologies etc. besides providing reference substances and training. The Pharmacopoeia Commission aims to develop comprehensive monographs for drugs to be included in the Indian pharmacopoeia, including APIs, excipients and dosage forms as well as medical devices, and to keep them updated by revision on a regular basis. The Pharmacopoeia Commission publishes the Indian Pharmacopoeia, which acts as the official book of standards, and medicines produced in India must comply with the specified standards. The pharmacopoeias standards and acceptance criteria laid out in the Indian Pharmacopoeia provide compliance requirements with which a manufacturer must comply before the release of a product for sale or distribution. In case there are any changes in quality during storage and distribution, the pharmacopoeias requirements define acceptable levels of change and it is only the materials or products that show unacceptable levels, which are rejected. It also provides that it is the responsibility of the manufacturer to ensure that the product is manufactured in accordance with the cGMP and that sufficiently stringent limits of acceptance are applied at the time of release of a batch of material or product so that the compendia standards are met until the expiry date under the storage conditions specified. The current version of the Indian Pharmacopoeia is the Indian Pharmacopoeia, 2007 (with an addendum in 2008).

9. Essential Commodities Act, 1955 (the "ECA")

The ECA gives powers to the GoI to, among other things, regulate production, distribution and quality of essential commodities including drugs, for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Using the powers under it, various ministries/departments of the Government have issued control orders for regulating production, distribution, quality aspects, movement and prices pertaining to the commodities which are essential and administered by them. The state governments have issued various control orders to regulate various aspects of trading in essential commodities.

10. Drugs (Prices Control) Order, 1995 (the "DPCO")

The Drugs (Prices Control) Order, 1995 (the "DPCO") was promulgated under section 3 of the EC Act and is to be read with the said Act. The DPCO fixes the price for certain APIs and formulations which fall within the purview of the legislation and are called as scheduled drugs and scheduled formulations, respectively.

The National Pharmaceutical Pricing Authority ("NPPA") is responsible for the collection of data and study of the pricing structure of APIs and formulations and to enforce prices and availability of the medicines in the country, under the DPCO. Upon recommendation of the NPPA, the Ministry of Chemicals 152 and Fertilizers, Government of India fixes ceiling prices of the APIs and formulations and issues notifications on drugs which are scheduled drugs and scheduled formulations. The NPPA arrives at the recommended prices for the scheduled drugs and formulations after collection and analysis of data on costing which includes data on raw material, composition, packing materials, process losses, overhead allocation and appointment, capacity installment, technical data on manufacturing work orders and packing work orders.

The Government has the power under the DPCO to recover amounts charged in excess of the notified price from the company. There are penal provisions for violation of any rules and regulations under the EC Act. As per Section 7 of the EC Act, the penalty for contravention of the DPCO is minimum imprisonment of three months, which may extend to seven years and the violator is also liable to pay fine. Presently there are 74 scheduled drugs under the DPCO. These provisions are applicable to all scheduled formulations irrespective of whether they are imported or patented, unless they are exempted. However, the prices of other drugs can be regulated, if warranted in public interest.

Prices of non-scheduled formulations are fixed by the manufacturers themselves keeping in view factors like cost of production, marketing expenses, research and development expenses, trade commission, market competition, product innovation and product quality. The NPPA monitors the prices of medicines as per monthly audit reports.

11. Drug Policy, 1986 (the "Drug Policy")

The main objectives of the Drug Policy are to ensure abundant availability of essential life saving and prophylactic medicines of good quality at reasonable prices and strengthening the system of quality control in relation to drug production. It also aims at creating an environment conducive to infusion of fresh investment in the pharmaceutical industry while strengthening indigenous capability for production of drugs. The Drug Policy provided for a controlled pricing mechanism in relation to the prices of drugs, where fixation of prices would be done by the NPPA.

In the light of changes occurring in the Indian pharmaceutical due to liberalization, globalization and obligations under various World Trade Organization ("**WTO**") agreements, the GoI introduced the National Pharmaceutical Policy, 2002 (the "**NPP**"), which incorporated further changes in relation to the industrial licensing regime and the relaxation of FDI up to 100% under the automatic route, and also provided that the guiding principles for deciding whether a drug would be subject to price control, would be (a) mass consumption nature of the drugs, and (b) absence of sufficient competition in such drugs. However, on account of on-going litigation in the Supreme Court of India, the NPP was not notified. Furthermore, the GoI has formulated a draft National Pharmaceutical Policy, 2006 (the "**Draft National Pharmaceutical Policy**") in which it has recommended, among other things, that patented drugs, i.e., formulations under product patents launched in India after January 1, 2005, be subject to price negotiations before granting market approval.

12. Public Liability Insurance Act, 1991

The Act provides for 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 or incidental thereto. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident (being caused during the handing of any hazardous substance resulting in continuous or intermittent or repeated exposure to death of, or injury to, any person or damage to any property), the person who owns, or has control over handling, such hazardous substance at the time of the Accident shall be liable to give such relief as is specified in the Schedule to the Act for such death, injury or damage. Therefore, such person who will be liable in case of an accident shall, before he starts handling any hazardous substance, obtain one or more insurance policies providing for contracts of insurance whereby he is insured against liability to give relief as described above. Such person is also required to contribute to the environment relief fund a sum equal to the premium paid by him towards the public liability insurance cover obtained.

13. The Manufacture, Storage and import of Hazardous Chemical Rules, 1989

The Rules are formulated under the Environment (Protection) Act, 1986. The Rules are applicable to 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.

Where a major accident occurs on a site or in a pipe line, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the Rules at least 3 months before commencing that activity or before such shorter time as the concerned authority may agree.

14. Indian Patent Regulation

The Patents Act, 1970 (the "**Patents Act**") governs the patent regime in India. Historically, India granted patent protection only to processes and not to products (i.e., only the process to manufacture a drug is protected and not the drug itself). This meant that if a drug company could find an alternative process to produce the same formulation as a competitor, it could sell such an alternative process in India without fear of patent infringement suits. In 1995, under the general agreement on tariffs and trade, India became a signatory to the trade related agreement on intellectual property rights (the "**TRIPS**"). The TRIPS requires India to recognize product patents as well as process patents, which is all that were granted under the Patents Act. The regime provided for recognition of product patents, patent protection period of 20 years as opposed to the previous seven year protection for process, allowed patent protections on imported products, and provided that under certain circumstances, the burden of proof in case of infringement of process patents may be transferred to the alleged infringer. As a developing country, India was granted a grace period of 10 years to comply with product patent laws under the WTO agreement, meaning that the product patent regime came into force in India from 2005, pursuant to the Patents (Amendment) Act, 2005.

The definition of 'inventive step' in the Patents Act has been amended to exclude incremental improvements or ever greening of patents. Under the amended Patents Act, an inventive step must involve a technical advance as compared to the existing knowledge or must have economic significance or both. Further, the invention must be non-obvious to a person skilled in the art. Another amendment, with a view to reducing ever greening of patents, is the expansion of Section 3 of the Patents Act which determines what are not patents. Section 3(d) of the Patents Act has been amended such that the following are not patents:

- the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance, or
- the mere discovery of any new property or new use for a known substance or the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

The explanation to Section 3(d) of the Patents Act clarifies that salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations, and other derivatives of known substance shall be considered the same substance, unless they differ significantly in properties with regard to efficacy. Hence, this explanation will ensure that derivatives, isomers, metabolites of known substances are not easily patentable without the establishment of significant improvements in properties.

The proviso to Section 11A (7) of the Patents Act 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.

15. Trade Marks Act, 1999

The Trade Marks Act, 1999 (the "**Trademark Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services 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. Certification marks and collective marks are also registrable under the Trademark Act. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. However, the registration of a trademark that is not inherently distinctive on the basis of intent to use may be difficult to obtain.

Applications for a trademark registration may be made for in one or more international classes. 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 registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored.

Industrial Regulations

16. The Workmen's Compensation Act, 1923 ("Workmen's Compensation Act")

The Workmen's Compensation Act requires an employer to pay compensation for personal injury, or death caused due such personal injury, to a workman by accident during employment, except in certain cases for instance where such workman was at the time of injury under the influence of drugs or alcohol, or wilfully disobeyed safety rules. On December 1, 2009, the Indian Parliament passed the Workmen's Compensation Amendment Bill, 2009, which broadens the scope of the Workmen's Compensation Act to include clerical staff, raising the monetary compensation payable in the event of death or permanent disability, and introducing reimbursement for treatment of injuries sustained in course of employment. The restriction of the application of this law to companies with at least 20 employees has been done away with, and it would now be obligatory for compensation commissioners to decide on a claim within three months of an application being filed. Upon notification, the statute would be known as the Employee Compensation Act, 2010.

17. The Factories Act, 1948 (the "Factories Act")

The Factories Act regulates occupational safety, health and welfare of workers of the industries, in which 10 or more workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power. The ambit of the Factories Act includes provisions as to the approval of factory building plans before construction or extension, investigation of complaints, maintenance of registers and the submission of yearly and half-yearly returns.

18. The Payment of Wages Act, 1936 (the "Payment of Wages Act")

The Payment of Wages Act applies to persons employed in factories and industrial or other establishments where the monthly wages payable are less than Rs 10,000. It requires the persons responsible for payment of wages to maintain certain registers and display of the abstracts of the rules made their under.

19. The Minimum Wages Act, 1948 (the "Minimum Wages Act")

The Minimum Wages Act provides for minimum wages in certain employments. The central and the state governments stipulate the scheduled employment and fix minimum wages, calculated based on the basic requirement of food, clothing, housing required by an average Indian adult.

20. The Employees (Provident Fund and Miscellaneous Provisions) Act, 1952 (the "EPF Act")

The EPF Act applies to factories employing more that 20 employees and such other establishments and industrial undertakings as notified by the government from time to time. It requires all such establishments to be registered with the relevant state provident fund commissioner. Also, such employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund. A monthly return is required to be submitted to the relevant state provident fund commissioner in addition to the maintenance of registers by employers.

21. The Payment of Gratuity Act, 1972 (the "Payment of Gratuity Act")

Under the Payment of Gratuity Act, gratuity refers to a terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years. The Payment of Gratuity Act applies to all factories and shops and establishments in which 10 or more persons are employed, and requires such establishments to notify the controlling authority within 30 days of opening of the establishment and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made, with any approved insurance fund.

22. The Payment of Bonus Act, 1965 (the "Payment of Bonus Act")

The Payment of Bonus Act provides for payment of the minimum bonus to factory employees and every other establishment in which 20 or more persons are employed during an accounting year and requires the maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, the set on and set off of allocable surplus and details of bonus due to the employees.

23. The Contract Labour (Regulation and Abolition) Act, 1970 (the "CLRA")

The CRLA regulates the employment, and protects the interests, of workers hired on the basis of individual contracts in certain establishments. In the event any activity is outsourced, and is carried out by Labourers hired on contractual basis, compliance with the CLRA including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund.

24. The Employees State Insurance Act, 1948 (the "ESI Act")

The ESI Act applies to all establishments where 20 or more persons are employed are required to be registered with the Employees State Insurance Corporation. The ESI Act requires all employees of the factories and establishments to which it applies to be insured in the manner provided. Further, both employers and employees are required to make contribution to the ESI fund, of which returns are required to be filed with the ESI department.

25. The Industrial Employment (Standing Orders) Act, 1946 (the "Standing Orders Act")

The Standing Orders Act requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by such employer in the prescribed manner. However until the draft standing orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

26. The Shops and Commercial Establishments Acts (where applicable)

Under the provisions of local shops and establishments legislations applicable in the states in which commercial establishments are located, such establishments are required to be registered. Such legislations regulate the working and employment conditions of workers employed in shops commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, and other rights and obligations of the employers and employees. Such legislations are enforced by the chief inspector of shops and various inspectors under the supervision and control of the labour commissioner acting through the various district deputy / assistant labour commissioners.

Environmental Laws

27. The Environmental Protection Act, 1986

The three major statutes in India, which seek to regulate and protect the environment against pollution related activities in India are the Water Act, the Air Act, and the Environment Protection Act, 1986 (the "***EPA Act***"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, the pollution control boards (the "***PCBs***") which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

28. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "*HWM Rules*")

The issue of management, storage, and disposal of hazardous waste is regulated by the HWM Rules made under the EPA Act. Under the HWM Rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. A similar regulatory framework is also established with respect to bio-medical waste under the Bio-Medical Waste (Management and Handling) Rules, 1998.

29. Hazardous Chemicals Rules, 1989

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.

30. The Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 provides for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings. Prior consent of the Pollution Control Board must be obtained for any new outlet or unit, likely to discharge sewage or effluent.

31. Foreign Investment Regime in Pharmaceutical Sector

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act ("***FEMA***"), and the rules, regulations and notifications thereunder, as issued by the RBI from time to time, and the policy prescribed by the Department of Industrial Policy and Promotion, which provides for whether or not approval of the Foreign Investment Promotion Board ("***FIPB***") is required for activities to be carried out by foreigners in India. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. At present, FDI in the Indian pharmaceutical sector is permitted up to 100% through the "automatic route", in case of a greenfield projects which do not require prior approval of the GoI or the RBI.

Miscellaneous Laws

32. Standard of Weights and Measures Act, 1976 (the "Weights and Measures Act")

The Standards of Weights and Measures Act, 1976 (the "**Act**") aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. The Act and rules formulated thereunder regulate *inter alia* inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

33. Indian Boiler Regulations, 1950 (the "Boiler Regulations")

Under the Boiler Regulations, a boiler is inspected by the inspectorate as per the procedure laid down under the Boiler Regulations and if found satisfactory, a certificate is issued for operation for a maximum period of one year. The objective of the Boiler Regulations is mainly to provide for the safety of life and property of persons from the danger of explosions of steam boilers and for achieving uniformity in registration and inspection during operation and maintenance of boilers in India. Violation of any provision under the Boiler Regulations may attract a penalty of ₹ 5,000 or more.

34. Explosives Act, 1884 (the "Explosives Act")

Under the Explosives Act, the Government has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant of license for the same activities. The Government may prohibit the manufacture, possession or importation of especially dangerous explosives. Any contravention of the Explosives Act or rules made under it, being the Explosives Rules, 1983, may lead to an arrest without warrant and imprisonment for three years, including a fine which may extend up to ₹ 5,000.

35. The Customs Act, 1962

The Customs Act, 1962 (the "**Customs Act**") provides that all importers must file a bill of entry or a cargo declaration, containing the prescribed particulars for a customs clearance. Additionally, a series of other documents relating to the cargo are to be filed with the appropriate authority. After registration of the bill of entry, it is forwarded to the concerned appraising group in the custom house. This is followed by an assessment by the assessing officer in order to determine the duty liability which is on the basis of statement made in the entry relating thereto and the documents produced and information furnished by the importer or exporter. Further, all imported goods are examined for verification of correctness of description given in the bill of entry. Post assessment, the importer may seek delivery of the goods from the custodians.

36. Central Excise

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

37. Value Added Tax

Value Added Tax ("**VAT**") is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

38. Sales Tax

The tax on sale of movable goods within India is governed by the provisions of the Central Sales Tax Act, 1956 or relevant state law depending upon the movement of goods pursuant to the relevant sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act, 1956. On the other hand, when the taxability of an arrangement of sale of movable goods which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax / VAT legislations in place within such state.

HISTORY AND CORPORATE STRUCTURE

Our Company was originally incorporated as a Private Limited Company under the Companies Act, 1956 in the name of Denis Chem Lab Private Limited vide Certificate of Incorporation dated July 15, 1980 with the Registrar of Companies, Ahmedabad. Subsequently, our Company was converted into Public Limited Company and a Fresh Certificate of Incorporation in name of Denis Chem Lab Limited was issued by the Registrar of Companies, Ahmedabad on April 29, 1982. The Corporate Identity Number (CIN) of our Company is L24230GJ1980PLC003843.

Our Company came out with Initial Public Issue in the year 1982 and the Equity Shares of our Company were listed on The Ahmedabad Stock Exchange Limited. The Equity Shares are presently listed on ASE with ISIN - INE051G01012.

Mr. Dinesh Patel was one of the subscribers to the MOA of our Company during incorporation in 1980. Mr. Dinesh Patel has been associated with our Company in a non-executive capacity since incorporation. He has not been involved in the management and operations of our Company. Dr. Himanshu C. Patel has been the Managing Director of our Company since 1984 and has been instrumental in the day-to-day operations and management of our Company.

Mr. Dinesh Patel has been named as a "Promoter" in various filings before statutory authorities, including the stock exchange till March 31, 2013. However, as mentioned above, Mr. Dinesh Patel has never been actively involved in the management, operations and policies of our Company. Further, Mr. Dinesh Patel has neither been represented as the Promoter of our Company before banks and financial institutions nor has he issued any personal guarantee to the bankers as security for the loans advanced by them. Mr. Dinesh Patel is now seventy nine (79) years of age and has also withdrawn himself from the executive position he was holding in Sintex Industries Limited from October, 2012. The entire Equity Shareholding viz. 8,940 Equity Shares constituting 0.59% owned and held by him in our Company were transferred by way of gift to his daughter, Ms. Anar H. Patel on June 27, 2013.

In view of the above, Dr. Himanshu C. Patel, Ms. Anar H. Patel and Mr. Nirmal H. Patel being the *de facto* promoters of our Company holding majority shareholding and control over our Company have been disclosed as the Promoters in this Draft Letter of Offer. However, Mr. Dinesh Patel will continue to be the Chairman and Non-Executive Director of our Company.

Changes in the Registered Office

The Registered Office of our Company is presently situated at Block No. 457, Village: Chhatral, Kalol (N.G.), District: Gandhinagar – 382 729. Since incorporation, following changes have taken place in the registered office of our Company:

From	To	Date of passing of Resolution
Vrindavan Bungalow, B/h. ATIRA, Nr. Manali Apt; Dr. V.S. Road, Ahmedabad – 380 006	Block No. 457, Village: Chhatral, Kalol (N.G.), Dist: Gandhinagar – 382 729	January 30, 1982

Major Corporate Events

Year	Important Events
1980	Incorporated as a Private Limited Company on July 15, 1980
1982	Conversion into Public Limited Company
1982	Initial Public Offer of our Company
1984	Rights Issue of 70,000 equity shares at a issue price of ₹ 10/- per share
1989	Rights Issue of 1,17,728 equity shares at a issue price of ₹ 10/- per share

1991	Production capacity increased to 8 million glass bottles per annum
1994	Production capacity again increased to 20 million glass bottles for I.V. Fluids
1995	Further Public Offer of 1,80,750 equity shares
2006	Company forayed into manufacturing of IV fluids in PP bottles using BFS technology

2) MAIN OBJECTS OF OUR COMPANY

The main object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present issue. Furthermore, the activities that our company has been carrying out until now are in accordance with the main objects contained in the Memorandum. Presently, the Main Objects of our Company are:

1. *To carry on the business of manufacturers, dealers, importers, exporters of organic and inorganic chemicals, pharmaceutical chemicals, fine chemicals, agrochemicals, chemical products of every nature and description, and compounds, intermediates, derivatives and by-products thereof and products to be made therefrom (hereinafter for convenience referred to generally as "chemicals and chemical products") including specifically, but without limiting the generality of the foregoing, calcium carbide, calcium cyanamide, lime, nitrogen, oxygen, nitrogenous compounds, fertilizers, acids, alkalies, sizes, oils, metallurgical reagents, flotion reagents, wetting agents, insecticides pesticides and fungicides, plastic and resins, dye-stuff, explosive, catalytic agents, foods, drugs, pharmaceuticals, serums, vitamin products, hormones, sutures, ligatures, and other products for use in the prevention, treatment or care of disabilities in men or animals, and products derived from phosphate mines, lime-stone, quarries, bauxite mines, petroleum, natural gas and other natural deposits, useful or suitable in the manufacture of chemicals and chemical products as herein above defined.*

2. *To carry on the business of importing, exporting, prospecting, and boring for extracting, pumping, drawing, transporting, refining and dealing in natural gases petroleum and other minerals, oils and fuels and or manufacturing of all kinds of petroleum products and by-products.*

3. *To manufacture, produce, use, buy, sell and otherwise deal or traffic in any or all inorganic and organic chemicals of alidhatic or aromatic types including solvents, intermediates, dyestuffs, drugs, medicines and pharmaceuticals, antibiotics, fermentation products, reagents, textile auxiliaries, catalysts etc.*

Changes in the Memorandum of Association of our Company

The following changes have been made in the Memorandum of Association of the Company since inception:

Sr. No.	Particulars	Date of Meeting	Nature of Meeting
1.	**Conversion**		
	Change of Name pursuant to conversion from private limited company to public limited company	April 29, 1982	EGM
2.	**Change in Registered Office**		
	Change in Registered Address from One place to Another Place in the same City and State	January 30, 1982	EGM
3.	**Change in Authorized Share Capital**		
i.	On Incorporation ₹ 30 Lacs divided into 30,000 Equity Shares of ₹ 100/- each	Incorporation	
ii.	Split of one share of Face Value of ₹ 100/- each into 10 shares of ₹ 10/- each	30-01-1982	EGM
iii.	Increased from ₹ 30 Lakhs to ₹ 100 Lakhs	30-01-1982	EGM
iv.	Increased from ₹ 100 Lakhs to ₹ 500 Lakhs	August 20, 1993	AGM
v.	Increased from ₹ 500 Lakhs to ₹ 700 Lakhs	September 26, 1995	AGM

vi.	Increased from ₹ 700 Lakhs to ₹ 1100 Lakhs	Subject to approval of shareholders in their meeting to be held on October 08, 2013	EGM

Listing

The Equity Shares of our Company are listed on The Ahmedabad Stock Exchange Limited. Our listing details on ASE are:

Scrip Code	:	13710
Scrip ID on BOLT System	:	Not Applicable
ISIN	:	INE051G01012
Group/ Index	:	Not Applicable
Industry	:	Pharmaceutical

Our Company has complied with all the requirements under the listing agreement of ASE. Our Company has also paid the requisite annual listing fee to the ASE for the period 2013-14. No disciplinary action has been initiated by the exchange against our Company or any of its Directors.

Post Bonus Issue, our Company intends to seek the listing of its Equity Shares on BSE Limited / recognised Stock Exchange having nation wide trading facility subject to necessary compalince and listing proccudure.

Corporate Profile

For details regarding corporate profile, refer to the Chapter titled 'Business Overview' beginning on page 99 of this Draft Letter of Offer.

Injunction / Restraining Order:

Our Company is not operating under any injunction or restraining order.

The technology, market, managerial competence and capacity built up:

Not Applicable

Details of acquisition of business / undertakings, mergers, amalgamation, revaluation of assets etc.

Not Applicable

Number of Members

Our Company has 1,394 Equity Shareholders as on June 30, 2013.

Our Subsidiary Companies

Our Company does not have any Subsidiary within the meaning of Section 4 of the Companies Act, as on the date of this Draft Letter of Offer.

Shareholders' Agreements, if any

Our Company has not entered into any kind of Shareholders' Agreement till date.

Strategic Partners / Financial Partner

Our Company does not have any strategic / financial partner as on date of filing of this Draft Letter of Offer.

MANAGEMENT OF OUR COMPANY

Board of Directors

As per the terms of the Articles of Association, our Company shall not appoint less than three (3) and more than twelve (12) Directors. Currently, our Company has seven (7) directors, out of which four (4) are Independent Directors.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Name, Father's Name, Qualification, DoB, Experience, Residential Address, Nature of Directorship, Date of Appointment, Term, Occupation and DIN	Nationality	Age	Directorship held in other Companies
Mr. Dinesh B. Patel S/o Mr. Bhikhabhai Patel **Qualification:** B. Sc. (Chem.) **DOB:** July 04, 1934 **Experience:** 55 years **Residential Address:** "Vrundavan" Bunglow, B/h. Apang Manav Madal, Vastrapur, Ahmedabad – 380 006 **Nature of Directorship:** Non-Executive Chairman **Date of Appointment:** April 25, 2007 **Term:** Liable to retire by rotation **Occupation**: Business **DIN:** 00171089	Indian	79 years	Sintex Industries Limited
Dr. Himanshu C. Patel S/o Mr. Chaitanya Patel **Qualification:** M.S. in Mechanical Engineering, B.E. in Mechanical Engineering, Ph.D. (Bio Mechanics) **DOB:** March 16, 1954 **Experience:** 30 years **Residential Address:** 2, Ashwamegh Society – IV, Opp. P & T Colony, Satellite Road, Ahmedabad – 380 015 **Nature of Directorship:** Managing Director **Date of Appointment:** May 23, 1981	Indian	59 years	1. Denis Finance Limited 2. Vadan Marketing Private Limited 3. Aleris Pharma Private Limited

Name, Father's Name, Qualification, DoB, Experience, Residential Address, Nature of Directorship, Date of Appointment, Term, Occupation and DIN	Nationality	Age	Directorship held in other Companies
Term: 3 years from 01.04.2012 to 31.03.2015 **Occupation:** Business **DIN:** 00087114			
Ms. Anar H. Patel W/o Dr. Himanshu C. Patel **Qualification:** B. A. **DOB:** September 21, 1959 **Experience**: 25 Years **Residential Address:** 2, Ashwamegh Society – IV, Opp. P & T Colony, Satellite Road, Ahmedabad – 380 015 **Nature of Directorship:** Non-Executive and Non- Independent Director **Date of Appointment:** March 30, 1998 **Term:** Liable to retire by rotation **Occupation:** Business **DIN:** 01335025	Indian	54 years	Vadan Marketing Private Limited
Dr. Gaurang K. Dalal S/o Mr. Kantilal Dalal **Qualification:** MBBS **DOB:** May 18, 1952 **Experience:** 30 years **Residential Address:** 3, Ashani Society, Nr. Darbar Hotel, Jodhpur Tekra Road, Ahmedabad – 380 053 **Nature of Directorship:** Non-Executive and Independent Director **Date of Appointment:** November 01, 2007 **Term:** Liable to Retire by rotation	Indian	61 years	1. Narmada Fintrade Private Limited 2. Sayaji Industries Limited

Name, Father's Name, Qualification, DoB, Experience, Residential Address, Nature of Directorship, Date of Appointment, Term, Occupation and DIN	Nationality	Age	Directorship held in other Companies
Occupation: Medical Practice **DIN:** 00040924			
Mr. Janak G. Nanavaty S/o Mr. Gautambhai Nanavaty **Qualification:** B.Com, MBA (Marketing) **DOB:** May 14, 1955 **Experience:** 25 Years **Residential Address:** Gunjan, Nr. Manekbaug Hall, Polytechnic, Ahmedabad – 380 015 **Nature of Directorship:** Non-Executive and Independent Director **Date of Appointment:** October 29, 2012 **Term:** Liable to retire by rotation **Occupation:** Industrialist **DIN:** 00472925	Indian	58 years	1. Urja Products Private Limited 2. Santaram Spinners Limited 3. Mihikita Infrastructure Limited
Mr. Priyavadan C. Randeria S/o Mr. Chhaganlal Randeria **Qualification:** Economist **DOB:** March 02, 1926 **Experience:** 50 years **Residential Address:** Mitali Bunglow, Nr. Sadma Society, Navrangpura, Ahmedabad – 380 009 **Nature of Directorship:** Non-Executive and Independent Director **Date of Appointment:** March 22, 1983 **Term:** Liable to retire by rotation **Occupation:** Business and Economic Consultant **DIN:** 01334965	Indian	87 years	None

Name, Father's Name, Qualification, DoB, Experience, Residential Address, Nature of Directorship, Date of Appointment, Term, Occupation and DIN	Nationality	Age	Directorship held in other Companies
Mr. Chinubhai N. Munshaw S/o Mr. Nanubhai Munshaw **Qualification:** B. Com. **DOB:** July 26, 1929 **Experience:** More than 50 years **Residential Address:** Niral, Opp. Parimal Garden, Nr. Chimanlal Park, C.G. Road, Ellis Bridge, Ahmedabad – 380 006. **Nature of Directorship:** Non-Executive and Independent Director **Date of Appointment:** August 03, 1984 **Term:** Liable to retire by rotation **Occupation:** Business **DIN:** 02780432	Indian	84 years	None

Brief Biographies of the Directors

Mr. Dinesh B. Patel, aged 79 years, is a Non-executive chairman of our Company. He is a Science graduate from Bombay University. He has experience of more than 5 decades in Textiles, Plastics and Pharmaceutical industry.

Dr. Himanshu C. Patel, aged 59 years, is the Managing director of our Company. He completed his Bachelor degree in Mechanical Engineering from Bombay University in the year 1976. Thereafter he went to the USA for further study and completed his Master of Science in Mechanical Engineering and Doctor of Philosophy from Colombia University, New York, USA in the year 1978 and 1983 respectively. He has almost 3 decades of experience in the pharmaceuticals industry. He has extensively travelled across USA, Europe, Japan and China for business development and technology import. He presently takes care of purchase, business development and materials management. He also oversees day-to-day affairs of our Company.

Ms. Anar H. Patel, aged 54 years, is Non-executive Director of our Company. She is commerce graduate from Gujarat University. She has an experience of more than 2 decades in company administration. She guides the Company in overall administration of our Company.

Dr. Gaurang Dalal, aged 63 years, is a Non-executive and Independent Director of our Company. He is a MBBS by qualification and a practicing physician in Ahmedabad. He has experience of more than 3 decades in pharmaceutical industry in India. He guides our Company in launch of new products in the market.

Mr. Janak Nanavaty, aged 58 years, is a Non-executive and Independent Director of our Company. He is a commerce graduate and holds a Masters Degree in Business Administration from B.K. School of Management, Ahmedabad. He guides the management of our Company about analysing the market potential and requirement of development of new products.

Mr. Priyavadan Randeria, aged 87 years, is a Non-executive and Independent Director of our Company. He is an economist by education. He is well-versed with the intricacies of all aspects of pharmaceutical business.

Mr. Chinubhai Munshaw, aged 84 years, is a Non-executive and Independent Director of our Company. He is a bachelor of commerce and has experience of more than five decades in textile industry. He provides guidance to our Company in industrial relations.

Arrangements with major Shareholders, Customers, Suppliers or Others

There is no arrangement or understanding between the Company and major shareholders, customers, suppliers or others, pursuant to which of any of the Directors of the Company were appointed as a Director or member of senior management of the Company as on the date of this Draft Letter of Offer.

Relationships between the Directors

None of the directors are related to each other except Dr. Himanshu C. Patel, Ms. Anar H. Patel and Mr. Dinesh B. Patel who are related to each other. Ms. Anar H. Patel is the wife of Dr. Himanshu C. Patel and daughter of Mr. Dinesh B. Patel and Mr. Dinesh B. Patel is a father-in-law of Dr. Himanshu C. Patel.

Service Contracts

The Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.

Borrowing Powers of the Board

The Articles, subject to the provisions of the Companies Act, authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders have, pursuant to a resolution passed at the Annual General Meeting held on September 20, 2010, in accordance with the Companies Act, 1956, authorized the Board to borrow any sum or sums of money from time to time, notwithstanding that the money or moneys to be borrowed by the Company, apart from money already borrowed from the Company's bankers in the ordinary course of business, may exceed the aggregate of the paid-up capital of the Company and its free reserves i.e. to say reserves not set apart for any specific purposes, provided that such monies shall not exceed ₹ 10,000 Lakhs.

Remuneration to Executive Directors

a) Dr. Himanshu C. Patel

The Company has executed Employment Agreement dated January 30, 2012, enumerating the terms of his employment along with remuneration, details of which are set out below:

A. Term	For a period of 3 years from 1st April 2012 to 31st March 2015
B. Salary	₹ 2,50,000 per month
C. Perquisites	1. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act,1961

	2. Gratuity payable at a rate not exceeding half a months' salary for each completed year of service 3. Encashment of Leave at the end of the tenure 4. Free use of Company car with Driver for Company's business and free telephone facility at residence
D. Commission	Entitled to a commission of 1% of the net profits of the Company so that for any year of aggregate salary, perquisites and commission shall not exceed the overall ceiling laid down under Section 198 and 309 of the Companies Act, 1956
E. Reimbursement of Expenses	Entitled to reimbursement of expenses incurred by him in connection with the Business of the Company
F. Others	The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Government.

Interests of Directors

All of the Directors of the Company may be deemed to be interested to the extent of fees payable, if any, to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of the Company.

The Directors may also be regarded as interested in the Equity Shares held by them, if any, or that may be subscribed by or allotted to their relatives or the companies in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

The Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Except as stated in this Chapter "Management of our Company" or the Section titled "Financial Information" beginning on pages 128 and 151 respectively of this Draft Letter of Offer, and except to the extent of shareholding in the Company, the Directors do not have any other interest in the business of the Company.

The Directors have no interest in any property acquired by the Company within two (2) years of the date of this Draft Letter of Offer.

Common directorships of the Directors in companies whose shares are/were suspended from trading on the BSE and/ or the NSE for a period beginning from five (5) years prior to the date of this Draft Letter of Offer

None of the Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years.

None of the Directors are associated with securities market.

Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India

Except for the details mentioned under Section titled "Other Regulatory and Statutory Disclosures" beginning on page 203 of this Draft Letter of Offer, none of the Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other Regulatory Authority.

Changes in the Company's Board of Directors during last three (3) years

The changes in the Board of Directors of the Company in last three (3) years are as follows:

No.	Name of the Director and Designation	Date of Appointment	Date of Resignation	Reason
1.	Mr. Paul Schoemaker	May 31, 1995	December 04, 2011	Due to death
2.	Mr. Laxmiraj M. Rathod Alternate Director to Mr. Paul Schoemaker	September 27, 1995	December 04, 2011	Due to vacation of Office by Original Director viz. Mr. Paul Schoemaker
3.	Mr. Janak G. Nanavaty Independent Director	October 29, 2012	-	Appointment

Corporate Governance

Our Company is in compliance with the applicable corporate governance requirements, including under the Equity Listing Agreements, the Companies Act and other applicable laws and regulations. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of the Board, as required under law. The Board has constituted committees of Directors, each of which functions in accordance with the relevant provisions of the Companies Act and the Equity Listing Agreements including with respect to the composition of Board of Directors, the constitution of the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee. The details of these committees are set out below:

Audit Committee

The Company constituted the audit committee in accordance with the Section 292A of the Companies Act, and Clause 49 of the Listing Agreement in the meeting of the Board of Directors of the Company held on May 16, 2013. The audit committee presently consists of the following Directors of the Board:

Sr. No.	Name of Director	Designation	Status
1	Mr. Chinubhai N. Munshaw	Chairman	Non-Executive & Non-Independent
2	Dr. Gaurang K. Dalal	Member	Non-Executive & Independent
3	Mr. Dinesh B. Patel	Member	Non-Executive & Independent

The scope 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. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

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 before submission to the board for approval, with reference to:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
b. Changes, if any, in accounting policies and practices and reasons for the same
c. Major accounting entries involving estimates based on the exercise of judgment by management
d. Significant adjustments made in the financial statements arising out of audit findings
e. Compliance with listing and other legal requirements relating to financial statements
f. Disclosure of any related party transactions
g. Qualifications in the draft audit report

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

5A. 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 utilisation of proceeds raised through public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. 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.

8. Discussion with internal auditors regarding any significant findings and follow up there on.

9. 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.

10. 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.

11. 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.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

Shareholders and Investors Grievance Committee

The Company has constituted shareholders and investors' grievance committee in the meeting of the Board of Directors held on May 16, 2013. The shareholders/investors grievance committee presently consists of the following Directors of the Board:

Sr. No.	Name of Director	Designation	Status
1	Dr. Himanshu C. Patel	Chairman	Managing Director
2	Ms. Anar H. Patel	Member	Non Executive Director

The scope of the Shareholders and Investors Grievance Committee are set out below:

The role and functions of the Shareholders/ Investor's Grievances Committee are the effective redressal of the Companies' Shareholders grievances regarding dematerialization, transfer, non-receipt of balance sheet, dividend, interest etc. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

Remuneration Committee

The Company has constituted remuneration/compensation committee in the meeting of the Board of Directors held on December 8, 2011. The Remuneration Committee presently consists of the following Directors of the Board:

Sr. No.	Name of Director	Designation	Status
1	Mr. Priyavadan Randeria	Chairman	Non-Executive & Independent
2	Dr. Gaurang K. Dalal	Member	Non-Executive & Independent
3	Mr. Chinubhai N. Munshaw	Member	Non-Executive & Independent

The terms of reference of Remuneration Committee are set out below:

The role and functions of the remuneration committee are to review of H R policies, remuneration to the senior management positions, evaluation of performance of the employees etc.

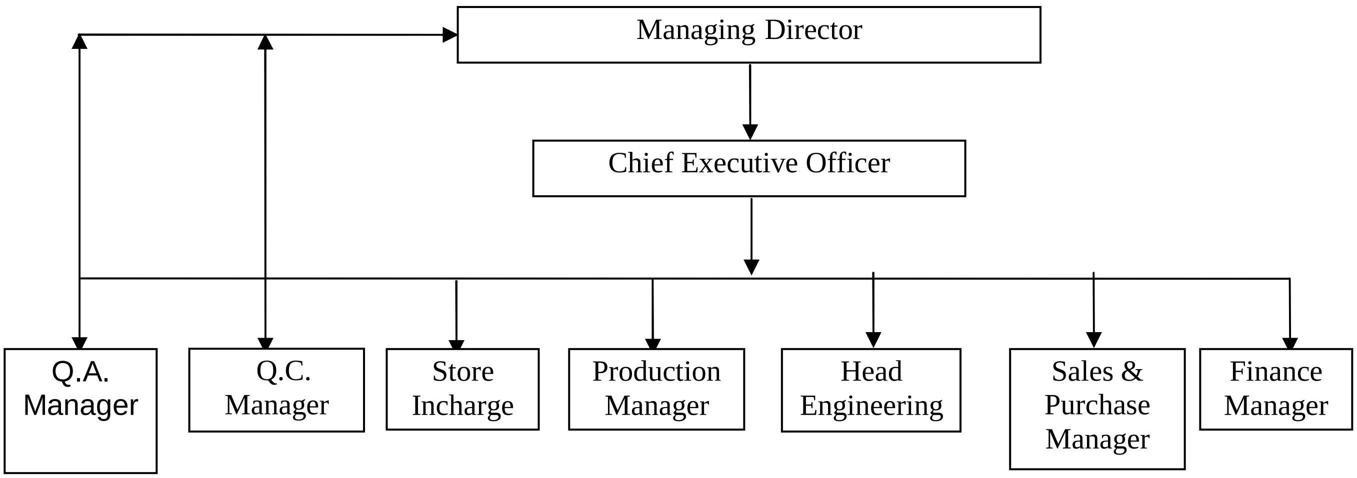
Rights Issue Committee

Our Company's Board has constituted the Right Issue Committee. The Committee consists of 3 (Three) directors. The Committee has been constituted to consider necessary formalities and act for proposed right issue within prescribed time. The Board of Directors at its meeting held on July 26, 2013, constituted the Right Issue Committee. The following Directors are the members of the Right Issue Committee:

Sr. No.	Name of the Director	Designation	Status
1	Dr. Himanshu C. Patel	Chairman	Managing Director
2	Ms. Anar H Patel	Member	Non-Executive Non Independent Director
3	Dr. Gaurang K. Dalal	Member	Non-Executive Independent Director

The role and functions of the Rights Issue Committee is to review status of the Rights Issue from time to time, overall supervision and to decide all the matters relating to or incidental to the rights issue.

Management Organisation Structure



Profile of Key Managerial Personnel

Sr. No.	Name	Qualification	Designation	Month & Year of Joining	Experience in Years	Last Employment
1	Mr. P.N. Pandey	M.Sc, L.L.B., M.B.A. and PGDM	Chief Executive Officer	May 2006	26	Rusoma Laboratories
2	Mr. Girish Patel	B.Sc. (Chemistry)	QA Manager	July 2008	23	Claris Lifesciences Limited
3	Mr. Manish Modh	B.Sc. (Chemistry)	QC Manager	July 2008	22	Intelligense Pharma Private Limited
4	Mr. Bharat Pandya	B.Sc.	Production Manager (Glass Section)	November 1986	25	NA
5	Mr. Nirmal H. Patel	B. Tech and MBA in Marketing & Operations	Asst. Manager of Marketing and Operations	October 1, 2012	1	FINO
6	Mr. Vikram Joshi	B.E. Electronics and MBA (Finance)	Asst. Manager Finance	November 27, 2012	1.50	TCS Limited
7	Mr. Ajay Yogi	M.Com	Chief Accountant	September 21, 2012	5	K F Private Limited
8	Mr.V.P. Chaudhary	D.M.E.	Head-Engineering	Feb. 2013	10	Surabhi Beverages
9	Mr. Sanjay Sanghvi	B.com	Manager Sales & Purchase	Aug. 1987	26	NA

The details of the Key Managerial Personnel as on the date of this Draft Letter of Offer are set out below. All the Key Managerial Personnel are permanent employees of the Company. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

Mr. P.N. Pandey, aged 50 years, is the Chief Executive Officer (CEO) of our Company and holds a degree of Master of Science, Bachelor of Law, Master of Business Administration and Post-Graduate Diploma in Management from University of Allahabad. He has been associated with our Company since May 2006. He has more than 26 years of experience in Indian Pharmaceutical Industry and has worked with various reputed pharmaceutical companies in India viz. Ranbaxy Laboratories, Parenteral Drugs Limited and Rusoma Laboratories, etc. in various functional areas like Production, QA & QC and Human Resource Management. He is presently taking care of execution of sale orders, coordination with raw-material procurement and managing the inventory, supervising the QA & QC and liaisioning with customers for supply of products, managing human resources at Plant and overseeing the regulatory approval function in our Company. He was paid gross remuneration of ₹ 12.24 lakhs during the financial year 2012-13.

Mr. Girish Patel, aged 50 years, is the Quality Manager of Manufacturing Operations of our Company. He has completed his B.Sc. from the M.N. College of Gujarat University in the year 1986. He has been associated with our Company since July 2008. He has experience of more than 23 years in pharmaceutical industry in India and

has worked with various pharmaceutical companies viz. Claris Lifesciences Limited, Core Parenteral Limited and Gujarat Borax Private Limited as Quality Manager. He is presently in charge of maintaining quality of products of the Company by putting in place proper system of validation of each batch of raw-materials, work-in-process and finished goods based on Good Manufacturing Practices and maintaining documentation for each of the processes. He was paid gross remuneration of ₹ 4.28 lakhs during the financial year 2012-13.

Mr. Manish Modh, aged 42 years, is the Quality Control Manager of our Company. He has completed his Bachelor of Science in Chemistry from the North Gujarat University in the year 1991. He has been associated with our Company since July 2008. He has experience of more than 20 years in pharmaceutical industry in India and has worked with various pharmaceutical companies viz. Intelligense Pharma Private Limited, Abaris Healthcare, Core Healthcare Limited etc. He is presently in-charge of quality control of products and manufacturing processes of our Company. He assists the Company in maintaining proper documentation relating to Standard Operating Procedures relating to Quality Control, qualification criterias for validation tools (like method validation, process validation, cleaning validation and other validation of all equipment), etc. He was paid gross remuneration of ₹ 3.91 lakhs during the financial year 2012-13.

Mr. Bharat Pandya, aged 51 years, is the Production Manager (Glass Bottle Section) of our Company. He has completed his Bachelor of Science degree from the Rajasthan University in the year 1982 and also holds diploma in computer programming from Indian Institute of Computer Management from Ahmedabad in the year 1989. He has been working with our Company since 1986. He has been promoted at several designations from time to time and now has been closely working with the management of the Company on production function of our Company. He presently looks after the production department of our Company in Glass Section. He is well versed with the company’s standard operating procedures for production and QA and QC requirement that are required to be observed during the manufacturing process. He is also a technical person approved by Foods and Drugs Control Administration, Gujarat. He was paid gross remuneration of ₹4.66 lakhs during the financial year 2012-13.

Mr. Nirmal H. Patel, aged 28 years, is one of the Promoters of our Company and is holding the position of Asst. Manager of Marketing and Operations. He has completed his B. Tech from Dharmsinh Desai University, Nadiad, Gujarat and Master of Business Administration (MBA) in Marketing & Operations from Nirma University, Ahmedabad. Before joining our Company in October 2012, he has worked with FINO as Management Trainee for a period of 6 months and assisted in customer acquisition group for NREGS and SSP projects at Eluru, Andhra Pradesh. He looks after the marketing and operation side of the business and helps in increasing the revenues of the company by exploring new clients and new business areas. He was paid gross remuneration of ₹ 3.38 lakhs during the financial year 2012-13.

Mr. Vikram Joshi, aged 26 years, holds the position of Asst. Manager of Finance of our Company. He has completed his Bachelor of Engineering in Electronics from K.J. Somaiya College of Engineering, Mumbai in the year 2009 and Master of Business Administration (MBA) in Finance and Human Resource from Nirma University, Ahmedabad in the year 2011. Before joining the company in November 2012, he was associated with TCS Limited for 1 year as Asst. Program Management Officer. He looks after the day-to-day operations of bank and assisting the management in planning of finance, cash flow and management control system in our Company. He was paid gross remuneration of ₹1.87 lakhs during the financial year 2012-13.

Mr. Ajay Yogi, aged 28 years, is a Chief Accountant of our Company. He has completed his Post-graduation in Commerce from Gujarat University and is also pursuing studies in Institute of Cost and Works Accountant. He is having more than 5 years of experience in accountancy field. Prior to joining our Company in September 2012, he was working with Kunvarji Finstock Private Limited. He presently looks after the maintenance of accounts and other statutory records of the Company. He was paid gross remuneration of ₹1.75 lakhs during the financial year 2012-13.

Mr. V. P. Chaudhary, aged 38 years, is head of engineering of our Company. He has completed Diploma in Mechanical Engineering from Gujarat Technical University. He has been associated with our Company since Feb 2003. Before joining us, he was associated with Surabhi Beverages. His present responsibility includes preventive maintenance, breakdown maintenance, installation and FAT of machines and equipment and utility services. His total experience is 14 years. He was paid gross remuneration of ₹ 3.42 lakhs during the financial year 2012-13.

Mr. Sanjay Sanghvi, aged 49 years, is Manager Sales and Purchases in our Company. He has completed his graduation in commerce from Gujarat University. He has experience of more than 26 years in pharmaceutical industry. He has been associated with company since August 2007. His responsibility includes achieving sales target, customer satisfaction, logistics and sales promotion. He is also responsible for inclusion of new customers. He was paid gross remuneration of ₹ 5.74 lakhs during the financial year 2012-13.

Shareholding of Key Management Personnel in the Company

None of the Key Management Personnel hold any Equity Shares in our Company as on the date of this Draft Letter of Offer except stated here in below:

Name of Key Managerial Personnel	No. of Equity Shares of our Company held on the date of Filing DLOF with SEBI
Mr. Nirmal H. Patel	49,314

Bonus or profit sharing plan of the Key Managerial Personnel

The Company does not have a performance linked bonus or a profit sharing plans for the Key Management Personnel.

Interests of Key Management Personnel

The Key Management Personnel do not have any interest in the Company other than to the extent of the 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.

Payment of Benefits to Officers of the Company (non-salary related)

Except as disclosed in this Draft Letter of Offer and any statutory payments made by the Company to its officers, the Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Relationship amongst the Key Managerial Personnel of the Company

There are no family relationship amongst the Key Managerial Personnel of our Company.

Relationship between the Directors and Key Managerial Personnel

There is no family relationship between the Directors and Key Managerial Personnel of the Company, except Mr.Nirmal H. Patel is the son of Dr. Himanshu C. Patel and Ms. Anar H. Patel.

Arrangement and Understanding with Major Shareholders/Customers/ Suppliers

None of the above Key Managerial Personnel have been selected pursuant to any arrangement/understanding with major shareholders/customers/suppliers.

Details of Service Contracts of the Key Managerial Personnel

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with the Company for provision of benefits or payments of any amount upon termination of employment.

Employee Stock Option or Employee Stock Purchase

Our Company does not have any ESOP/ESOS as on the date of this Draft Letter of Offer.

Loans availed by Directors / Key Managerial Personnel of the Company

None of the Directors or Key Managerial Personnel have availed loan from the Company which are outstanding as on the date of this Draft Letter of Offer.

Changes in the Company's Key Managerial Personnel during the last three (3) years:

The changes in the Key Managerial Personnel of the Company in the last three (3) years are as follows:

No.	Name of the Key Managerial Personnel and Designation	Date of Appointment	Date of Resignation	Reason
1.	Mr. Ajay Yogi	September 21, 2012	NA	NA
2.	Mr. Nirmal H. Patel	October 01, 2012	NA	NA
3.	Mr. Vikram Joshi	November 27, 2012	NA	NA

PROMOTERS, PROMOTER GROUP AND GROUP ENTITIES OF OUR COMPANY

The Promoters

The Promoters of our Company are i) Dr. Himanshu C. Patel, ii) Ms. Anar H. Patel and iii) Mr. Nirmal H. Patel. The brief profiles of the Promoters of the Company are set out below:

	Dr. Himanshu C. Patel is the Managing Director of the Company. He has almost 3 decades of experience in the pharmaceuticals industry. For further details, please refer to the Chapter titled "Management of our Company" beginning on page 128 of this Draft Letter of Offer. Permanent Account Number: ABGPP 7587 G Driving Licence Number: GJ01-109120-04 Passport No.: G1363635
	Ms. Anar H. Patel is a Promoter and Non- Executive Director of the Company. She is a Commerce Graduate. She guides the Company in overall administration of the Company. For further details, please refer to the Chapter titled "Management of our Company" beginning on page 128 of this Draft Letter of Offer. Permanent Account Number: AEPPP 0514 F Driving Licence Number: GJ01 20090376820 Passport No.: G1363636
	Mr. Nirmal H. Patel is a Promoter of our Company. He has recently joined our Company as Asst. Manager of Marketing and Operations. He has completed his Bachelor of Engineering (Chemical) and MBA in Marketing and Operations. For further details, please refer to the Chapter titled "Management of our Company" beginning on page 128 of this Draft Letter of Offer. Permanent Account Number: ALBPP 8532 E Driving Licence Number: GJ01/144666/04 Passport No.: F3247317

Our Company confirms that it has submitted the details of the PAN, Driving License Number and Passport Numbers of the Promoters to the Stock Exchanges at the time of filing the Draft Letter of Offer with the Stock Exchanges.

For more details on the Promoters, please refer to the Chapter titled "Management of our Company" beginning on page 128 of this Draft Letter of Offer.

Interests of the Promoters, Group Entities and Common Pursuits

The individual Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commissions or reimbursement of expenses payable to them and also to the extent of dividend payable to them and other distributions in respect of the Equity Shares held by them. The individual Directors (*excluding the Promoters of the Company*) may also be deemed to be interested to the extent of Equity Shares that may be subscribed for and allotted to them out of the present Issue in terms of this Draft Letter of Offer and also to the extent of dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the individual Promoters are also directors on the boards of certain Group entities and they may be deemed to be interested to the extent of transactions, if any entered into by the Company with these Group entities. For the payments that are made by the Company to certain Group entities, please refer Annexure 22 “Statement of Related Party Disclosures, as Restated” beginning on page 179 in Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

Except as stated otherwise in this Draft Letter of Offer, we have not entered into any contract, agreements or arrangements in which the 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 them including the properties purchased by the Company other than in the normal course of business.

Common Pursuits

The Promoters or directors are not involved with any ventures in the same line of activity or business as that of the Company.

Confirmations

Further, none of the Promoters have been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them. None of the Promoters, Promoter Group or Directors or persons in control of the Company or bodies corporate forming part of the Promoter Group have been (i) prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Payment or benefits to the Promoters

No payment or benefit has been made to the Promoters except as disclosed in the related party transaction. For further details, please refer to Annexure 22 titled "Statement of Related Party Disclosures, as Restated" beginning on page 179 in the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

Promoter Group

No.	Name of the Person	Relationship
Relatives of Dr. Himanshu C. Patel		
1.	Mr. Chaitanya M Patel	Father
2.	Ms. Ella C Patel	Mother
3.	Ms. Anar H Patel	Spouse
4.	Mr. Nirmal H Patel	Son
5.	Mr. Naresh C Patel	Brother
6.	Ms. Alpa N Patel	Brother’s Spouse
7.	Mr. Ropesh C Patel	Brother
8.	Ms. Sejal R Patel	Brother’s Spouse
9.	Ms. Minal T Sheth	Sister
10.	Mr. Tushar L Sheth	Sister’s spouse
11.	Ms. Sneha R Kevalramani	Sister
12.	Mr. Rajesh K Kevalramani	Sister’s Spouse
13.	Mr. Dinesh B Patel	Spouse’s Father
14.	Ms. Kalavati D Patel	Spouse’s Mother
15.	Mr. Amit D Patel	Spouse’s Brother
16.	Ms. Jigisha M Munshaw	Spouse’s Sister

No.	Name of the Person	Relationship
Relatives of Ms. Anar H. Patel		
1.	Mr. Dinesh B Patel	Father
2.	Ms. Kalavati D Patel	Mother
3.	Dr. Himanshu C Patel	Spouse
4.	Mr. Nirmal H Patel	Son
5.	Mr. Amit D Patel	Brother
6.	Ms. Jigisha M Munshaw	Sister
7.	Mr. Mihir C Munshaw	Sister's spouse
8.	Ms. Anal A Patel	Brother's spouse
9.	Mr. Chaitanya M Patel	Spouse's Father
10.	Ms. Ella C Patel	Spouse's Mother
11.	Mr. Naresh C Patel	Spouse's Brother
12.	Mr. Roopesh C Patel	Spouse's Brother
13.	Ms. Minal T Sheth	Spouse's Sister
14.	Ms. Sneha R Kevalramani	Spouse's Sister

No.	Name of the Person	Relationship
Relatives of Mr. Nirmal H. Patel		
1.	Dr. Himanshu C Patel	Father
2.	Ms. Anar H Patel	Mother

Entities forming a part of Promoter Group:

1. Denis Finance Limited
2. Vadan Marketing Private Limited
3. Aleris Pharma Private Limited
4. Denis Trades and Investments Private Limited
5. Kolon Investments Private Limited
6. Alokik Agri Farms Private Limited
7. Atire Land Developers Private Limited
8. M/s. Denis Packaging (Proprietorship Concern)

GROUP ENTITIES

SN	Name of Group Entities
I	**Companies**
1	Denis Finance Limited
2	Vadan Marketing Private Limited
3	Aleris Pharma Private Limited
II	**Proprietorship Concern**
1	M/s. Denis Packaging (Proprietor Himanshu C. Patel HUF)

1. Denis Finance Limited ("*DFL*")

Denis Finance Limited was originally incorporated on March 31, 1994 as a private limited company in the name of "Denis Chem - Plast Private Limited bearing registration number 021715. The name of the Company was converted into Public Limited Company and name was changed to "Denis Finance Limited" and a Fresh Certificate of Incorporation was issued by Registrar of Companies, Gujarat on June 14, 1995. The Corporate Identity Number is U65910GJ1994PLC021715.

DFL is presently engaged in the business of manufacturing of stopper, hanger and carbose used as a packing and accessory materials for manufacture of sterile injectable pharmaceutical products. DFL has its manufacturing facility located at Plot No. C1B 1621, GIDC-Chhatral, Sub-district- Kalol, District-Gandhinagar, Gujarat. The registered office of DFL is situated at Block No. 457, Village – Chhatral, Taluka – Kalol, Mehsana – 382 729, Gujarat.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Dr. Himanshu C. Patel	Director
Mr. Laxmiraj Mansinhji Rathod	Director
Mr. Yatin Kanubhai Jariwala	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Ms. Anar H. Patel	54,994	99.99
Others	6	0.01
Total	**55,000**	**100.00**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity Capital	5.50	5.50	5.50
Reserves and Surplus (excluding revaluation reserves)	19.71	17.46	13.40
Income/Sales	67.36	90.33	68.90
Profit (Loss) after Tax	2.25	4.06	3.59
Earnings per Share (in ₹) (Face value ₹10)	4.10	7.38	6.53
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	45.84	41.74	34.36

- DFL is an unlisted company and has not made any public or rights issue in preceding three (3) years.
- DFL has not become a sick company under SICA and is not under winding up process.
- DFL does not have a negative net worth for the last three (3) F.Y. i.e. 2012, 2011 and 2010.
- DFL has not entered into any related party transactions with our Company except those mentioned in Annexure – 22 – "Statement of Related Party Disclosures, as Restated" beginning on page 179 as given in Section – "Financial Information" on page 151.

2. Vadan Marketing Private Limited ("***VMPL***")

Vadan Marketing Private Limited was incorporated as a private limited company on August 11, 1995, bearing registration number 027082. The Corporate Identity Number is U26999GJ1995PTC027082.

VMPL is presently engaged in the business of trading of packaging materials mainly corrugated boxes. The registered office of VMPL is situated at 2 Ashwamegh Bungalows, Off Satellite Road, Opp. P & T Colony, Ahmedabad – 380 009.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Dr. Himanshu C. Patel	Director
Ms. Anar H. Patel	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Anar H Patel	5,000	50%
Jaydeep Chavda	5,000	50%
Total	**10,000**	**100%**

Financial Performance

The audited financial performance for the last three (3) financial years is given below:

(₹ in Lakhs)

Particulars	March 31, 2012	March 31, 2011	March 31, 2010
Equity Capital	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)	29.05	26.41	21.05
Income/Sales	26.05	37.25	61.96
Profit (Loss) after Tax	2.65	5.36	4.00
Earnings per Share (in ₹) (Face value ₹10)	26.48	53.58	40.03
Net Asset Value per equity share (in ₹) (Face value ₹ 10)	300.50	274.10	220.50

- VMPL is a private limited company and has not made any public or rights issue in the preceding three (3) years.
- VMPL has not become a sick company under SICA and is not under winding up process.
- VMPL does not have negative net worth for the last 3 years i.e. 2012, 2011 & 2010.
- VMPL has not entered into any related party transactions with our Company except those mentioned in Annexure – 22 – "Statement of Related Party Disclosures, as Restated" beginning on page 179 as given in Section – "Financial Information" on page 151.

3. Aleris Pharma Private Limited ("***APPL***")

APPL was incorporated on September 24, 2012, bearing Registration Number 072064. The Corporate Identity Number is U24232GJ2012PTC072064. APPL proposes to engage in the business of marketing and selling of Sterile Injectable Products in Export Market. The registered office of APPL is situated at Siddhi Vinayak Tower – C, 624, Makarba, S.G. Road, Ahmedabad – 380051.

Board of Directors as on the date of this Draft Letter of Offer

Name of the Director	Designation
Dr. Himanshu C Patel	Director
Mr. Rohit Nagar	Director

Shareholding Pattern as on the date of this Draft Letter of Offer

(Equity Shares of face value ₹10 each)

Particulars	No. of equity shares held	Shareholding (%)
Dr. Himanshu C Patel	5000	50%
Mr. Rohit Nagar	5000	50%
Total	**10000**	**100%**

Financial Performance

APPL is recently incorporated and hence, no financials are incorporated.

- APPL is a private limited company and has not made any public or rights issue in the preceding three (3) years.
- APPL has not become a sick company under SICA and is not under winding up process.
- APPL does not have negative net worth.

- APPL has not entered into any related party transactions with our Company except those mentioned in Annexure – 22 – “Statement of Related Party Disclosures, as Restated” beginning on page 179 as given in Section – “Financial Information” on page 151.

I. Proprietorship Firm forming part of the Group Entities of the Company:

1. M/s. Denis Packaging

M/s. Denis Packaging is a proprietorship concern of Dr. Himanshu C. Patel HUF. It is engaged in the business of manufacturing of corrugated boxes. It carries out its manufacturing activity at its factory located at plot No. 1632, at GIDC-Chhatral, Sub-district-Kalol (N.G.), District-Gandhinagar, Gujarat.

<u>Financial Performance:</u>

The Audited Financial Highlights for the last 3 years are as follows:

(₹ in Lakhs)

Particulars	For the Financial Year ended on March 31,		
	2012	2011	2010
Capital Account	10.30	51.92	41.39
Total Income	52.39	61.41	59.64
Net Profit / (Loss)	9.84	10.32	12.36

M/s. Denis Packaging has not entered into any related party transactions with our Company except those mentioned in Annexure 22 “Statement of Related Party Disclosures, as Restated” beginning on page 179 as given in Section “Financial Information” on page 151.

Defunct group companies

None of the group companies are defunct companies.

Disassociation by the Promoters from entities in last three (3) years

- One of the Promoters of our Company, Dr. Himanshu C. Patel has disassociated himself in March 2013 from Hemavati Traders Private Limited by virtue of transferring his shareholding in the Company due to his pre-occupation in the business of the Company.

- One of the Promoters of our Company, Dr. Himanshu C. Patel has disassociated himself in March 2013 from Sintex International Limited by virtue of resigning from directorship of the Company due to his pre-occupation in the business of the Company.

Common Pursuits

None of the Group Entities, the Promoters or directors are involved with any ventures in the same line of activity or business as that of the Company.

Related Party Transactions

- ❖ There have been no sales or purchases between entities in the Group Entities and Promoter Group of the Company exceeding in value in the aggregate 10% of the total sales or purchases of the Company. For further details, please refer to Annexure 22 titled "Statement of Related Party Disclosures, as Restated" beginning on page 179 in the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

- ❖ Some of the Group Entities have commercial interest in the Company. For further details, please refer to Annexure - 22 titled "Statement of Related Party Disclosures, as Restated" beginning on page 179 in the Section titled "Financial Information" beginning on page 151 of this Draft Letter of Offer.

Changes in Accounting Policies in last three (3) years

The Company has not changed its accounting policies in the last three (3) years.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Unless stated otherwise, the financial information used in this Draft Letter of Offer is derived from the Company's financial statements for the year ended March 31, as of 2013, 2012, 2011, 2010 and 2009 prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with applicable SEBI Guidelines, as stated in the report of M/s. Shah and Shah Associates, Chartered Accountants, included in this Draft Letter of Offer.

In this Draft Letter of Offer, unless the context otherwise require, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means ten lakhs and the word "Crore" means "ten million". Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Lakhs of Rupees, except when stated otherwise.

All numbers presented in this Draft Letter of Offer have been rounded off to two decimal places. Any discrepancies in any table between total and sum of the amounts listed are due to rounding off. All references to "India" contained in this Draft Letter of Offer are to the Republic of India. Our fiscal year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, reference herein to a fiscal year (e.g. Fiscal 2013), is to the fiscal year ended March 31 of a particular year. All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India and all references to "U.S. dollars", and "US$", are to the legal currency of the United States.

Market and industry data used in this Draft Letter of Offer, has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable and that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that the industry and the market data used in this Draft Letter of Offer is reliable, it has not been independently verified by Independent source.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, general financial conditions, capital requirements, results of operations, contractual obligations and overall financial position, applicable Indian legal restrictions, the Articles of Association and other factors considered relevant by the Board of Directors of the Company.

Our Company has declared dividend for the financial period ended on March 31, 2013, 2012, 2011, 2010 and 2009, details of which are given below:

(₹ in Lakhs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
On Equity Shares					
Fully Paid-up Shares (nos.)	12,36,750	12,92,966	13,60,966	14,31,966	15,06,966
Face Value (₹)	10.00	10.00	10.00	10.00	10.00
Paid up Share Capital (₹ in Lakhs)	123.67	129.30	136.10	143.20	150.70
Rate of Dividend	14.00%	14.00%	14.00%	16.00%	20.00%
Dividend	17.31	18.10	19.05	22.91	30.14
Dividend Distribution Tax	3.08	3.08	3.09	3.72	5.12

SECTION VI: FINANCIAL INFORMATION

AUDITOR'S REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

To
The Board of Directors
Denis Chem Lab Limited
Block No 457, Chhatral
Ta. Kalol, Dist. Mahesana
Gujarat

Reg: Rights Offer of Equity Shares by Denis Chem Lab Limited

Dear Sirs,

We have examined the attached financial information of Denis Chem Lab Limited (hereinafter referred to as 'the Company') as approved by Board of Directors of the Company, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI (ICDR) Regulations) as amended from time to time issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and in terms of our engagement agreed upon with you in accordance with our engagement letter dated **17th June, 2013** in connection with the proposed Rights Offer of equity shares of the Company.

1. This information have been extracted by the Management of the Company from the audited financial statement of the Company for the year/period that ended on, , March 31, 2009 March 31, 2010, March 31,2011, March 31,2012 and March 31 2013 audited by ourselves, Shah & Shah Associates, Chartered Accountants being the Statutory auditors and the same is re-audited by us. We did not carry out any validation tests or review procedures of financial statements for aforesaid financial year audited by ourselves. Accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information.

2. We have also examined the attached restated financial information of the Company for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the "Standards on Auditing" issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

3. We report that:

   a) The Restated Statement of Assets and Liabilities of the Company for the year/period that ended on March 31, 2009, March 31, 2010 , March 31,2011, March 31,2012 and March 31, 2013 (are as set out in **Annexure 1** to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure4, Annexure 5 and Annexure 6** respectively to this report.

   b) The Restated Statement of Profit and Loss of the Company for the year/period that end on March 31, 2009, March 31, 2010, March 31, 2011, March 31,2012 and March 31, 2013 are as set out in **Annexure 2** to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure4, Annexure 5 and Annexure 6** respectively to this report.

   c) We further report that the Company has declared dividend @ 20% in respect of financial year ended March 31, 2013.

4. We have examined the following financial information relating to the Company for the year/period that ended on March 31, 2009, March 31, 2010 , March 31,2011, March 31,2012 and March 31, 2013 proposed to be included in the Draft Letter of Offer, as prepared and approved by the Board of Directors and annexed to this report:

Sr. No.	Description	Annexure No.
1.	Restated Statement of Assets and Liabilities	Annexure 1
2.	Restated Statement of Profit and Losses	Annexure 2
3.	Cash Flow Statement	Annexure 3
4.	Statement of Accounting Policies for the Restated Accounts	Annexure 4
5.	Notes to Accounts	Annexure 5
6.	Notes to Adjustments in the Restated Accounts	Annexure 6
7.	Statement of Share Capital	Annexure 7
8.	Statement of Accounting Ratios	Annexure 8
9.	Statement of Dividend	Annexure 9
10.	Statement of Unsecured loans	Annexure 10
11.	Statement of Provisions	Annexure 11
12.	Statement of Capitalization	Annexure 12
13.	Statement of Tax Shelters	Annexure 13
14.	Statement of Short term Borrowings	Annexure 14
15.	Statement of Long term Borrowings	Annexure 15
16.	Secured Loans	Annexure 16

17.	Statement for Non Current Investments	Annexure 17
18.	Statement of Trade Receivables	Annexure 18
19.	Statement of Loans and Advances	Annexure 19
20.	Statement of Other Non Current Assets, Other Current Assets and Other Current Liabilities	Annexure 20
21.	Statement of Breakup of Other Income	Annexure 21
22.	Statement of Related Party Disclosures	Annexure 22
23.	Statement of Contingent Liabilities	Annexure 23

5. In our opinion the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies, Notes to Accounts and Notes to Adjustments to Restated Financial Information as set out in **Annexure 4, Annexure 5 and Annexure 6**respectively have been prepared in accordance with Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations.

6. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of the **Denis Chem Lab Limited;** we hereby confirm that Statements of Assets and Liabilities and Profit and Loss or any other financial information have been incorporated in the offer document after making the following adjustments, wherever quantification is possible:

   a. Adjustments/ rectification for all incorrect accounting practices or failures to make provisions or other adjustments which resulted in audit qualifications except for those audit qualification whose financial impact not ascertainable or not quantifiable.

   b. Material amounts relating to adjustments for previous years has been identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred.

   c. Where there has been a change in accounting policy, the statement of profit or loss of the earlier years (required to be shown in the offer document) and of the year in which the change in the accounting policy has taken place has been recomputed to reflect what the profits or losses of those years would have been if an uniform accounting policy was followed in each of those years.

   d. If an incorrect accounting policy is followed, the re-computation of the financial statements has been in accordance with correct accounting policies.

   e. Statement of profit or loss discloses the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.

7. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by ourselves nor should it be construed as a new opinion on any of the financial statements referred to therein.

8. This report is intended solely for use of the management and for inclusion in the Offer document in connection with the Proposed rights equity issue and should not be used or referred to or distributed for any other purpose without our prior consent in writing.

For **SHAH & SHAH ASSOCIATES**
Chartered Accountants

VASANT C. TANNA
PARTNER
Membership Number: 100422
Firm Reg. No. 113742W

Place : Ahmedabad
Date : 18th June, 2013

Annexure 1

Summary Statement of Assets & Liabilities, As Restated

(₹ In Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Non-current assets					
Fixed assets					
Tangible assets	797.33	970.40	1,040.96	941.86	950.53
Intangible assets	-	-	-	-	-
Capital work-in-progress	2.10	6.88	-	-	3.50
Intangible assets under development	-	-	-	-	-
Fixed Assets held for sale	-	-	-	-	-
Non-current investments	19.75	19.75	17.25	21.38	30.11
Long-term loans and advances	23.30	27.40	32.79	40.28	86.17
Total Non-Current Assets(A)	**842.48**	**1,024.44**	**1,091.00**	**1,003.52**	**1,070.31**
Current assets					
Current investments	-	-	-	-	-
Inventories	170.86	244.33	298.53	245.65	332.14
Trade receivables	604.81	805.89	774.65	1,117.35	1,662.15
Cash and Bank Balances	143.84	134.83	147.54	107.86	237.77
Short-term loans and advances	110.82	157.15	85.65	127.65	155.79
Other current assets	3.04	5.73	9.00	1.69	7.74
Total Current Assets (B)	**1,033.37**	**1,347.94**	**1,315.37**	**1,600.20**	**2,395.59**
Non-current liabilities					
Long-term Provision	-	-	-	-	64.53
Long-term borrowings	271.43	269.28	160.19	231.17	450.70
Deferred tax liabilities (net)	55.91	61.48	64.07	59.02	58.72
Other long-term liabilities	-	-	-	-	-
Total Non-Current liabilities (C)	**327.34**	**330.76**	**224.26**	**290.19**	**573.95**
Current liabilities					
Short-term borrowings	469.51	498.63	548.83	626.46	983.48
Trade payables	294.93	547.01	496.72	355.16	507.28
Other current liabilities	287.10	440.19	492.04	590.19	537.80
Short-term provisions	24.37	39.61	64.04	83.28	110.75
Total Current liabilities (D)	**1,075.91**	**1,525.44**	**1,601.63**	**1,655.09**	**2,139.31**
Net Worth [A + B - C - D]	**472.60**	**516.17**	**580.47**	**658.44**	**752.64**

Networth Represented By					
Shareholder's Funds:					
Share Capital					
Equity Share Capital	123.68	129.30	136.10	143.20	150.70
Total (E)	**123.68**	**129.30**	**136.10**	**143.20**	**150.70**
Reserves & Surplus					
General Reserve	10.91	14.91	18.91	28.91	41.91
Capital Reserve	11.98	11.98	11.98	11.98	11.98
Security Premium	192.84	201.27	218.27	236.73	258.48
Profit and Loss Account	119.14	158.71	195.21	237.62	289.57
Preferential Warrants	14.05	-	-	-	-
Total (F)	**348.92**	**386.87**	**444.37**	**515.24**	**601.94**
Share application money pending allotment	**-**	**-**	**-**	**-**	**-**
Total (G)	**-**	**-**	**-**	**-**	**-**
Net Worth [E + F + G]	**472.60**	**516.17**	**580.47**	**658.44**	**752.64**

Annexure 2

Summary Statement of Profit and Loss Account, As Restated

(₹ In Lacs)

Particulars	**31.03.2009**	**31.03.2010**	**31.03.2011**	**31.03.2012**	**31.03.2013**
Revenue from Continuing Operations:					
Revenue from operations (gross)					
Of products manufactured	2661.01	3079.12	3467.01	4284.62	5667.54
Of products traded	0.18	0.00	17.36	0.00	0.00
Total Revenue	2661.19	3079.12	3484.37	4284.62	5667.54
Less: Excise Duty/ VAT	0.00	0.00	0.00	127.83	64.59
Net Revenue	**2661.19**	**3079.12**	**3484.37**	**4156.78**	**5602.96**
Other Income	14.33	12.04	13.94	22.73	13.89
Profit on sale of investments	0.00	0.00	0.00	0.00	0.00
Total of (A)	**2675.52**	**3091.16**	**3498.31**	**4179.51**	**5616.84**
Expenditure					
Cost of materials consumed	1645.92	1872.10	2160.18	2304.73	3092.35
Purchases of stock-in-trade					
Changes in inventories of finished goods, work-in-progress and stock-in-trade	39.98	2.77	(62.01)	77.07	(27.60)
Employee benefits expense	195.81	193.34	264.05	311.73	373.58
Manufacturing & Other expenses	239.98	311.98	397.27	487.88	651.27
Selling & Distribution expense	211.42	342.06	332.04	551.25	931.32
Total Expenses (B)	**2333.12**	**2722.25**	**3091.53**	**3732.67**	**5020.91**
Earnings before Depreciation, Interest, exceptional items, extraordinary items and Tax (EBITDA) (A - B)	**342.40**	**368.91**	**406.78**	**446.84**	**595.93**
Depreciation and Amortization expense	114.81	122.18	136.06	136.90	129.48
Earnings before Interest, exceptional items, extraordinary items and Tax	**227.59**	**246.73**	**270.72**	**309.94**	**466.45**
Finance costs	140.05	154.49	164.49	186.94	212.52
Earnings before exceptional items, extraordinary items and Tax	**87.54**	**92.23**	**106.23**	**123.00**	**253.93**
Exceptional Items	-	-	-	-	-
Earnings before extraordinary items and tax	**87.54**	**92.23**	**106.23**	**123.00**	**253.93**
Extraordinary Items	-	-	-	-	-
Profit / (Loss) before tax	**87.54**	**92.23**	**106.23**	**123.00**	**253.93**
Tax expense:					
Provision for Taxation	**16.58**	**26.57**	**43.59**	**43.96**	**85.55**
Provision for Income Tax	30.50	21.00	41.00	49.00	85.85
Current Year	30.50	21.00	41.00	49.00	95.00
Less: MAT Credit					

Previous Year					(9.15)
Provision for Deferred Tax	(13.92)	5.57	2.59	(5.04)	(0.30)
Profit/(Loss) from continuing operations and before adjustment on account of Restatement	**70.95**	**65.66**	**62.65**	**79.04**	**168.38**
Discontinuing Operations					
Profit / (Loss) from discontinuing operations (before tax)	0.00	0.00	0.00	0.00	0.00
Tax expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00
Profit / (Loss) from discontinuing operations (after tax)	0.00	0.00	0.00	0.00	0.00
Net Profit After Tax for the year	70.95	65.66	62.65	79.04	168.38
Adjustments on Account of Restatement	0.00	0.00	0.00	0.00	(68.17)
Net Profit After Tax & Adjustment on account of Restatement	70.95	65.66	62.65	79.04	100.21
Provision for Dividend	18.10	18.10	19.05	22.91	30.15
Provision for Dividend Distribution Tax	3.08	3.08	3.09	3.72	5.12
Net Profit After Tax, As restated	**49.78**	**44.49**	**40.50**	**52.41**	**64.94**

Annexure 3

Cash Flow Statement, As Restated

(₹ In Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
A. Cash flow from Operating activities					
Net Profit before tax as per Profit and loss account	87.54	92.23	106.23	123.00	253.93
Adjustments					
Depreciation and Amortization Expense	114.81	122.18	136.06	136.90	129.48
Interest Income	(10.40)	(7.67)	(9.07)	(5.99)	(8.54)
Interest Paid	125.89	154.49	164.49	186.94	212.52
	317.84	**361.24**	**397.71**	**440.85**	**587.39**
(Increase)/Decrease in Trade and Other Receivables	(179.65)	(201.08)	31.24	(342.70)	(548.44)
(Increase)/Decrease in Inventories	42.05	(73.47)	(54.20)	52.88	(86.49)
Changes in Short Term Loans & Advances	0.00	(46.33)	71.50	(42.00)	(28.14)
(Increase)/Decrease in Other Current Assets	(20.72)	(2.69)	(3.27)	7.31	(6.05)
Increase/(Decrease) in Trade Payables	160.64	251.38	(50.29)	(141.56)	152.12
Increase/(Decrease) in Other Current Liabilities & Short Term Provisions	28.96	168.32	75.32	112.90	(33.55)
Cash generated from Operations	**349.12**	**457.36**	**468.01**	**87.68**	**36.83**
Direct Taxes paid	25.87	21.00	41.00	49.00	85.85
Cash Flow Before Extra Ordinary Items	**323.25**	**436.36**	**427.01**	**38.68**	**(49.03)**
Extra Ordinary Items (Effect of Restated Accounts)					
Net Cash generated / (utilised) from Operating Activities	**323.25**	**436.36**	**427.01**	**38.68**	**(49.03)**
B. Cash flow from Investing Activities					
Purchase of Fixed Assets	(51.68)	(300.24)	(199.73)	(37.83)	(138.14)
Capital Work-in-progress	0.00	0.00	0.00	0.00	(3.50)
(Purchase) / Sale of Investments (Net)	0.00	0.00	2.50	(4.13)	(8.74)
Changes in Long Term Loans & Advances	0.00	(4.10)	(5.39)	(7.49)	(45.89)
Interest Income	10.40	7.67	9.07	5.99	8.54
Cash flow before exceptional items	(41.28)	(296.67)	(193.54)	(43.45)	(187.72)
Exceptional items	-	-	-	-	-
Net Cash utilised in Investing Activities	**(41.28)**	**(296.67)**	**(193.54)**	**(43.45)**	**(187.72)**
C. Cash Flow from Financing Activities					
Proceeds / (Repayment) from Long Term Borrowings	(229.39)	(2.15)	(109.09)	70.98	219.53

Proceeds / (Repayment) from Short Term Borrowings	(22.04)	29.12	50.20	77.63	357.02
Interest Paid	(125.89)	(154.49)	(164.49)	(186.94)	(212.52)
Dividends Paid	(16.53)	(18.10)	(18.10)	(19.05)	(22.91)
Proceeds from Issue of Preferential warrant	14.05	0.00	0.00	0.00	0.00
Proceeds from Issue of Equity Shares (on conversion of warrants)	5.62	0.00	6.80	7.10	7.50
Shares premium on Equity shares	8.43	0.00	17.00	18.46	21.76
Dividend tax paid	(2.80)	(3.08)	(3.08)	(3.09)	(3.72)
Net cash generated from / (utilised in) financing activities	**(368.55)**	**(148.70)**	**(220.76)**	**(34.91)**	**366.66**
Net (Decrease) / Increase in cash and cash equivalents	**(86.58)**	**(9.01)**	**12.71**	**(39.68)**	**129.91**
Cash and cash equivalents at the beginning of the year	**230.42**	**143.84**	**134.83**	**147.54**	**107.86**
Cash and bank balances					
Other Bank Balances	143.84	134.83	147.54	107.86	237.77
Cash and Cash equivalents at the end of the year	**143.84**	**134.83**	**147.54**	**107.86**	**237.77**

Annexure 4

Significant Accounting Policies for the Restated Accounts

Corporate Information:

Denis Chem Lab Limited is public limited company domiciled in India and incorporated in 1982 under the provisions of Companies act, 1956. Its shares are listed on ASE in India. The company is engaged in the business of manufacturing of Pharmaceuticals.

a) Basis of Accountings:

The financial statements are prepared in accordance with the generally accepted Accounting Principles in India to comply with accounting standards notified under Companies (Accounting Standards) Rules 2006. The financial statements have been prepared under the historical cost convention on accrual basis of accounting.

b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets and Depreciations:

i. Tangible Fixed Assets are stated at cost less accumulated depreciation and impairment provisions. The cost comprises purchase price(Net of Cenvat / Vat credit wherever applicable) and any attributable cost for bringing the asset to its working condition for its intended use, inclusive of financing cost till commercial production.

ii. Depreciation on Fixed Assets has been provided at the rates prescribed in the Schedules XIV to the Companies Act, 1956, as amended on pro rata basis with reference to the actual date of purchase/installation on Written down Value Method.

d) Impairment of Assets:

The company evaluates impairment losses on the fixed assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If such assets are considered to be impaired, the impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the smallest level for which there are separately identifiable cash flows.

e) Investments:

Long term investments are carried at cost less provision, if any for other than temporary diminution in the value of such investments. Current investments are stated at lower of cost and fair value.

f) Inventories:

Inventories consist of Raw Materials and Packing Materials, Work –In-Process, Finished goods and Stores. Inventories are valued at lower of cost and net realizable value. The cost is determined on First In First Out basis. The cost of work in process and finished goods includes material and packing cost, proportion of labour and manufacturing overheads.

g) Excise Duty:

The excise duty in respect of closing inventory of finished goods is included as part of inventory.

h) Revenue Recognition:

Sales are recognized upon delivery of products and are recorded inclusive of excise duty but net of rate difference and sales tax.

Dividend on investments is recognised only when the right of receipt is established.

Interest income is recognized on time proportion basis.

i) Transaction in Foreign Currency:

Foreign exchange transactions are accounted at the exchange rate prevailing at the date of the transaction. Gains and Losses resulting from settlement of such transaction and from the transaction of monetary assets and liabilities denominated in foreign currency are recognized in the statement of Profit and Loss.

j) Stores and Spares:

Stores and spares consumed include spares utilised for repairs and maintenance of machinery.

k) Cenvat Credit:

Consumption of materials is arrived at after considering credit availed under CENVAT scheme under central excise rules. Cenvat availed on Capital Goods is reduced from the cost of the Fixed assets.

l) Retirement Benefits:

The company has covered its gratuity liability with Life Insurance Corporation of India under Employee Group Gratuity Scheme.

Leave Encashment payable to the employees are accounted when paid.

Contribution to Provident Fund and Employee State Insurance Scheme is charged to revenue.

m) Research & Development Expenses:

Expenditure on Research & Development on revenue account is charged to Statement of Profit & Loss. Assets acquired for Research & Development activities are capitalised and depreciated in the same manner as other fixed assets.

n) Provisions for Taxation:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

Deferred Tax Assets and Liabilities are recognised on Future Tax consequences attributable to the timing differences that result between the profits offered for Income Tax and Profit as per Financial Statement. Deferred Tax assets and Liabilities are measured as per the tax rates/laws that have been enacted by the balance sheet date.

Annexure 5

Notes to Accounts

a) Contingent Liability not provided for:

	Particulars	As At 31-03-2013 Rupees	As At 31-03-2012 Rupees
i)	In respect of counter guarantee given by the bank	73,77,427	23,48,337
ii)	Disputed demand not acknowledged as debt against which the company has preferred appeal:		
	Sales Tax	1,38,41,143	1,38,41,143
	Income Tax	3,55,690	--

b) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 38,59,882/- (Previous Year ₹ 9,33,272/-)

c) The company has covered its gratuity liability with Life Insurance Corporation of India under Employee Group Gratuity Scheme. However company has neither paid necessary premium for the year under review and it has made necessary provision against the same for its outstanding liability of ₹ 46.60 lakhs as at the end of the year, in the restated accounts. However the same provision has not been made in the audited accounts.

d) Balances of Debtors, Creditors and Loans and Advances in the Balance Sheet are subject to confirmation.

e) In the opinion of the management of the Company, provisions for all known liabilities except as stated in (c) and (d) above have been made in the books of accounts. Further, the current assets and liabilities are stated at the value realisable in the ordinary course of business.

f) No provision has been made for doubtful debts in the audited accounts as in the opinion of the management efforts are made for recovery thereof and there are good chances for recovery of the same. However the same provision for Rs 3.64 Lacs has been made in the restated accounts.

g) **Statement of Profit & Loss Includes:**

Sr. No.	Particulars	2012-13 ₹	2011-12 ₹
(i)	**Remuneration of auditor:**		
	For Audit Fees	5,61,800	3,37,080
	For certification work	---	27,902
	Tax audit fees	84,270	55,150
	Total	**6,46,070**	**4,20,132**
(ii)	**Remuneration to Managing Director**		
	Salary	30,00,000	30,00,000
	Contribution to Provident Fund	1,72,800	1,72,800
	Perquisites	58,518	51,643
	Total	**32,31,318**	**32,24,443**

h) Under the Micro, Small and Medium Enterprises Development Act, 2006; certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. The company is in the process of compiling relevant information from its suppliers about their coverage under the Act. Since the relevant information is not properly available, no disclosures have been made in the accounts.

i) The component of deferred tax liabilities/assets provided as on 31st March, 2013 is as under:

Sr. No.	Particulars	2012-13 ₹	2011-12 ₹
A.	Deferred Tax Liabilities:		
	On account of timing difference in depreciable assets	59,02,845	59,02,386
B.	Deferred Tax Assets:		
	Expenses allowable against taxable income in future year	30,900	--
	Net Deferred Tax liability	58,71,945	59,02,386

j) The management of the company has carried out an exercise to ascertain impairment of Fixed Assets. In the opinion of the management of the company there are no indications of impairment of assets as at 31/03/2013 and therefore no effect of impairment is required to be given in the books of accounts.

k) **Preferential Issue to Promoters on Preferential Basis:**

During the year company has issued 75,000 equity shares each of ₹ 10/- at a premium of ₹ 29/- per share on preferential basis to promoters under Section 81(1A) of the Companies Act, 1956 as per special resolution passed in the meeting of the Members of the Company held on 14th September, 2012**.** (Previous year 71000 shares)

l) **Unsecured Loans:**

Unsecured loan from banks includes a sum of ₹ 23,93,499/- (Previous year ₹ 80,53,331/-) borrowed from the different banks for the purpose of the business of the company sanctioned in the personal capacity of Managing Director of the company.

m) **Value of Raw Materials, Store & Spares Consumed:**

Sr. No.		Rupees	2012-13 % of Total	Rupees	2011-12 % of Total
(i)	Raw Material				
	Imported	3,84,788	0.13	-	-
	Indigenous	30,22,30,672	99.87	22,42,52,318	100.00
	Total	**30,26,15,460**	**100.00**	**22,42,52,318**	**100.00**
(ii)	Stores & Spares				
	Imported	-	-	-	-
	Indigenous	66,19,321	100.00	62,21,093	100.00
Total		**66,19,321**	**100.00**	**62,21,093**	**100.00**

n) C.I.F. Value of Imports in respect of Goods: ₹ 3,84,788/-
(Previous Year ₹ Nil/-)

o) Foreign exchange out go on account of Remittance of Dividend of ₹6,49,344/- (Previous year ₹ 5,68,176/-) to M/s. Vaessen Schoemaker Holdings B.V. Holland on 4,05,840 shares.

p) **RELATED PARTY DISCLOSURES:-**

a) Name of the Related Parties:

i) Associate Company : Denis Finance Limited
Sintex International Limited

ii) Key Management Personnel : Dr. Himanshu C. Patel
and their relatives : Dr. Himanshu C. Patel (HUF)

iii) Directors : Shri Dinesh B. Patel
Shri Priyavadan C. Randeria
Shri Chinubhai N. Munshaw
Dr. Gaurang Dalal
Ms. Anar H. Patel
Mr. Janak G. Nanavaty

b) Transactions with the Related Parties during the year:

Particulars	**Related party referred to in i. above (Amt. in ₹)**	**Related party referred to in ii. above (Amt. in ₹)**	**Related party referred to in iii. Above (Amt. in ₹)**
Rent	-	-	3,60,000 (3,60,000)
Sitting Fees	-	-	20,000 (30,000)
Purchases	87,33,556 (54,07,857)	71,96,669 (42,05,148)	-
Sales	- -	- -	-
Remuneration	-	32,31,318 (32,24,443)	-
Balance Receivable/Payable as at Balance Sheet Date	- -	84,955 (26,614)	-

Note: The amount in bracket represents the figures in respect of previous year.

The related party as well as transaction shown above is as certified by the Managing Director of the Company.

q) The figures of previous year have been regrouped wherever necessary.

Annexure 6

Notes to Adjustments in the Restated Accounts

Notes to Statement of Assets and Liabilities, as restated in annexure I and Statement of Profits and Losses, as restated in Annexure 2

(a) The summary of Results of Net Adjustments/ Rectifications made in the Audited Accounts of the respective year and its net impact on Assets and Liabilities is given below:

(₹ in Lacs)

Cumulative effect of above increase /(decrease) in Statement of Assets and Liabilities	**31.03.2009**	**31.03.2010**	**31.03.2011**	**31.03.2012**	**31.03.2013**
Reserves & Surplus as per Audited Balance Sheet	348.92	386.87	444.37	515.24	670.11
Changes in Restated Financials					
Provision for Doubtful Debts Decrease / (Increase)	0.00	0.00	0.00	0.00	(3.64)
Provision for Gratuity Decrease/ (Increase)	0.00	0.00	0.00	0.00	(46.60)
Provision for PL encashment Decrease / (Increase)	**0.00**	**0.00**	**0.00**	**0.00**	**(17.93)**
Impact on Reserves & Surplus (Decrease)/ Increase	**0.00**	**0.00**	**0.00**	**0.00**	**(68.17)**
Net Reserves & Surplus as Restated Balance Sheet Statement	**348.92**	**386.87**	**444.37**	**515.24**	**601.94**

(b) The Summary of Results of Net Adjustments / rectifications made in the audited accounts of the respective year and its net impact on profit & loss account is given below:

(₹ in Lacs)

Cumulative effect of above increase /(decrease) in Statement of Profit / Loss	**31.03.2009**	**31.03.2010**	**31.03.2011**	**31.03.2012**	**31.03.2013**
Changes in Accounting Policies / Correction of Accounting Policies					
Profit/ Loss as per Audited Profit & Loss Account	**70.95**	**65.66**	**62.65**	**79.04**	**168.38**
Changes in Restated Financials					
Other Expenses					
- On account provision for Doubtful Debts (Increase) / Decrease	0.00	0.00	0.00	0.00	(3.64)
- On account of Provision for Gratuity (Increase) / Decrease	0.00	0.00	0.00	0.00	(46.60)

- On account of Provision for PL Encashment (Increase) / Decrease	0.00	0.00	0.00	0.00	(17.93)
Impact on Profit or Loss Increase/ (Decrease)	0.00	0.00	0.00	0.00	(68.17)
Net Profit or (loss) after tax as Restated in Profit and Loss A/c	**70.95**	**65.66**	**62.65**	**79.04**	**100.21**

Annexure 7

Statement of Share Capital, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Authorised					
Equity Shares of ₹ 10/- each (Nos.)	70	70	70	70	70
Equity Shares of ₹ 10/- each (₹)	700	700	700	700	700
Issued, Subscribed and Fully paid up					
Equity Shares of ₹ 10/- each (Numbers)	1,236,750	1,292,966	1,360,966	1,431,966	1,506,966
Equity Shares of ₹ 10/- each (₹)	123.68	129.30	136.10	143.20	150.70
Total	**123.68**	**129.30**	**136.10**	**143.20**	**150.70**

Notes:

a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
At the beginning of the period	1,180,534	1,236,750	1,292,966	1,360,966	1,431,966
Subscription to MOA	-	-	-	-	-
Issued during the year	56,216	56,216	68,000	71,000	75,000
Bought back during the year	-	-	-	-	-
Outstanding at the end of the period	**1,236,750**	**1,292,966**	**1,360,966**	**1,431,966**	**1,506,966**

b) During the immediately preceding 5 Financial years, the company has neither issued fully paid-up shares pursuant to Contract(s) without payment being received in cash and by way of Bonus Shares nor has bought back any shares.

c) In accordance with the approval of members at meeting held on 14th September, 2012, 75,000 Equity shares of ₹10 each have been issued to promoter of the company Ms. Anar H. Patel at premium of ₹29 per share.

d) The Company has one class of equity shares having par value of 10 each. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to shareholding.

e) Authorised Capital:

Sr. No.	Particulars of increase / modification in Authorised Share Capital	Cumulative No. of Equity Shares	Cumulative Authorized Capital (₹)	Date of change	AGM/ EGM
1	On Incorporation	30,000	30,00,000	Incorporation	-
2	Split of one share of face value of ₹100 each into 10 shares of ₹10 each	3,00,000	30,00,000	January 30,1982	EGM
3	Increase from ₹30 Lakhs to ₹100 Lakhs	10,00,000	1,00,00,000	January 30,1982	EGM
4	Increase from ₹100 Lakhs to ₹500 Lakhs	50,00,000	5,00,00,000	August 20, 1993	AGM
5	Increase from ₹500 Lakhs to ₹700 Lakhs	70,00,000	7,00,00,000	September 26, 1995	EGM

f) Details of shares held by Shareholders holding more than 5 % of the shares in the company:

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
No. of equity shares:					
Dr. Himanshu C. Patel	183,840	183,840	217,840	288,840	288,840
Anar H. Patel	230,465	286,681	324,081	324,081	399,081
Vaessen Schoemaker Holding B. V.	405,840	405,840	405,840	405,840	405,840
% of holding:					
Dr. Himanshu C. Patel	14.86%	14.22%	16.01%	20.17%	19.17%
Anar H Patel	18.64%	22.17%	23.82%	22.63%	26.48%
Vaessen Schoemaker Holding B. V.	32.82%	31.39%	29.82%	28.34%	26.93%

Annexure 8

Statement of Accounting Ratios

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Networth	472.60	516.17	580.47	658.44	752.64
Less: Miscellaneous Expenses not written off	-	-	-	-	-
Networth (A)	472.60	516.17	580.47	658.44	752.64
Restated Profit after Tax (B)	70.95	65.66	62.65	79.04	100.21
No. of Equity shares outstanding (C)	1,236,750	1,292,966	1,360,966	1,431,966	1,506,966
Weighted average number of equity shares outstanding - (D)	1,218,884	1,279,721	1,325,941	1,362,911	1,471,418
Basic / Diluted Earning Per Share (EPS) (B/D) (₹)	5.82	5.13	4.72	5.80	6.81
Return on Net Worth (%) (B/A*100)	15.01%	12.72%	10.79%	12.00%	13.31%
Net Asset Value per Share (A/C)	38.21	39.92	42.65	45.98	49.94

Notes:

1. Net Asset Value per Share (in ₹) = Net Worth / Outstanding Number of Equity Shares at the end of the year
2. Return on Net Worth (%) = Restated Profit after tax X 100 / Net Worth Excluding Revaluation Reserve
3. The above ratios have been computed on the basis of the Restated Financial Information for the respective year/period.
4. Earnings per Share is computed in accordance with Accounting Standard (AS) 20 " Earning Per Share" issued by the Institute of Chartered Accountants of India.

Annexure 9

Statement of Dividend

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
On Equity Shares					
Fully Paid-up Share Capital (Nos.)	12,36,750	12,92,966	13,60,966	14,31,966	15,06,966
Face Value (₹)	10.00	10.00	10.00	10.00	10.00
Paid up value per share (₹)	10.00	10.00	10.00	10.00	10.00
Rate of Dividend	14.00%	14.00%	14.00%	16.00%	20.00%
Dividend	17.31	18.10	19.05	22.91	30.14
Dividend Distribution Tax	3.08	3.08	3.09	3.72	5.12

Annexure 10

Statement of Unsecured loans, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
From Related party					
From relatives of directors	0.00	0.00	0.00	0.00	0.00
From Directors	0.00	0.00	0.00	0.00	150.00
From Others					
From Stockist	28.59	18.76	17.76	17.74	218.79
From Outsiders	37.68	119.69	106.72	80.53	23.94
From IFCI Factors Limited	-	-	-	38.14	411.33
Total	**66.27**	**138.45**	**124.48**	**136.42**	**804.06**

Name of the Related Party	Relationship	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Ms. Anar H. Patel	Promoter	-	-	-	-	130.00
Dr. Himanshu C. Patel	Promoter	-	-	-	-	20.00

The Company has borrowed above unsecured loans on the following terms and conditions:

Sr. No.	Terms and Conditions	Particulars
1	Rate of Interest	Nil
2	Security	Nil
3	Terms of Repayment	On demand

Annexure 11

Statement of Provisions, As Restated

(₹ in Lacs)

Particulars	31.03.2009		31.03.2010		31.03.2011		31.03.2012		31.03.2013	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Provision for Gratuity									64.53	
Provision for Dividend		18.10		18.10		19.05		22.91		30.14
Provision for Income Tax		3.19		18.43		41.90		56.65		75.49
Provision for Dividend Distribution Tax		3.08		3.08		3.09		3.72		5.12
Total	**0.00**	**24.37**	**0.00**	**39.61**	**0.00**	**64.04**	**0.00**	**83.28**	**64.53**	**110.75**

Annexure 12

Statement of Capitalisation

(₹in Lacs)

Particulars	Pre-Issue As At 31.03.2013	Post Issue*
Debt		
Secured		
Short Term Debt	772.78	[●]
Long Term Debt	81.50	[●]
Total Secured Debt (A)	**854.28**	[●]
Unsecured		
Short Term Debt	434.86	[●]
Long Term Debt	369.20	[●]
Total Unsecured Debt (B)	**804.06**	[●]
		[●]
Total Debt (A+B)	**1658.34**	[●]
Shareholders Funds		
Share Capital – Equity	150.70	[●]
Reserves & Surplus	601.94	[●]
Less: Miscellaneous Expenditure	0.00	[●]
		[●]
Total Shareholders Funds	**752.64**	[●]
		[●]
Long Term Debt / Shareholders funds (times)	0.60	[●]
Total Debt / Shareholders funds (times)	2.20	[●]

Notes:

1. Working Capital Limits, Current maturities and unsecured loans are considered as Short Term Debts.

* The Post- Issue Debt- Equity Ratio will be computed on finalization of the rights issue price.

Annexure 13

Statement of Tax Shelters

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Profit Before Tax as per Restated	87.54	92.23	106.23	123.00	253.93
Tax Rate					
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%
Surcharge	10.00%	10.00%	7.50%	5.00%	5.00%
Educational Cess	3.00%	3.00%	3.00%	3.00%	3.00%
Normal Tax Rate	33.99%	33.990%	33.22%	32.45%	32.45%
MAT Rate	10.00%	15.00%	18.00%	18.50%	18.00%
Surcharge	10.00%	10.00%	7.50%	5.00%	5.00%
Educational Cess	3.00%	3.00%	3.00%	3.00%	3.00%
Minimum Alternate Tax Rate	11.33%	16.995%	19.93%	20.01%	19.47%

Notional Tax at Normal Rates (A)	**29.75**	**31.35**	**35.29**	**39.91**	**82.39**
Permanent Differences					
Other Adjustments	0.00	0.00	0.00	0.00	0.00
Dividend	(0.44)	(1.75)	(2.07)	(2.07)	0.00
Disallowances	12.73	0.00	5.18	7.27	8.40
Total (B)	**12.29**	**(1.75)**	**3.11**	**5.20**	**8.40**
Timing Differences					
Difference Between Tax Depreciation and Book Depreciation	15.94	(28.38)	(8.57)	8.74	(0.08)
Other Adjustments	0.86	(6.28)	0.50	(0.98)	(59.24)
Total (C)	**16.80**	**(34.66)**	**(8.07)**	**7.76**	**(59.32)**
Net Adjustments (B + C)	29.09	(36.41)	(4.96)	12.96	(50.92)
Brought forward losses set off (Depreciation)	15.65	-	-	-	-
Adjustments after set off	13.44	(36.41)	(4.96)	12.96	(50.92)
Tax Expense/ (Saving) thereon (D)	4.57	(12.38)	(1.65)	4.20	(16.52)
Total Taxation (A - D)	34.32	18.97	33.64	44.11	65.87
Minimum Alternative Tax (MAT)	9.92	15.68	21.17	24.61	49.43

Annexure 14
Statement of Short Term Borrowings, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Secured					
From Banks					
Loans Repayable on Demand					
Cash Credit from Banks					
Axis Bank	-	-	-	561.20	572.15
Kalupur	469.51	498.63	521.61	-	-
Karur Vyasya Bank	-	-	27.22	27.12	-
Unsecured					
Under Short Term Borrowings(IFCI Factors)	-	-	-	38.14	411.33
Total	**469.51**	**498.63**	**548.83**	**626.46**	**983.48**
The above amount includes					
Secured Borrowings	469.51	498.63	548.83	588.32	572.15
Unsecured Borrowings	0.00	0.00	0.00	38.14	411.33
Under Other Current Liabilities	0.00	0.00	0.00	0.00	0.00
Total	**469.51**	**498.63**	**548.83**	**626.46**	**983.48**

Annexure 15
Statement of Long Term Borrowings, As Restated

(₹ in Lacs)

Particulars	31.03.2009		31.03.2010		31.03.2011		31.03.2012		31.03.2013	
	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities	Non-Current Portion	Current Maturities
Secured										
From Banks										
Corporate Term Loan (WCTL) (Kalupur)	18.68	6.31	12.46	6.43	0.00	12.46	0.00	0.00	0.00	0.00
Corporate Term Loan (WCTL) (Refer Note - I)	0.00	0.00	0.00	0.00	0.00	0.00	125.20	124.80	0.40	124.80
Machinery Loan (Refer Note - II)	214.01	88.24	173.68	85.63	103.73	111.00	38.02	86.00	3.11	24.00
Other Loans										
Life Insurance Corporation (Refer Note - III)	0.00	0.00	0.00	0.00	0.00	0.00	24.79	0.00	24.79	0.00
Machinery Loan (Refer Note - IV)	5.04	3.72	13.21	13.04	6.03	10.57	(2.79)	26.62	53.20	51.83
Deposit from Stockist	28.59	0.00	18.76	0.00	17.76	0.00	17.74	0.00	218.79	0.00
Deposit from Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00
Banks and Others	5.10	32.58	51.17	68.52	32.67	74.05	28.22	52.31	0.41	23.53
TOTAL	**271.43**	**130.85**	**269.28**	**173.62**	**160.19**	**208.08**	**231.17**	**289.73**	**450.70**	**224.16**
The above amount includes										
Secured Borrowings	237.74		199.35		109.76		185.21		81.50	
Unsecured Borrowings	33.69		69.93		50.43		45.97		369.20	
Amount disclosed under the head "Other Current Liabilities"	-	130.85	-	173.62	-	208.08	-	289.73		224.16
Total	**271.43**	**130.85**	**269.28**	**173.62**	**160.19**	**208.08**	**231.17**	**289.73**	**450.70**	**224.16**

Annexure 16

Statement of Secured Loans, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Secured					
Term loan from Banks					
Under Long Term Borrowings	237.74	199.35	109.76	185.21	81.50
Under Other Current Liabilities	98.27	105.10	134.03	237.42	200.63
Working Capital / Cash					

Credit from Banks					
Under Short Term Borrowings	469.51	498.63	548.83	588.32	572.15
TOTAL	**805.52**	**803.08**	**792.62**	**1010.95**	**854.28**

Principal Terms of Secured Loans and Assets Charged as Security

Name of the Lender	Facility	Sanctioned Limit (₹ in Lacs)	Balance O/s as on 31.03.2013	Rate of Interest	Repayment Schedule
Axis Bank Limited	Corporate Term Loan (WCTL) (Refer Note - I)	250	125.20	13.50%	24 EMIS of Rs 10.4 Lacs Each
SIDBI	Machinery loan	87	27.11	11.50%	Rs 2 Lacs PM, EMI based on Bank's Advice
Intec Capital	Machinery loan	112.09	99.18	14.00%	36 EMIS of 3.83 Lacs
Reliance Capital	Machinery loan	20	6.48	15.00%	36 EMIs of Rs 0.97 Lacs
LIC	Key man Insurance policy	24.78	24.79	NA	NA

Securities Offered:

1. Corporate loan from Axis Bank Limited is secured against first charge on land situated at Block No. 460 and Second charge on Block No. 457 of Village- Chhatral, Taluka: Kalol, Dist. Gandhinagar. Further it is also secured against second charge on respective units of immovable properties.
2. Term loan from Small Industrials Development Bank of India is secured against first charge on land situated at Block No. 457 and Second charge on Block No. 460 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. Further it is also secured personal gaurantee of the Managing Director of the company.
3. Machinery loan from Intec Capital Limited is secured against hypothecation of concerned machinery.
4. Machinery loan from Reliance Capital Limited is secured against hypothecation of concerned machinery.
5. Loan from Life Insurance Corporation of India is secured against assignment of Keyman Insurance Policy.
6. Working Capital Loans from the Axis Bank Limited is secured against equitable mortgage of land situated at Block No. 460 of Village- Chhatral, Taluka: Kalol, Dist. Gandhinagar. and exclusive charge by way of Stocks of Raw Materials, Work in Process, Finished Goods, Consumable Stores and Spares, and such other movables including Book Debts. Further it is also secured against personal guarantee of the Managing Director of the company.

Annexure 17

Statement of Non-Current Investments, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Long-term In Units (At Cost - Quoted)	0.00	0.00	0.00	0.00	20.11
Long-term In Units (At Cost - Unquoted)	19.75	19.75	17.25	21.38	10.00
Total	**19.75**	**19.75**	**17.25**	**21.38**	**30.11**

Annexure 18

Statement of Trade Receivables, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Debt outstanding for the period exceeding six months					
Considered good	-	14.01	71.40	92.20	172.02
Considered doubtful	24.59	24.59	3.65	-	3.64
	24.59	**38.60**	**75.05**	**92.20**	**175.66**
Less: Provision for doubtful debts	-	-	-	-	(3.64)
Total	**24.59**	**38.60**	**75.05**	**92.20**	**172.02**
Debt outstanding less than six months					
From Others	580.22	767.29	699.59	1025.15	1490.13
Total	**604.81**	**805.89**	**774.65**	**1117.35**	**1662.15**

Annexure 19

Statement of Loans and Advances, As Restated

(₹ in Lacs)

Particulars	**31.03.2009**		**31.03.2010**		**31.03.2011**		**31.03.2012**		**31.03.2013**	
	Long Term	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**
Capital Advances (Unsecured, Considered Good)	-	46.61	-	36.85	-	6.54	-	2.80	-	33.69
Loans & Advances to related parties	-	-	-	-	-	-	-	-	-	
Other Loans & Advances										
Loans & Advances to Employees & Others	-	11.86	-	16.36	-	12.07	-	14.80	-	11.32

Advances recoverable in cash or kind or value to be received	-	25.42	-	64.33	-	57.18	-	82.43	-	65.91
Balance With Govt. Authorities/Security Deposit	23.30	2.64	27.40	7.47	32.79	6.90	40.28	9.87	86.17	22.78
Advances to Suppliers / Services / Expenses	-	24.29	-	32.14	-	2.96	-	17.76	-	22.09
Total	**23.30**	**110.82**	**27.40**	**157.15**	**32.79**	**85.65**	**40.28**	**127.65**	**86.17**	**155.79**

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Long Term Loans & Advances:					
To Others					
Others	23.30	27.40	32.79	40.28	86.17
Total	**23.30**	**27.40**	**32.79**	**40.28**	**86.17**
Short Term Loans & Advances:					
To Others					
Staff Advances	11.86	16.36	12.07	14.80	11.32
Advance to Suppliers / Services / Exp.	24.29	32.14	2.96	17.75	22.09
Others	28.06	71.80	64.08	92.30	88.69
Capital Advances	46.61	36.85	6.54	2.80	33.69
Total	**110.82**	**157.15**	**85.65**	**127.64**	**155.79**

Annexure 20

Statement of Other Current Assets and Other Current Liabilities, As Restated

(₹in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Other Current Assets					
Interest Accrued	3.04	5.73	9.00	1.69	7.74
Total	**3.04**	**5.73**	**9.00**	**1.69**	**7.74**
Other Current Liabilities					
Employee Benefits Payable	0.00	0.00	0.00	4.59	8.63
Advances from Customers	2.64	33.23	11.98	32.24	21.10
Current Maturity of Long Term Borrowings (Refer Note under long term borrowings for details of security)	130.85	173.62	208.08	289.74	224.16
Unpaid Dividend	3.22	2.06	2.38	2.72	4.63
Other liabilities	150.40	231.27	269.60	260.90	279.28
Total	**287.10**	**440.19**	**492.04**	**590.19**	**537.80**

Annexure 21

Statement of Breakup of Other Income, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Other Income, as Restated	14.33	12.04	13.94	22.73	13.89
Net profit / (loss) before tax, as restated	87.54	92.23	106.23	123.00	253.93
Other Income as % of Net profit	16.37%	13.06%	13.12%	18.48%	5.47%
Sources of Other Income					
Recurring and Related	-	-	-	-	-
Recurring and Un-Related					
Rent Received	2.40	2.40	2.29	4.80	2.35
Interest Received	10.40	7.67	9.07	5.99	8.54
Dividend Income	0.44	1.76	2.07	2.07	2.69
Non-Recurring and Related					
Miscellaneous Income	0.35	0.00	0.44	9.87	0.30
Non-Recurring and Un-Related					
Miscellaneous Income	0.74	0.22	0.07	0.00	0.00
Total	**14.33**	**12.04**	**13.94**	**22.73**	**13.89**

Notes:

1. The classification of 'Other Income' as recurring / non-recurring to business activities is based on the current operations and business activities of the company as determined by the management.
2. The figures disclosed above are based on summary statement of profit & losses, as restated, of the company.

Annexure 22

Statement of Related Party Disclosures, As Restated

(₹ in Lacs)

Name of the Related Party	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Anar H. Patel	3.60	3.60	3.60	3.60	3.60
Sitting Fees(Directors)	2.40	3.60	0.30	0.30	0.20
Denis Finance-Purchase	52.55	70.24	89.47	54.08	87.34
Denis Finance-Sales	0.27	0.62	-	-	-
Denis Packaging-Purchase	81.10	47.33	36.10	42.05	71.97
Denis Packaging-Sale	-	0.14	-	-	-
Dr. Himanshu C. Patel (Director Remuneration)	25.93	32.44	32.39	32.24	32.31

Associates:

(₹ in Lacs)

Nature of Transaction	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Loans Accepted	0.00	0.00	0.00	0.00	150.00
Shares Alloted(Nos)	56,216.00	56,216.00	68,000.00	71,000.00	75,000.00
Rental Payment / Receipt					
Anar H. Patel	3.60	3.60	3.60	3.60	3.60
Purchase					
Denis Finance	52.55	70.24	89.47	54.08	87.34
Denis Packaging	81.10	47.33	36.10	42.05	71.97
Sales					
Denis Finance	0.27	0.62	-	-	-
Denis Packaging	-	0.14	-	-	-

Key Managerial Personnel (₹ in Lacs)

Nature of Transaction	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
a. Loans Accepted	-	-	-	-	20.00
b. Shares Alloted	28,108.00	28,108.00	68,000.00	-	-
Managerial Remuneration					
Dr. Himanshu C. Patel	25.93	32.44	32.39	32.24	32.31
PN Pandey	5.31	6.05	7.60	9.28	12.24
Girish Patel	2.09	3.25	-	-	4.28
Manish Modh	1.76	2.73	3.28	3.54	3.91
Bharat Pandya	2.80	3.15	3.51	4.60	4.66
Mr. Nirmal H. Patel	-	-	-	-	3.38
Vikram Joshi	-	-	-	-	1.87
Ajay Yogi	-	-	-	-	1.75
Vishnu Chaudhary	1.72	2.05	2.70	2.80	3.42
Sanjay Sanghvi	2.86	3.10	3.46	3.70	5.74

Details of Outstanding

(₹ in Lacs)

Associates	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Denis Packaging	15.94	2.24	4.33	0.27	0.85

Annexure 23

Statement of Contingent Liabilities, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
In Respect of counter Guarantee given by Bank	45.63	43.77	29.37	23.48	73.77
In respect of Disputed demand for sales tax for FY 2006-07	-	-	44.85	44.85	44.85
In respect of Disputed demand for sales tax for FY 2005-06	80.35	80.35	80.35	80.35	80.35
In respect of Disputed demand for sales tax for FY 2004-05	-	-	13.21	13.21	13.21
In respect of Disputed demand for Income tax for FY 2009-10	-	-	-	-	3.55
In respect of bill discounted with the bank	47.94	36.44	75.26	-	-

STOCK MARKET DATA FOR EQUITY SHARES

Our Company's Equity Shares are listed on the Ahmedabad Stock Exchange Limited (ASE) but there has been no trading in Equity Shares since 2004. So in the absence of any trading in the Equity Shares, the price information is not available.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this DLOF. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and other applicable provisions of the Companies Act.

Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.

Business Overview

Our Company is primarily into the business of manufacturing and marketing of sterile injectables for the past thirty (30) years. We offer a range of sterile injectable products for human and veterinary consumption. Our Company's product offerings comprise of more than fifty (50) products across fifteen (15) States in India. The institutional customer base of our Company includes government, semi-government, hospitals and nursing homes, aided agencies and the defence sector. All of our Company's products are off-patent/ generic drugs, a significant majority of which are capable of being directly injected into the body and are also used in the treatment of critical illnesses.

Our Company offers its products in different therapeutic areas through the ethical and institutional sales for the domestic markets. Our product range includes antibiotic injections, diuretic injections, parenteral amino acid injections, plasma volume expanders, anti anaerobic injections, anti pyretic and irrigation solutions, etc. In addition to the above, we also manufacture various other Intravenous Fluids in filled volumes of 100 ml, 250 ml, 500 ml, 1000 ml and 3,000 ml.

Our Company's manufacturing facility is located near Ahmedabad, Gujarat. The manufacturing facility is approved by the Foods and Drugs Control Administration Authority (FDCA) and certified by WHO GMP. The manufacturing facility is also ISO 9001-2008 certified. In addition to the above, most of our products are registered and approved by the FDCA and WHO GMP. In addition to manufacturing our own products which we sell under our own brands, we also use our facility to manufacture products on contract basis for third parties including certain multinational pharmaceutical companies who market such products under their own brands. As on March 31, 2013, our Company's manufacturing facility has an installed capacity to manufacture 240.00 lakhs plastic bottles and 258.00 lakhs glass bottles. We are in the process of expanding our existing facility of manufacturing sterile injectables. The aforementioned expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS). We propose to partly fund this expansion from the proceeds of the Issue. For further details, please refer to Chapter titled "Objects of the Issue" beginning on page 64 of the Draft Letter of Offer.

The domestic business of the Company is driven by its own sales and marketing network comprising of approximately forty (40) Medical Representatives (MR) covering various territories across India. The Company has arrangements with sixteen (16) super stockists in fifteen (15) States of India and one (1) distributor in Nepal. In international markets, the Company partners with local distributors who import and distribute the products of the Company, under their supervision and carry out marketing activities. In addition to direct marketing, we also participate in bulk supplies of sterile injectable products by way of bidding in tenders of various State Government Health Departments.

Our Company on standalone basis have achieved total revenues of ₹5616.84 lakhs and ₹4179.51 lakhs and net profit after tax of ₹100.21 lakhs and ₹79.04 lakhs for the financial year ended on March 31, 2013 and March 31, 2012 respectively.

Our Competitive Strengths

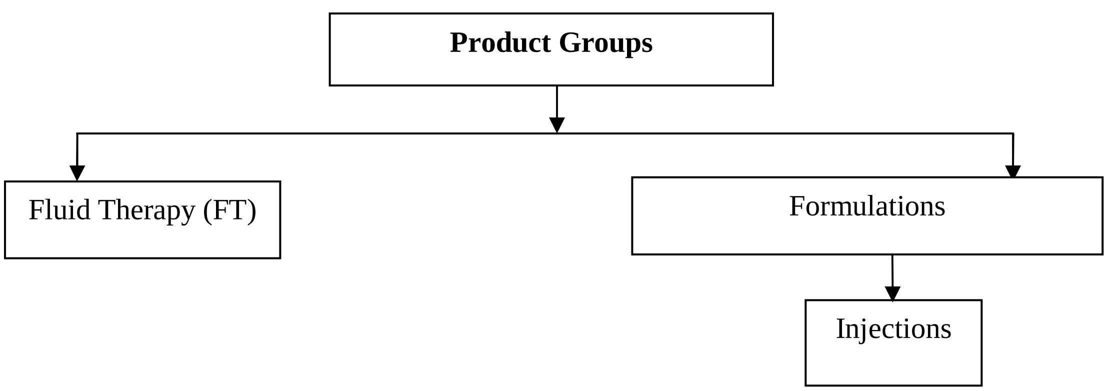
- Diverse Product Portfolio
- Wide sales, marketing and distribution network
- Wide range of fill volumes
- Experienced management team and well qualified senior executives

Our Business Strategies

- Adoption of superior technology for manufacturing sterile injectables
- Our contract manufacturing and institutional sales business stabilizes our revenue stream
- Targeting new domestic and export markets
- Wide range of Sterile Injectable Products

Products of our Company

Our Products are broadly classified as Fluid therapy products and Formulation. They are manufactured according to market requirements and packaged as per the accepted market standards where fill volumes range from 100 ml to 1000 ml.



Factors affecting our financial results and operations

Except as otherwise stated in this DLOF, the Risk Factors given in this DLOF and the following important factors could cause actual results to differ materially from the expectations and include, among others:

Government price controls risk

The prices of our pharmaceutical products are or may be restricted by the price controls imposed by government and healthcare providers in several countries including India. In India, prices of certain pharmaceutical products are determined by the Drug Prices Control Order ("***DPCO***"), promulgated by the Indian government and administered by the National Pharmaceutical Pricing Authority ("***NPPA***"). If the price of one or more products are administered or determined by the DPCO/NPPA, it may have a material adverse impact on our profitability in case we are not able to control costs.

Government policies risk

Our Company is in the process of expanding its existing facility of manufacturing sterile injectables. The expansion will have manufacturing facility using Injection Stretch Blow Moulding (ISBM) technology *vis-à-vis* the technology presently being used by our Company i.e. Blow Fill Seal (BFS) which is to be partly funded from the proceeds of the Issue. We have already received the approval from the Commissioner of the Food and Drugs Control Administration approving the site development plans for the proposed expansion. We will make application to the appropriate authorities for the other licenses and approvals in the due course. For further details, please refer to the Chapter titled "Government and Other Approvals" beginning on page 197 of this Draft Letter of Offer. In the event, that we do not receive these approvals in a timely manner or at all or subject to conditions, it may affect our expansion plans and consequently the deployment of the Net Proceeds may be delayed.

Raw Material

Any fluctuation in the prices of raw materials may affect the business operations and profitability.

Interest rates risk

Any changes in interest rates may affect our debt service obligation and which in turn will adversely affect the profitability.

Competition risk

We operate in a competitive sector. Our institutional customer base includes government, semi-government, hospitals and nursing homes, aided agencies and the defence sector which forms a part of our Company's income. Our Company procures orders from these institutions by tender process. We may face competition during this tender process.

Results of our Operations

(₹ in Lacs)

Particulars	31.03.2011	% of total income	31.03.2012	% of total income	31.03.2013	% of total income
Revenue from Continuing Operations:						
Revenue from operations (Gross)						
Of products manufactured	3467.01	99.11%	4284.62	102.51%	5667.54	100.90%
Of products traded	17.36	0.50%	0	0.00%	0	0.00%
Total Revenue	3484.37	99.60%	4284.62	102.51%	5667.54	100.90%
Less: Excise Duty/ VAT	0	0.00%	127.83	3.06%	64.59	1.15%
Net Revenue	**3484.37**	**99.60%**	**4156.78**	**99.46%**	**5602.96**	**99.75%**
Other Income	13.94	0.40%	22.73	0.54%	13.89	0.25%
Profit on sale of investments	0	0.00%	0	0.00%	0	0.00%
Total Income (A)	**3498.31**	**100.00%**	**4179.51**	**100.00%**	**5616.84**	**100.00%**
Expenditure						
Cost of materials consumed	2160.18	61.75%	2304.73	55.14%	3092.35	55.05%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(62.01)	(1.77%)	77.07	1.84%	(27.6)	(0.49%)
Employee benefits expense	264.05	7.55%	311.73	7.46%	373.58	6.65%
Manufacturing & Other expenses	397.27	11.36%	487.88	11.67%	651.27	11.59%
Selling & Distribution expense	332.04	9.49%	551.25	13.19%	931.32	16.58%
Total Expenses (B)	**3091.53**	**88.37%**	**3732.67**	**89.31%**	**5020.91**	**89.39%**
Earnings before Depreciation, Interest, exceptional items, extraordinary items and Tax (EBITDA) (A - B)	**406.78**	**11.63%**	**446.84**	**10.69%**	**595.93**	**10.61%**
Depreciation and Amortization expense	136.06	3.89%	136.9	3.28%	129.48	2.31%
Earnings before Interest, exceptional items, extraordinary items and Tax	**270.72**	**7.74%**	**309.94**	**7.42%**	**466.45**	**8.30%**
Finance costs	164.49	4.70%	186.94	4.47%	212.52	3.78%
Earnings before exceptional items, extraordinary items and Tax	**106.23**	**3.04%**	**123**	**2.94%**	**253.93**	**4.52%**
Exceptional Items	-		-		-	
Earnings before extraordinary items and tax	**106.23**	**3.04%**	**123**	**2.94%**	**253.93**	**4.52%**
Extraordinary Items	-		-		-	
Profit / (Loss) before tax	**106.23**	**3.04%**	**123**	**2.94%**	**253.93**	**4.52%**
Tax expense:						
Provision for Taxation	**43.59**	**1.25%**	**43.96**	**1.05%**	**85.55**	**1.52%**
Provision for Income Tax	41		49		85.85	
Current Year	41	1.17%	49	1.17%	95	1.69%
Less: MAT Credit						
Previous Year					(9.15)	(0.16%)
Provision for Deferred Tax	2.59	0.07%	(5.04)	(0.12%)	(0.30)	(0.01%)
Profit/(Loss) from continuing operations and before adjustment on account of	**62.65**	**1.79%**	**79.04**	**1.89%**	**168.38**	**3.00%**

Restatement						
Discontinuing Operations						
Profit / (Loss) from discontinuing operations (before tax)	0	0.00%	0	0.00%	0	0.00%
Tax expense of discontinuing operations	0	0.00%	0	0.00%	0	0.00%
Profit / (Loss) from discontinuing operations (after tax)	0	0.00%	0	0.00%	0	0.00%
Net Profit After Tax for the year	62.65	1.79%	79.04	1.89%	168.38	3.00%
Adjustments on Account of Restatement	0	0.00%	0	0.00%	(68.17)	(1.21%)
Net Profit After Tax & Adjustment on account of Restatement	**62.65**	**1.79%**	**79.04**	**1.89%**	**100.21**	**1.78%**

Results for the Financial Year ended March 31, 2013 as compared to the results for the year ended March 31, 2012

Revenue from Operations

Revenues from products manufactured were ₹5602.96 lacs net of excise duty of ₹64.59 lacs during FY 2013.

Revenue from operations (net of excise duty) increased from ₹4156.78 lacs in FY 2012 to ₹5602.96 lacs in FY 2013 registering a growth of 34.80%. The increase in sales was mainly attributed towards increase in sales to Government and Private Hospitals and overall growth in national trade market.

Expenditure

Cost of Materials Consumed

Cost of materials consumed including changes in inventory of finished goods, work-in-progress and raw-materials has been increased from ₹2381.81 lacs in FY 2012 to ₹3064.75 lacs in FY 2013 due to increase in products manufactured. In FY 2012, it was 56.98% of total income while in FY 2013 it reduced to 54.56% due to scale of operations.

Employee Benefits Expense

Employee Benefits Expense increased from ₹311.73 lacs, being 7.46% of total income in FY 2012 to ₹373.58 lacs, being 6.65% of total income in FY 2013. The overall decrease as a percentage of total income was due to achieving operational efficiency and increasing the total income with same number of employee strength.

Manufacturing and Other Expenses

Manufacturing and Other Expenses increased from ₹487.88 lacs, being 11.67% of total income in FY 2012 to ₹651.27 lacs, being 11.59% of total income in FY 2013. The increase in manufacturing and other expenses was mainly attributed to higher output manufactured during FY 2013.

Selling & Distribution Expenses

Selling & Distribution expenses increased from ₹551.25 lacs in FY 2012 to ₹931.32 lacs in FY 2013 i.e. increased from 13.19% to 16.58%. This was due to increase in advertisement & sales promotion expenses during FY 2013.

Depreciation and Amortisation Expenses

Depreciation and Amortisation expenses decreased from ₹136.90 lacs in FY 2012 to ₹129.48 lacs in FY 2013. The decrease in depreciation and amortisation was attributed to lower written down value of fixed assets of the company.

Finance Cost

Finance cost increased from ₹186.94 lacs in FY 2012 to ₹212.52 lacs in FY 2013. This was due to increase in vendor bill discounting facility availed from IFCI Factors Limited during FY 2013.

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items)

Profit / (Loss) for the year after tax (after tax, exceptional items and extraordinary items) of our Company increased from ₹79.04 lacs in FY 2012 to ₹100.21 lacs in FY 2013 registering a growth of 26.78%, which is mainly attributed towards better realisation of our products and achieving low-cost production efficiencies arising due to increased scale of manufacturing activity.

Results for the Financial Year ended March 31, 2012 as compared to the results for the year ended March 31, 2011

Revenue from Operations

Revenues from products manufactured were ₹4156.78 lacs net of excise duty of ₹127.83 lacs during FY 2012.

Revenue from operations (net of excise duty) increased from ₹3484.37 lacs in FY 2011 to ₹4156.78 lacs in FY 2012 registering a growth of 19.30%.

Expenditure

Cost of Materials Consumed

Cost of materials consumed including changes in inventory of finished goods, work-in-progress and raw-materials has been increased from ₹2098.17 lacs in FY 2011 to ₹2381.81 lacs in FY 2012. In FY 2011, it was 59.98% of total income while in FY 2012 it was 56.98%. The reason for overall decrease in cost of materials as a percentage of total income as compared to the last year was mainly attributed towards increase in production and overall production efficiency.

Employee Benefits Expense

Employee Benefits Expense increased from ₹264.05 lacs, being 7.55% of total income in FY 2011 to ₹311.73 lacs, being 7.46% of total income in FY 2012. There is no significant change in employee benefit expenses.

Manufacturing and Other Expenses

Manufacturing and Other Expenses increased from ₹397.27 lacs, being 11.36% of total income in FY 2011 to ₹487.88 lacs, being 11.67% of total income in FY 2012. There were no significant changes in Manufacturing and other expenses during the FY 2012.

Selling & Distribution Expenses

Selling & Distribution expenses increased from ₹332.04 lacs in FY 2011 to ₹551.25 lacs in FY 2012. The increase in selling & distribution expenses was due to increase in advertisement and sales promotion activities.

Depreciation and Amortization Expenses

Depreciation and Amortisation expenses increased from ₹136.06 lacs in FY 2011 to ₹136.90 lacs in FY 2012. There was no significant change in depreciation and amortisation expenses.

Finance Cost

Finance cost increased from ₹164.49 lacs in FY 2011 to ₹186.94 lacs in FY 2012, which is 4.47% of total income in FY 2012 compared to 4.70% in FY 2011.

Profit / (Loss) for the year (after tax, exceptional items and extraordinary items)

Profit / (Loss) for the year after tax (after tax, exceptional items and extraordinary items) of our Company for FY 2012 was increased from ₹62.65 lacs in FY 2011 to ₹79.04 lacs in FY 2012 as compared to registering a growth of 26.16%.

Information required as per Item (2) (IX) (E) (5) of Part A of Schedule VIII to the SEBI (ICDR) Regulations

a) Unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses etc.

Nil

b) Significant economic changes that materially affected or are likely to affect income from continuing operations;

Government policies governing the sector in which we operate as well as any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

c) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations;

Except as described in the Draft Letter of Offer and as mentioned in this "Management's Discussion and Analysis of Financial Condition and Results of Operations", there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

d) 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;

We purchase raw materials like glass bottles, PP (Polypropylene) granules and Dextrose (Glucose) from third party suppliers. The raw material cost accounted for 55.05% and 55.14% of the total income for the FY 2013 and FY 2012 respectively. Volatility in the prices of raw materials may adversely affect our business operations.

e) Details of the extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices;

The impact of material increases in net sales or revenues due to increased sales volume has been disclosed in the Comparison of figures of the major heads of income and expenditure for last three years above.

f) Details of the total turnover of each major industry segment in which the issuer operated;

Our Company is engaged in manufacturing of sterile injectables and not engaged in any other business activity. The total revenues from this activity for the FY 2013 are ₹ 5602.96 lacs.

g) Details of status of any publicly announced new products or business segment;

Our Company has not made any announcement as to the products to be manufactured under our proposed manufacturing facility.

h) Details of the extent to which business is seasonal;

Our Company's revenue and results of operations are affected by seasonal factors since some of our products are more in demand during the summer and monsoon season as compared to winter season on account of wide spread of common diseases.

i) Details of significant dependence on a single or few suppliers or customers;

Our Company is dependent on few suppliers for supply of raw-materials like Glass Bottles and PP Granules. However, our Company has an alternative to import the raw-material in case it is not available in domestic market.

FINANCIAL INDEBTEDNESS

Statement of Secured Loans, As Restated

(₹ in Lacs)

Particulars	31.03.2009	31.03.2010	31.03.2011	31.03.2012	31.03.2013
Secured					
Term loan from Banks					
Under Long Term Borrowings	237.74	199.35	109.76	185.21	81.50
Under Other Current Liabilities	98.27	105.10	134.03	237.42	200.63
Working Capital / Cash Credit from Banks					
Under Short Term Borrowings	469.51	498.63	548.83	588.32	572.15
TOTAL	**805.52**	**803.08**	**792.62**	**1010.95**	**854.28**

Principal Terms of Secured Loans and Assets Charged as Security

Name of the Lender	Facility	Sanctioned Limit (₹ in Lacs)	Balance O/s as on 31.03.2013	Rate of Interest	Repayment Schedule
Axis Bank Limited	Corporate Term Loan (WCTL) (Refer Note - I)	250	125.20	13.50%	24 EMIs of ₹ 10.4 Lacs Each
SIDBI	Machinery loan	87	27.11	11.50%	Rs 2 Lacs PM, EMI based on Bank's Advice
Intec Capital	Machinery loan	112.09	99.18	14.00%	36 EMIs of 3.83 Lacs
Reliance Capital	Machinery loan	20	6.48	15.00%	36 EMIs of Rs 0.97 Lacs
LIC	Key man Insurance policy	24.78	24.79	NA	NA

Securities Offered:

1. Corporate loan from Axis Bank Limited is secured against first charge on land situated at Block No. 460 and Second charge on Block No. 457 of Village- Chhatral, Taluka :Kalol (N.G.), Dist Gandhinagar. Further it is also secured against second charge on respective units of immovable properties.

2. Term loan from Small Industrials Development Bank of India is secured against first charge on land situated at Block No. 457 and Second charge on Block No. 460 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. Further it is also secured by way of a personal guarantee provided by the Managing Director of the Company.

3. Machinery loan from Intec Capital Limited is secured against hypothecation of concerned machinery.

4. Machinery loan from Reliance Capital Limited is secured against hypothecation of concerned machinery.

5. Loan from Life Insurance Corporation of India is secured against assignment of Keyman Insurance Policy.

6. Loan from Life Insurance Corporation of India is secured against assignment of Keyman Insurance Policy. Working Capital Loans from the Axis Bank is secured against equitable mortgage of land situated at Block No. 460 of Village- Chhatral, Taluka :Kalol, Dist Gandhinagar. and exclusive charge by way of Stocks of Raw Materials, Work in Process, Finished Goods, Consumable Stores and Spares, and such other movables including Book Debts. Further it is also secured against personal guarantee of the Managing Director of the Company.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated herein, there are no outstanding or pending suits, civil proceedings, criminal prosecution or tax liabilities against the Company, its Directors, its Promoters and Group Entities and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by the Company; no default in creation of full security, no proceedings initiated for economic or 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 I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters, its Directors and Group Entities.

Further, as stated below, there are no show-cause notices / claims served on the Company, its Promoters, its Directors and Group Entities from any statutory authority / revenue authority that would have a material adverse affect on the business of the Company.

I. Cases filed against the Company

Criminal Cases

1. The Food and Drugs Control Administration, Gandhinagar ("***FDCA***") has filed a Criminal Complaint (*2548/2006*) before the Judicial Magistrate, Kalol, Gandhinagar under Drugs and Cosmetics Act, 1940 against our Company and its Directors. The Inspector of FDCA, on December 10, 2005, found fungus in few bottles of two (2) batches of Denilyte M Injection lying in the factory premises. The FDCA by a letter dated February 23, 2006 directed our Company to recall the said two (2) batches from the market which was duly complied with by our Company. The matter is pending before the Judicial Magistrate and shall come up for hearing in the normal course.

II. Revenue proceedings against the Company

Income Tax proceedings against the Company

1. **Assessment Year 2010-2011**

Our Company has preferred an appeal before the Commissioner of Income Tax Appeals, Gandhinagar ("***CIT(A)***") against the order dated March 18, 2013 ("***Order***") passed by the Assistant Commissioner of Income Tax, Mehsana Circle, Mehsana ("***ACIT***"). Our Company has preferred this appeal for (i) deleting the addition of ₹0.38 lakhs (*₹38,284*) expended by our Company towards sales tax, Central Sales Tax (CST) and Service Tax treating the same as penalties; (ii) disallowance of an amount of ₹6.08 lakhs (*₹6,08,519*) in relation to the alleged late payment of EPF; and (iii) disallowance of an amount of ₹1.07 lakhs (*₹1,07,359*) in relation to the alleged late payment of employer's and employee's contribution to ESIC. Our Company has further has filed a stay application requesting for dispensing with the requirement of pre-deposit of the sums involved, pending decision of the appeal. The matter is currently pending before the CIT(A).

Indirect Tax proceedings against the Company

1. Financial Year 2004-2005 (*VAT/GST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated March 12, 2009 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***") for setting aside the Order passed by the ACCT in relation to VAT and cancellation of the demand raised by the ACCT to the tune of ₹7.91 lakhs (*₹7,91,085*). The matter is currently pending before the CCT, Gandhinagar.

2. Financial Year 2004-2005 (*CST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated March 12, 2009 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***") for setting aside the Order passed by the ACCT in relation to VAT and cancellation of the demand raised by the ACCT to the tune of ₹12.91 lakhs (*₹12,91,963*). The matter is currently pending before the CCT, Gandhinagar.

3. Financial Year 2005-2006 (*VAT/GST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated September 29, 2008 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***") for setting aside the Order passed by the ACCT in relation to VAT and cancellation of the demand raised by the ACCT to the tune of ₹5.93 lakhs (*₹5,93,005*). The matter is currently pending before the CCT, Gandhinagar.

4. Financial Year 2005-2006 (*CST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated September 29, 2008 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***") for setting aside the Order passed by the ACCT in relation to CST and cancellation of the demand raised by the ACCT to the tune of ₹74.41 lakhs (*₹74,41,721*). The matter is currently pending before the CCT, Gandhinagar.

5. Financial Year 2006-2007 (*VAT/GST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated August 9, 2010 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***") for erring (i) in reducing excess input tax credit of ₹3.39 lakhs (*₹3,39,560*); (ii) levying interest of ₹0.10 lakhs (*₹9,899*); and (iii) imposing a penalty to the tune of ₹5.09 lakhs (*₹5,09,644*). The ACCT has raised an aggregate demand of ₹0.34 lakhs (*₹34,127*) after considering the amount already paid by our Company. The matter is currently pending before the CCT, Gandhinagar.

6. Financial Year 2006-2007 (*CST*)

Our Company has preferred an appeal before the Commissioner of Commercial Tax (Appeals), Gandhinagar ("***CCT***") against the order dated August 9, 2010 ("***Order***") passed by the Assistant Commissioner, Commercial Tax, Kalol ("***ACCT***"). The ACCT has issued a final notice of assessment under the Central Sales Tax Act, 1956 raising an aggregate demand of ₹44.51 lakhs (*₹44,51,130*) on account of tax payable by our Company and imposition of penalty after considering the amount already paid by our Company. The matter is currently pending before the CCT, Gandhinagar.

III. Cases filed against our Directors

Criminal Cases

1. The Food and Drugs Control Administration, Gandhinagar ("***FDCA***") has filed a Criminal Complaint (*2548/2006*) before the Judicial Magistrate, Kalol, Gandhinagar under Drugs and Cosmetics Act, 1940 against our Company and its Directors. The Inspector of FDCA, on December 10, 2005, found fungus in few bottles of two (2) batches of Denilyte M Injection lying in the factory premises. The matter is pending before the Judicial Magistrate and shall come up for hearing in the normal course.

2. The Food and Drugs Administration, Maharashtra, Wardha Office has filed a Criminal Complaint (*169/2000*) before the Chief Judicial Magistrate, Wardha against our Managing Director, Dr. Himanshu C. Patel and other parties under Section 397 of the Code of Criminal Procedure for violation of Clause 14(2) and 16 of the Drugs (Price Control) Order, 1995 promulgated under Section 3 of the Essential Commodities Act and punishable under Section 7 of the Essential Commodities Act. The alleged offence is in relation to certain information required to be displayed on the products of our Company. The Chief Judicial Magistrate, Wardha has framed charges against all accused by an Order dated October 30, 2012. The matter is pending before the Chief Judicial Magistrate, Wardha and a Review Petition has been filed by one of the agents against the order of the Chief Judicial Magistrate. The matter shall then come up for hearing in the normal course for trial.

IV. Cases filed against our Promoters

Criminal Cases

The Food and Drugs Administration, Maharashtra, Wardha Office has filed a Criminal Complaint (*169/2000*) before the Chief Judicial Magistrate, Wardha against our Promoter, Dr. Himanshu C. Patel and other parties under Section 397 of the Code of Criminal Procedure for violation of Clause 14(2) and 16 of the Drugs (Price Control) Order, 1995 promulgated under Section 3 of the Essential Commodities Act and punishable under Section 7 of the Essential Commodities Act. The alleged offence is in relation to certain information required to be displayed on the products of our Company. The Chief Judicial Magistrate, Wardha has framed charges against all accused by an Order dated October 30, 2012. The matter is pending before the Chief Judicial Magistrate, Wardha and a Review Petition has been filed by one of the agents against the order of the Chief Judicial Magistrate. The matter shall then come up for hearing in the normal course for trial.

V. Cases filed by our Company

Civil Cases

1. Our Company had filed a Summary Suit (*494/2012*) in the Ahmedabad City Civil Court against the Kerala Medical Services Corporation Private Limited ("***Kerela Medicals***") for the recovery of ₹35 lakhs (*₹35,00,000*) for certain products of our Company purchased by Kerala Medicals. The matter shall come up for hearing in due course.

2. Our Company had filed a Summary Suit (*707/2012*) before the Ahmedabad City Civil Court against M/s. Shristi Drugs N Surgicals, a proprietorship concern based in Patna, Bihar ("***Shristi***") for the recovery of ₹5.00 Lakhs, including interest. Shristi had purchased certain products of our Company and failed to pay an amount of ₹3.65 Lakhs. The Ahmedabad City Civil Court passed the decree in favour of our Company.

Further, our Company has filed an Execution Application before the Patna Court which is pending for hearing.

VI. Revenue Proceedings against the Promoters and Directors

Nil

VII. SEBI Orders and Directions against Group Entities

Nil

VIII. Cases filed by and against the Group Entities

Nil

IX. Pending dues of Small Scale Undertakings

Our Company is in the process of compiling relevant information from the suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

X. Material Developments

There have been no other material developments since the last balance sheet date.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and no further major approvals from any Government or regulatory authority are required to undertake the Issue or continue the business activities. Unless otherwise stated, these approvals are valid as on the date of this Draft Letter of Offer.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the present Issue:

a. The present issue of Equity Shares has been authorised by the Board of Directors of our Company under Section 81 (1) of the Companies Act, 1956 vide a resolution passed at their meeting held on July 26, 2013.

b. The Company has obtained in-principle listing approval dated [●] from the ASE

c. CDSL: ISIN No.: INE051G01012 vide Tripartite Agreement among CDSL, our Company and Sharepro Services (I) Private Limited dated March 23, 2010.

d. NSDL: ISIN No.: INE051G01012 vide Tripartite Agreement among NSDL, our Company and Sharepro Services (I) Private Limited dated April 27, 2010.

e. FIPB Approval: Our Company has made an application to FIPB dated [●] to grant approval for (i) subscription by Non Residents under the Rights Issue for the proposed brownfield project undertaken by our Company; and (ii) the issue and allotment of the partly paid-up Rights Shares to Non Residents.

II. Approvals obtained by the Company

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
General Approvals obtained by the Company					
1.	The Registrar of Companies, Ahmedabad, Gujarat	Certificate of Incorporation in the name of Denis Chem Lab Private Limited	L24230GJ1980PLC003843	July 15, 1980	-
2.	The Registrar of Companies, Ahmedabad, Gujarat	Fresh Certificate of Incorporation in the name of Denis Chem Lab Limited	L24230GJ1980PLC003843	April 29, 1982	-
3.	Income Tax Department, Govt. of India	Allotment of Permanent Account Number under the provisions of Income Tax Act, 1961	AAACD4123C	June 08, 1999	One Time Registration
4.	Income Tax	Allotment of Tax	AHMD02201D	May 07, 2004	One time

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
	Department, Govt. of India	Deduction Account No. (TAN)			Registration
5.	Commercial Tax Officer, The Central Sales Tax (Registrations & Turnover) Rules, 1957	Certificate of Registration certifying that our Company registered as a dealer under Section 7 (1) and (7) (2) of the Central Sales Tax Act, 1956	24560101075	March 08, 1988	One time Registration
6.	Registration Officer, Sales Tax Department, Kalol, Gandhinagar	Certificate of Registration under Gujarat Sales Tax Act, 1969 and Gujarat Value Added Tax Act, 2003	24060101075	July 01, 2002	One time Registration
7.	Assistant Commissioner of Central Excise	Central Excise Registration Certificate certifying that our Company is registered for operating as a dealer of excisable goods	AAACD4123CXM001	August 07, 2003	One Time Registration
8.	Superintendent (Service Tax Customs and Central Excise)	Service Tax Registration for transport of goods by road	AACD4123CST001	February 12, 2005	One Time Registration
9.	Chief Factory Inspector	License to operate the factory	31 / 313. 1 / 238 A	January 01, 1984	December 31, 2014
10.	EPF Registration	Employee's Provident Fund Organisation	GJ/AHD/0015771/000	-	One Time Registration
11.	Gujarat Regional Office, ESIC, Assistant Director	Certificate of Employee State Insurance Corporation	37000199410000304	November 26, 2009	One Time Registration
12.	AGSI Certification Private Limited, Director	ISO 9001:2008 - Certification for quality management system for formulation,	D 224	September 08, 2012	September 07, 2015

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
		development, manufacturing and supply of parenteral preparation in glass bottles as well as plastic bottles			
13.	Food and Drugs Control Administration	License to manufacture for sale of LVP / Sera & vaccine / Recombinant DNA (R-DNA) / derived drugs specified in Schedule C(1) excluding those specified in Schedule X (Total 147 products)	G-LVP/315	January 1, 2013	December 31, 2017
14.	Food and Drugs Control Administration	World Health Organization - Good Manufacturing Practices certificate for following products: Ofloxacin Infusion IP Denocin, Levofloxacin Infusion IP Levoden, Compound Sodium Lactate Injection IP, Ciprofloxacin Injection IP, Metronidazole Injection IP, Mannitol Injection IP, Sodium Chloride Injection USP, Sodium Chloride	1205122 Manufacturer's License No.: 1.G/25/1782 2.G-LVP/315	May 23, 2012	May 22, 2014

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
		Injection IP, Sodium Chloride & Dextrose Injection IP, Dextrose Injection IP,			
15.	Food and Drugs Control Administration	World Health Organization - Good Manufacturing Practices certificate for following products: Sodium Chloride & Glucose Intravenous Infusion BP, Sodium Chloride Intravenous Infusion BP, Glucose Intravenous Infusion BP, Compound Sodium Lactate Intravenous Infusion BP, Ofloxacin Intravenous Infusion, Paracetamol I.V. Infusion, Ciprofloxacin Intravenous Infusion BP, Levofloxacin I.V. Infusion,	1205122 Manufacturer's License No.: 3.G/25/1782 4.G-LVP/315	May 23, 2012	May 22, 2014
16.	Deputy Commissioner, Food and Drugs Control Administration, Gandhinagar	Certificate of Pharmaceutical Product (Metronidazole Intravenous Infusion)	GMP/100521/35490/B	May 14, 2010	May 22, 2014
17.	Deputy Commissioner, Food and Drugs Control	Certificate of Pharmaceutical Product (Dextran	G/LVP- 315	July 19, 2012	July 18, 2014

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
	Administration, Gandhinagar	40 Intravenous Infusion BP)			
18.	Assistant Director, Gujarat Boiler Inspection Department	Certificate for the use of a boiler	GT - 5322	November 2, 2012	November 1, 2013
19.	District Industries Centre	Entrepreneur Memorandum Number	24-006-12-00654	April 22, 2008	One time Registration
20.	Environmental Engineer, Gujarat Pollution Control Board	Consolidated Consent and Authorisation under the Water (Prevention and Control of Pollution) Act 1974, The Air (Prevention and Control of Pollution) Act 1981 and Hazardous Waste (Management, Handling and Transboundry Movement) Rules, 2008	PC / GPCB / ID 16393/ CCA- GNR 66 /82232	May 26, 2011	March 04, 2014
21.	Environmental Engineer, Gujarat Pollution Control Board	Amendment in Consent to Establish	GPCB / CE/ GNR – NOC – 394/21649/ 23/07/2007	December 14, 2012	March 04, 2014
22.	Ministry of Commerce (DGFT, Gujarat)	Importer-Exporter Code (IEC)	IEC No. 0889003912	November 16, 1989	One time Registration
23.	Office of Superintendent, Prohibition & Excise	License for buying, possession and use of rectified spirit including absolute alcohol	40/2012-13	April 04, 2013	March 31, 2014
24.	Office of Superintendent, Prohibition & Excise	License for possession and use of Ammonia for Manufacturing of medicines and laboratory testing	17/2012-13	April 04, 2013	March 31, 2014
25.	Inspector General of Metrology	Certificate of Registration under Standards	184 / 35	March 16, 2012	March 16, 2014

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of Granting / Renewal of License/ Approval	Validity
		Weights & Measures Act, 2009			
27.	Asst. Labour Commissioner & License Officer, Mehsana	Contract Labour Registration	08/09	December 05, 2012	December 31, 2013
28.	Office of Electrical Inspector, Mehsana	Electrical Installation Inspection for 320 KVA / 415 Volts DG Set	99050186	January 12, 2000	-
29.	The Uttar Gujarat Vij Company Limited	Sanction of Power supply at 550 KVA power	-	October 10, 2012	October 09, 2014

I. Approvals obtained by our Company for the proposed expansion under the Objects of the Issue

The Commissioner of the Food and Drugs Control Administration ("***FDCA***") has issued an approval dated June 1, 2013 approving the site plan submitted by our Company for the proposed expansion LVP-Glass and Plastic (BFS).

II. Approvals to be obtained by our Company for the proposed activities under the Objects of the Issue

No.	Licenses to be obtained for the proposed expansion
1.	Certificate from the Food and Drugs Control Administration on final inspection of the facility
2.	Permission for use of D.G. Set
3.	Permission for the power requirement from Uttar Gujarat Vij Company Limited (UGVCL)
4.	Boiler License from Director of Boilers, Government of Gujarat

SECTION VIII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board of Directors under Section 81(1) and other provision of the Companies Act, 1956 at their meeting held on July 26, 2013.

The Board of Directors in their meeting held on September 9, 2013 have determined the Rights Entitlement as *2 (Two) Equity Share(s) for every 1 (One) fully paid up Equity Share held on the Record Date.
*After considering Bonus Issue.

The Board of Directors or Committee thereof in their meeting held on [●], 2013 have determined the Issue Price as ₹ [●] per Equity Share. The Issue Price has been arrived at in consultation with the Lead Manager.

In terms of the prevalent FDI Policy, FDI in the Indian pharmaceutical sector is permitted up to 100% through the "automatic route" for investments in greenfield projects. In other words, prior approval of the GoI or the RBI is not required for such investments. However, in case of brownfield projects prior approval of the GoI is required for foreign investment in the pharmaceutical sector.

Our Company intends to expand its existing facility for manufacturing sterile injectables at Block No. 457, Chhatral, Sub-district Kalol, Gandhinagar District, Gujarat. Hence, our Company will be required to obtain prior approval of the GoI/FIPB in view of the possible subscription by Non Residents of Rights Shares offered by our Company under this Issue.

Our Company has made an application to FIPB dated [●] to grant approval for (i) subscription by Non Residents under the Rights Issue for the proposed brownfield project undertaken by our Company; and (ii) the issue and allotment of the partly paid-up Rights Shares to Non Residents.

Our Company has also received RBI approval dated [●] allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

Prohibition by SEBI or RBI

Neither our Company, the Promoters, the Promoter Group entities, the Directors nor the persons in control of the corporate Promoters or any other company to which the above persons are associated as promoters, directors or persons in control, have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

None of the Directors of the Company are associated with the capital markets in any manner.

SEBI has not initiated action against any entities with which the Directors are associated.

Further neither our Company, the Promoters, the Promoter Group entities, the Group Companies nor the relatives of the Promoters have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Eligibility for the Issue

We are an existing company registered under the Companies Act and our Equity Shares are listed on ASE (Ahmedabad Stock Exchange Ltd.). We are eligible to undertake the Issue in terms of Chapter IV of the SEBI (ICDR) Regulations, 2009. Our Company is eligible to make disclosures in this Draft Letter of Offer as per Part A of Schedule VIII of the SEBI (ICDR) Regulations.

Compliance with Reg. 4(2) of the SEBI (ICDR) Regulations

Our Company is eligible to make this Rights Issue in terms of Chapter IV of the SEBI (ICDR) Regulations. Our Company has complied with the provisions of Regulation 4 of the SEBI (ICDR) Regulations in connection with the general eligibility requirements for the Issue and confirms that:

1. Neither our Company, nor our Promoters, our Promoter Group, Directors or person(s) in control of our Company are debarred from accessing the capital markets under any order or direction passed by SEBI;

2. None of our Promoters, Directors or persons in control of our Company was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by SEBI;

3. Our Company is not declared as wilful defaulters by the RBI or is not in default of any payment of interest or repayment of principal amount in respect of any debt instruments issued by it to the public.

4. Our Company is an existing company registered under the Companies Act, whose Equity Shares are listed on ASE and along with this Draft Letter of Offer we have applied to ASE for its in-principle approval for listing of the Equity Shares to be issued pursuant to this Rights Issue and that ASE is the Designated Stock Exchange for the purposes of this Rights Issue. Subsequently, we shall make application to the ASE for permission to list / trade Equity Shares being offered in terms of this Draft Letter of Offer.

5. All existing partly paid up Equity Shares of our Company have either been fully paid up or forfeited and as on the date of this Draft Letter of Offer, there are no outstanding partly paid up Equity Shares of our Company.

6. The requirement of funds for the Objects of the Issue is proposed to be financed by the Net Proceeds of the Rights Issue, Unsecured Loans from Promoters and Others, Term Loan from Banks and Internal Accruals as mentioned in the Chapter titled "Objects of the Issue" beginning on page 64 of this Draft Letter of Offer. Our Company has made firm arrangements of finance through verifiable means towards 75% of the stated means of finance for funding towards the objects of the issue. The same is in conformity with the provisions of Regulation 4 (2) (g) of the SEBI (ICDR) Regulations.

Compliance with Part E of Schedule VIII of the SEBI (ICDR) Regulations

Our Company is an existing listed company registered under the Companies Act whose Equity Shares are listed on the ASE. Our Company is not in compliance with Part E of SEBI (ICDR) Regulations and accordingly, has made disclosure in this Draft Letter of Offer as per Part A of Schedule VIII of SEBI (ICDR) Regulations, 2009.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT 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 THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY 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 SEPTEMBER 9, 2013 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 MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND 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 COMPANY, WE CONFIRM THAT:

(a) THE DRAFT LETTER OF OFFER FILED WITH SEBI 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 SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE DRAFT 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 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 DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE</u>

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS / DRAFT PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE</u>

(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 SPECIFIED 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 DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE</u>

(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 AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. 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 – <u>NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHT ISSUE</u>

(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 SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE

AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION- NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI (ICDR) REGULATIONS.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE 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 DRAFT LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE ISSUER 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 SEBI 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.

(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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE 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 DRAFT 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 IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR DATED SEPTEMBER 27, 2011.

PRICE INFORMATION OF PAST ISSUES (DURING PAST THREE YEARS) HANDLED BY LEAD MANAGER TO THE ISSUE:

SN	Issue Name	Issue Size (₹ in Lacs)	Issue Price (₹)	Listing Date	Opening price on listing date	Closing price on listing date	% Change in Price on listing date (Closing) vs. Issue Price	Bench mark index on listing date (Closing)	Closing price as on 10th calendar day from listing day	Bench mark index as on 10th calendar day from listing day (Closing)	Closing price as on 20th calendar day from listing day	Bench mark index as on 20th calendar day from listing day (Closing)	Closing price as on 30th calendar day from listing day	Bench mark index as on 30th calendar day from listing day (Closing)
NIL														

SUMMARY OF PAST ISSUES (DURING PAST THREE YEARS) HANDLED BY LEAD MANAGER TO THE ISSUE:

Fiscal Year	Total No. of IPOs	Total Funds raised (₹ in Lacs)	No. of IPOs trading at discount on listing date			No. of IPOs trading at premium on listing date			No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date		
			Over 50%	Between 25– 50%	Less than 25%	Over 50%	Between 25– 50%	Less than 25%	Over 50%	Between 25– 50%	Less than 25%	Over 50%	Between 25– 50%	Less than 25%
NIL														

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE 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 THIS DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Manager

We and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Manager shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft 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 Draft Letter of Offer. Investors must not rely on any unauthorized information or representations. This Draft 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.

Investors who invest in the Issue will be deemed to have represented to us and Lead Manager and their respective directors, officers, employees, 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 Draft 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 Ahmedabad, India only. The Draft Letter of Offer was filed with SEBI for its observations on [●]. SEBI issued its observations on [●] and the Letter of Offer has been filed with the Stock Exchange as per the provisions of the Companies Act, 1956 after incorporating SEBI observations. The distribution of the Draft Letter of Offer and the Issue of Equity Shares on a Rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Any Person in whose possession this Draft Letter of Offer may come are required to inform themselves about it and observe any such restrictions. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be ASE.

Disclaimer Clause of ASE

As required, a copy of this Draft Letter of Offer has been submitted to the ASE. The disclaimer clause as intimated by the ASE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchange.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at 002, Ground Floor, SAKAR - I, Near Gandhigram Railway Station, Opp. Nehru Bridge, Ashram Road, Ahmedabad - 380 009, Gujarat and with the Designated Stock Exchange i.e. ASE for its observations. After SEBI gives its observations, the Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Post Bonus Issue, our Company intends to seek the listing of its Equity Shares on BSE Limited / recognised Stock Exchange having nation wide trading terminals subject to necessary compalince and listing proccudure. This Draft Letter of Offer shall be filed with such Stock Exchange for their observation upon getting the existing shares listed.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer 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, under 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 of the rights or Equity Shares or rights, distribute or send the same in or into the United States or any other jurisdiction 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 territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in this Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS–ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

The rights and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The rights and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by its acceptance of this Draft Letter of Offer and of the rights or Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead

Manager that it has received a copy of this Draft Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the rights or Equity Shares in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the rights and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

3. the purchaser is purchasing the rights or Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

4. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Equity Shares for the account or benefit of any U.S. Person or any person in the United Sates or entered into any arrangement for the transfer of such rights or Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;

5. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Equity Shares, or any economic interest therein, such rights or Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Equity Shares;

8. the purchaser understands that such rights or Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATIONS UNDER THE SECURITIES ACT, AND IN

ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

9. the purchaser agrees, upon a proposed transfer of the rights or the Equity Shares, to notify any purchaser of such rights or Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Equity Shares being sold;

10. the Company will not recognize any offer, sale, pledge or other transfer of such rights or Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that the Company, the Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State) who receives any communication in respect of, or who acquires any rights or Equity Shares under, the offers contemplated in this Draft Letter of Offer will be deemed to have represented, warranted and agreed to and with each Lead Manager and the Company that in the case of any rights or Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

i. the rights or Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Manager has been given to the offer or resale; or

ii. where rights or Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the rights or Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the ASE. We have made applications to the ASE for obtaining in-principle approval in respect of the Rights Issue Equity Shares. We will apply to the ASE for final listing and trading of the Rights Issue Equity Shares.

Post Bonus Issue, our Company intends to seek the listing of its Equity Shares on BSE Limited / recognised Stock Exchange having nation wide trading terminals subject to necessary compalince and listing proccudure. This Draft Letter of Offer shall be filed with such Stock Exchange upon getting the existing shares listed for obtaining in-principle approval in respect of the Rights Issue Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange mentioned above, 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 in either of the above cases, money is not repaid within eight days from the day we become liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier), we and every Director 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 Section 73 of the Companies Act, 1956.

Consents

Consents in writing of the promoters, directors, the statutory auditor, the Lead Manager, the legal counsel, the Registrar to the Issue, the Bankers to the Company and Bankers to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

M/s. Shah & Shah Associates, Chartered Accountants, our Auditors, have given their written consent for the inclusion of their report in the form and content appearing in this Draft Letter of Offer and such consent and report have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Except for (i) the reports of the Auditor on the restated financial information, (ii) the statement of tax benefits and (iii) Certificate for Expenditure incurred till July 29, 2013 and Certificate of Break- up of Unsecured loans given by Promoters and others till July 29, 2013 issued by M/s. Sompura & Associates, Chartered Accountants included in this Draft Letter of Offer, we have not obtained any expert opinion.

Estimated Expenses of the Issue

The estimated expenses of the Issue have been listed below:

Particulars	Amount (₹ In Lakhs)	% of Issue Size
Fees to Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Statutory Auditors	[●]	[●]
Advertising Expenses	[●]	[●]
Printing, Stationary, Dispatch Expenses	[●]	[●]
Other Expenses (including listing fee, SEBI filing fee, Depository charges, Stamp Duty, Fees to SCSB for ASBA application, etc.)	[●]	[●]
Total	**[●]**	**[●]**

The percentage of the total Issue expenses of ₹ [●] Lakhs is [●] % of the total Issue size.

Previous issues

The Company has not made a public issue or rights issue of Equity Shares in the last five years.

Previous Issues of Securities otherwise than for Cash

Neither our Company nor any other listed group - company/ subsidiary/ associate have made any issue of Equity Shares for consideration other than cash during the last five years.

Commission or Brokerage on Previous Issues

The Company has not made any public / rights issue during last five years, hence no commission or brokerage has been paid. There are no outstanding against underwriting commission, brokerage and selling commission payable by the Company on account of previous capital issues made by the Company.

Particulars of Listed Group Companies/ subsidiaries /associates which made capital issue during the last three years

Neither our Company nor any other listed group- company/ subsidiary/ associate have made any capital issue during the last three years.

Performance vis-à-vis Objects

The company has not made any public or rights issues in the past 10 years.

Listed Group Companies/ Associates companies

There are no listed group companies / associate companies.

Outstanding debentures or bonds

There are no outstanding debentures or bonds and any other instruments which are outstanding as on the date of offer document.

Outstanding Preference Shares

As on the date of filing of this Draft Letter of Offer, there are no outstanding Preference Shares.

Dematerialized Dealing

We have entered into Tripartite Agreement dated March 23, 2010 with Central Depository Services (India) Limited (CDSL) and Sharepro Services (I) Private Limited and dated April 27, 2010 with National Securities Depository Limited (NSDL) and Sharepro Services (I) Private Limited. Our Equity Shares bear the ISIN **INE051G01012.**

Stock Market Data

As our Company's shares are listed on ASE, there is no trading of the shares since last 9 years and therefore the market price of shares is not available.

Compliance with Listing Agreement

The Company is listed on ASE and has complied with the requirements under the Listing Agreement of the Stock Exchange. It has paid the requisite fees of the Stock Exchange. Also no disciplinary action has been initiated by the Stock Exchange or SEBI against our Company or any of our Directors.

Investor grievances and redressal system

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, we are registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. The share transfer and dematerialization is being handled by Sharepro Services (India) Private Limited, the Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

Our Shareholders/ Investors' Grievance Committee comprises of Dr. Himanshu C. Patel, Chairman and Ms. Anar H. Patel, Member. Our Shareholders'/ Investors' Grievance Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

Investor grievances arising out of the Issue

The investor grievances arising out of this Issue will be handled by Sharepro Services (India) Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

The agreement between us and the Registrar provides for period for which records shall be retained by the Registrar in order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF 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 within 7-10 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 endeavor of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
SEBI Registration Number: INR000001476
13 AB, Samhita Warehousing Complex, 2nd Floor,
Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road,
Sakinaka, Andheri (E), Mumbai 400072
Tel: +91 22 6772 0300 / 400; **Fax:** +91 22 2859 1568
Email: rights@shareproservices.com
Website: www.shareproservices.com

Contact Person: Mr. Anand Moolya / Ms. Janvi Amin

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ share certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:

Compliance Officer
Dr. Himanshu C. Patel
Denis Chem Lab Limited
401, Abhishree Complex,
Opp. OM Tower, Beside Bidiwala Park,
Satellite Road, Ahmedabad-380015, Gujarat.
Tel No.: +91 79 26925716/ 2692 5719
Fax No.: + 91 79 26925710
E-mail: cs.denischem@gmail.com;
Website: www.denischemlab.com;

Status of complaints

Particulars	Status
No. of investor complaints received during the three years preceding the filing Draft Letter of Offer with the SEBI and the number of complaints disposed off during that period.	2
No. of shareholders' complaints pending as on the date of filing this Draft Letter of Offer	Nil
Total No. of complaints pending as on the date of filing of this Draft Letter of Offer of Listed Group Company.	NA
Time normally taken by the Company for disposal of various types of investor Grievances	7 days

Registrar to the Issue will also handle the investors' grievances related to the Issue in co-ordination with Compliance Officer of the Company. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name of the applicant, address, folio number, number of Equity Shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investors' grievances are settled expeditiously and satisfactorily.

Changes in Auditors during the last three years

There has been no change in Auditors during the last three years.

Capitalization of reserves or profits / issuance of Equity Shares for consideration other than cash

We have not capitalized any reserves or profits during the past 5 years by way of Bonus Issue or otherwise. Our Company is in the process of issuing 15,06,966 bonus Equity Shares out of Share Premium Account, in the ratio of (1:1) [1 (one) Bonus Equity Share for every 1 (one) existing Equity Share held] vide a resolution passed recommending the Bonus Issue at the meeting of Board of Directors held on September 9, 2013. The Bonus Issue is proposed to be approved by the members of our Company in their meeting to be held on October 08, 2013.

Revaluation of fixed assets

None of the Assets of the Company have been revalued during the last 5 years.

SECTION IX – ISSUE INFORMATION

TERMS OF THE ISSUE

The Rights Issue of Equity Shares proposed to be issued are subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹200,000 complying with the eligibility conditions of SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹200,000 can participate in the Issue either through the ASBA process or the non ASBA process. 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. For details, please see "*Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process*" beginning on page 227 of this Draft Letter of Offer.

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 and clear demarcated funds should be available in such account for ASBA applications.

Authority for the Issue

This Issue is being made pursuant to the resolution passed by the Board of Directors of the Company on July 26, 2013 under Section 81 (1) of the Companies Act, 1956.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of the Company in respect of Equity Shares held in the physical form at the close of business hours on the Record Date. The Company has in consultation with the Designated Stock Exchange fixed the Record Date for determining the Shareholders who are entitled to receive this offer for Equity Shares on a rights basis. The Equity Shares are being offered for subscription in the ratio of *2 (Two) Equity Shares for every 1 (One) Equity Share held by the Equity Shareholders.

*After considering Bonus Issue.

Rights Entitlement

The Equity shareholders of the Company whose name appears as beneficial owner as per the list furnished by depositories in respect of the Equity Shares held in electronic form or appears in the Register of Members of our Company in respect of the Equity Shares held in physical form on the Record Date i.e. [●], are entitled to the number of Equity Shares set out in Block I of Part A of the enclosed CAFs. The Eligible Equity Shareholders are entitled to *2 (Two) Rights Shares for every 1 (One) Equity Shares held by them on the Record Date.

*After considering Bonus Issue.

For Eligible Equity Shareholders wishing to apply through the ASBA process for the Issue, kindly refer please see "Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process" beginning on page 227 of this Draft Letter of Offer.

Ranking

The Equity Shares being offered shall be subject to the provisions of the Companies Act and the Memorandum of Association and Articles of Association. The dividend payable on the partly paid-up Equity Shares, until fully paid-up, shall rank for dividend in proportion to the amount paid-up. The Equity Shares being offered shall rank pari-passu in all respects with the existing Equity Shares once fully paid-up including the right to receive dividend. 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 Equity Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance until the moneys have become payable. Further no person shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of partly paid-up Equity Shares on which any calls or other sums payable by him have not been paid.

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.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value and Issue Price

Each Equity Share shall have the face value of ₹ 10/- and is being offered at a price of ₹ [●] each for cash. The Issue Price has been arrived in consultation between the Company and the Lead Manager.

Payment Method

The issue price per Equity Share shall be payable as follows:

Amount payable per Rights Equity Share (₹)	Face Value	Premium	Total
On Application	5.00	[●]	[●]
On First amd Final Call	5.00	[●]	[●]
Total	**10.00**	[●]	[●]

** Investors shall be required to make the balance payment towards the First and Final Call Notice by the due date, which shall be separately notified by our Company.*

Note:
1. Out of the amount of ₹ [●] paid on application, ₹ [●] would be adjusted towards the face value of the Rights Equity Shares and ₹ [●] shall be adjusted towards the premium of the Rights Equity Shares.
2. Out of the amount of ₹ [●] paid on First and Final call, ₹ [●] would be adjusted towards the face value of the Rights Equity Shares and ₹ [●] shall be adjusted towards the premium of the rights equity shares.
3. First and Final Call Notice shall be sent by our Company for making the payment towards the balance amount due.
4. Rights Equity Shares in respect of which the First and Final Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due.

Our Company has made an application to FIPB dated [●] to grant approval for (i) subscription by Non Residents under the Rights Issue for the proposed brownfield project undertaken by our Company; and (ii) the issue and allotment of the partly paid-up Rights Shares to Non Residents.

Our Company has also received RBI approval dated [●] allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

Procedure for First and Final Call Notice

The Company would convene a meeting of the Board to pass the required resolutions for making the First and Final Call and suitable intimation would be given by the Company to the Stock Exchanges. Further, advertisements for the same will be published in one (1) English national daily newspaper, one (1) Regional language daily newspaper and one (1) in Hindi national daily newspaper, all with wide circulation. The First and Final Call shall be deemed to have been made at the time when the resolution authorizing such First and Final Call is passed at the meeting of the Board. The First and Final Call may be revoked or postponed at the discretion of the Board. Pursuant to Article 5 of the Articles of Association of the Company, the Investors would be given at least fourteen (14) days notice for the payment of the First and Final Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the First and Final Call. The calls shall be structured in such a manner that the entire First and Final Call is called within 12 months from the date of allotment of Rights Shares in this Issue. If the Investors fail to pay the First and Final Call within the due date fixed by the Board or any extension thereof, the application money already paid may be forfeited.

Record date for First and Final Call and suspension of trading

The Company would fix record date giving at least seven (7) days prior notice to the Stock Exchanges for the purpose of determining the list of Equity Shareholders to whom the notice for First and Final Call pursuant to the First and Final Call would be sent. Once the record date has been fixed, trading in the partly paid Rights Shares for which the First and Final Call has been made would be suspended prior to such Record Date that has been fixed for the First and Final Call.

Separate ISIN for Partly Paid-up Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for its partly paid-up Rights Equity Shares. The partly paid-up Rights Equity Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the record date for the First and Final Call Notice. The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Record Date for the First and Final Call Notice. On payment of the First and Final Call money in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Equity Shares and merged with the existing ISIN for our Equity Shares.

Listing of Partly Paid-up Rights Shares

The partly paid-up Rights Shares would be listed on the Stock Exchange. For an applicable period, under the rules and regulations, prior to the record date for the First and Final Call, the trading of then existing partly paid-up Rights Shares would be terminated. The process of corporate action for crediting the partly paid-up and fully paid-up Rights Shares to the Investors’ demat accounts may take about two weeks’ time from the last date of payment of the account under the First and Final Call notice.

The listing and trading of the partly paid-up Rights Shares shall be based on the current regulatory framework applicable thereto. Any change in the regulatory regime would accordingly affect the schedule.

Rights of the Equity Shareholders

Subject to the applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared; The dividend payable on partly paid-up Equity Shares, until fully paid-up, shall rank for dividend in proportion to the amount paid up;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, 1956, Memorandum and Articles of Association of the Company and the terms of the Listing Agreement with ASE.

Market Lot

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Consolidated Certificates.

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 tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, 1956 nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint 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 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 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. 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. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 109B of the Companies Act, 1956 any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956 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.

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 Depositary Participant ("DP") of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight (8) days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchange, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed under Section 73 of the Companies Act, 1956.

Additional Subscription by Promoters and Promoter Group

The Promoters and Promoter Group, have confirmed by way of their letters dated July 31, 2013 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with Regulation 10(4)(a) of SEBI Takeover Regulations. The Promoters and Promoter Group have further confirmed by way their letter dated July 31, 2013 that, they intend to (i) subscribe for additional Rights Shares and (ii) subscribe for unsubscribed portion in the Issue, in case of under subscription. Such subscription to additional Rights Shares and the unsubscribed portion, if any, to be made by the Promoters and Promoter Group, shall be in accordance with Regulation 10(4)(b) of SEBI Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreement.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily newspaper with wide circulation, one regional language daily newspaper with wide circulation in the state where our registered office is located and one Hindi national daily newspaper with wide circulation and / or will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Rights Issue Equity Shares that the Shareholder is entitled to.

If the Eligible Equity Shareholder applies for an investment in the Rights Issue Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Issue Equity Shares in full;
- Apply for his Rights Entitlement of Rights Issue Equity Shares in part;

- Apply for his Rights Entitlement of Rights Issue Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Issue Equity Shares;
- Renounce his Rights Entitlement in full.

Renouncees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".

Procedure for Application

The CAF for Rights Issue 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 the Company nor the Registrar 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 QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("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. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

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.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Issue 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 collection branches of the Bankers to the Issue 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 branches of Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Ahmedabad/ demand draft payable at Ahmedabad to the Registrar to the Issue by registered post / speed post. Such 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/ Investors*" and "*Mode of Payment for Non-Resident Equity Shareholders/ Investors*" on page 246 of this Draft Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Rights Issue Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Issue Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). However, the additional Equity Shares cannot be renounced in full or in part, in favour of any other person(s).

If you desire to apply for additional Rights Issue 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 Rights Issue 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 Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Issue 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 we shall not Allot and/ or register and Rights Issue Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 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). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a "U.S. Person" (as defined in Regulations), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Renunciation in favour of Non – Residents/ FIIs

Any renunciation from Resident(s) to Non- Resident(s) is subject to the renouncer(s)/ Renouncee(s) obtaining requisite approval(s) of the FIPB and/or necessary permission of the RBI under the Foreign Exchange Management Act, 1999 (FEMA) and the said permission must be attached to the CAF.

Procedure for Renunciation

i. **To renounce all the Equity Shares offered to an 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. **Renouncee(s) shall not be entitled to further renounce the entitlement in favour of any other person.**

ii. **To renounce in part/ or renounce the whole to more than one person(s)**

   If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. 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. 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 Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with us/ 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 to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for the Rights Issue Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, 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 the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment of equity shares from the Renouncee(s) without assigning any reason thereof.

Please note that:

a. Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.

b. Request for Split Application Forms / SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof or one SAF for the balance Rights Shares, if any.

c. Request by the Equity Shareholder for the SAFs should reach the Registrar on or before [●].

d. Only the 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.

e. SAFs will be sent to the Equity Shareholder(s) by post at the applicant's risk.

f. Equity Shareholders may not renounce in favour of persons or entities in restricted jurisdictions including the United States or to or for the account or benefit of U.S. Person (as defined in Regulation S) who would otherwise be prohibited from being offered or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

g. While applying for or renouncing their Rights Entitlement, jointly Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us / Depositories.

Non-resident Equity Shareholders

Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Rights Shares 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 Rights Shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 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 Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An 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 cheque / demand draft (after deducting banking and postal charges) payable at Ahmedabad which should be drawn in favour of

1. In case of resident shareholders and non-resident shareholders applying on non-repatriable basis - "Denis – Rights Issue – R"
2. In case of non-resident shareholders applying on repatriable basis - "Denis – Rights Issue – NR" (*send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date*).

The envelope should be superscribed "**Denis - Rights Issue - R**" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "**Denis - Rights Issue - NR**" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the 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 Denis Chem Labs Limited;
- Name and address of the Equity Shareholder including joint holders;

- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Shares entitled to;
- Number of Rights Shares applied for;
- Number of additional Rights Shares applied for, if any;
- Total number of Rights Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/demand draft;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Rights Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- 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 Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Shares applied for pursuant to the Issue;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- 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 draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlement nor the Rights Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**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 (the "United States") or to, or for the account or benefit of a "U.S. Persons" (as defined in Regulation S of the US Securities Act ("Regulation S")). I/we understand the Rights 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 Rights Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights 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 understand that neither us, nor the Registrar, the Lead Managers 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, a resident of the United States or "U.S. Persons" (as defined in Regulation S) 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 Rights 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 Rights 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 (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Shares is/are, outside the United States, (ii) am/are not a "U.S. Person" (as defined in Regulation S), and (iii) is/are acquiring the Rights Entitlement and/or the Rights Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Managers, their 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 Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board of Directors 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.

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 or any authorised committee thereof, the invitation to offer contained in the Draft Letter of Offer shall be deemed to have been declined and the Board or any authorised committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under chapter titled "*Terms of the Issue – Basis of Allotment*" beginning on page 236 of this Draft Letter of Offer.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we 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. Investors 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.

The Lead Manager, we, our directors, 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 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 (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹200,000. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

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 and clear demarcated funds should be available in such account for ASBA applications.

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 and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time. 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 Rights Issue Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renouncees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Issue Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF 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 ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Issue Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA Mechanism 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 or any committee thereof in this regard.

Mode of payment

The Eligible Equity Shareholder 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 in an 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. Upon receipt of intimation from the Registrar, 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 (ICDR) Regulations, into the separate bank account maintained by us as per the provisions of Section 73(3) of the Companies Act, 1956. 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 to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders 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 with the SCSB details of which have been provided by the Equity Shareholder 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, we would have a right to reject the application only on technical grounds.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the 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:

No.	Option Available	Action Required
1.	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)*
2.	Accept your Rights Entitlement in full and apply for additional Rights 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 Rights Shares *(All joint holders must sign)*

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option 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 CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

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 other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

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 and clear demarcated funds should be available in such account for ASBA applications.

Additional Rights Issue Equity Shares

You are eligible to apply for additional Rights Issue Equity Shares over and above the number of Rights Issue Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Issue Equity Shares under applicable law and you have applied for all the Rights Issue Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Issue Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "*Terms of the Issue - Basis of Allotment*" beginning on page 236 of this Draft 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 Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

Renouncees are not eligible to participate in this Issue through the ASBA Process.

Application on Plain Paper

An 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. The Equity Shareholder shall submit the plain paper application to 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.

The envelope should be super scribed "***Denis – Rights Issue- R***" or "***Denis – Rights Issue- NR***", as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the Designated Branch of the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Denis Chem Lab Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- 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 to be blocked at the rate of ₹ [●] 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 State Government, residents of Sikkim and the officials
- appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

"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 (the "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 (the "United States" or to or for the account or benefit of a "U.S. Person" as defined in Regulation S of the US Securities Act ("Regulation S"). 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 Equity Shares 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 understand that none of we, 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 we have reason to believe is, a resident of the United States or a "U.S. Person" as defined in Regulation S, 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 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 (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Equity Shares is/ are, outside the United States, (ii) am/ are not a "U.S. Person" as defined in ("Regulation S"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that we, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Option to receive Equity Shares in Dematerialized Form

EQUITY 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 Equity Shareholders applying under the ASBA Process

a) Please read the instructions printed on the 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 Draft Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

c) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the

Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

d) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Bankers to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.

e) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN number allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or 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 Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.

f) 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.

g) 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 Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.

   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 the depository/ us. 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 Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.

i) Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA Process.

j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

m) 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 and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

n) 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 and clear demarcated funds should be available in such account for ASBA applications.

o) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading "Application on Plain Paper" beginning on page 225 of this Draft 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 Equity Shares 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 Equity Shares as the case may be applied for} x {Issue Price of Equity Shares, 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 State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I T 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.

k) Apply under ASBA process only of you fall under the definition of an ASBA Investor.

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, by pay order or by postal order.

d) Do not send your physical CAFs to the Lead Manager to Issue/ Registrar/ Collecting Banks (assuming that such Collecting 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 already been used for five applicants.

g) Do not apply through the ASBA Process if you are not an ASBA Investor.

h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “*Grounds for Technical Rejections for non-ASBA Investors*” on page 244 of this Draft Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

a) Application on a SAF by a person who has renounced or by a renouncee.

b) Application for allotment of Rights Entitlements or additional shares which are in physical form.

c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

d) Sending CAF to a 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.

e) Insufficient funds are available with the SCSB for blocking the amount.

f) Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.

g) ASBA Account holder not signing the CAF or declaration mentioned therein.

h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

i) CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).

j) Renouncees applying under the ASBA Process.

k) Submission of more than five CAFs per ASBA Account.

l) QIBs, Non-Institutional Investors and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 holding Equity Shares in dematerialised form and not renouncing or accepting Equity Shares from an Eligible Equity Shareholder, not applying through the ASBA process.

m) QIB applicants and Non-Institutional Investors making an application of below ₹ 2,00,000 and not applying through the ASBA process.

n) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.

o) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

p) Submitting the GIR instead of the PAN.

q) An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

r) Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

Depository account and bank details for Equity 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 EQUITY SHAREHOLDER ON THE RECORD DATE. ALL 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. EQUITY 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.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, 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 Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Equity Shareholders. 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 Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of us, the SCSBs or the Lead Manager shall be liable to compensate the 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 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	[●]
Last date of receiving SAFs	[●]
Issue Closing Date	[●]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding thirty (30) days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

a) Full Allotment to those 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) Allotment pertaining to fractional entitlements in case of any shareholding other than in multiples of [●]. Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. 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 for 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 Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.

c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have 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 the 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 the Board/ Committee of Directors in consultation with the Designated Stock Exchange, 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 the Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential Allotment.

e) Allotment to any other person that the Board of Directors in their absolute discretion decides.

The Promoters and Promoter Group, have confirmed by way of their letters dated July 31, 2013 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue, in compliance with Regulation 10(4)(a) of SEBI Takeover Regulations. The Promoters and Promoter Group have further confirmed by way their letter dated July 31, 2013 that, they intend to (i) subscribe for additional Rights Shares and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Rights Shares and the unsubscribed portion, if any, to be made by the Promoters and Promoter Group, shall be in accordance with Regulation 10(4)(b) of SEBI Takeover Regulations. Further, such subscription shall not result in breach of minimum public shareholding requirement stipulated in the Listing Agreement.

Underwriting

The Issue shall not be underwritten.

Allotment Advices/ Refund Orders

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 money is not repaid within eight days from the day we become liable to repay it, we and every Director 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 Section 73 of the Companies Act, 1956.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NECS and for applicants having an account at any of the centres where such facility has been made available to get refunds through direct credit and real time gross settlement ("RTGS").

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 we issue letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see chapter titled "*Terms of the Issue*" beginning on page 217 of this Draft Letter of Offer.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. 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 Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident 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 applicable laws and other approvals, in case of Non-resident Shareholders or Investors 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 after deducting 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 / speed post to the address in India of the Non Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

I. **NECS** – Payment of refund would be done through NECS for Investors having an account at any of centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/ the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).

II. **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors' 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 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.

III. **RTGS –** If the refund amount exceeds ₹ 200,000, 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 NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

IV. **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 us.

V. For all other Investors the refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.

VI. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Ahmedabad, 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 Investor'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. We 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/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates. In case our Company issues allotment advise, the respective share certificates will be dispatched within one month from the date of the Allotment.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by the 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.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement dated March 23, 2010 with CDSL and the Registrar and dated April 27, 2010 with NSDL and the Registrar 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.

In this Issue, the allottees 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. Investor 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 Investor 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.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES 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:

- 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 our records. 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 our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.

- For Equity Shareholders already holding Equity Shares 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 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 are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.

- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

- If incomplete/ incorrect beneficiary account details are given in the CAF, the Investor will get Rights Shares in physical form.

- 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 the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account.

- 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.

- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.

- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

- Please read the instructions printed on the CAF carefully.

- Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

- Application should be made on the printed CAF, provided by us except as mentioned under the head "*Application on Plain Paper*" on page 225 of this Draft 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 the Draft Letter of Offer or Abridged 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 Investors, details of occupation, address, father's/ husband's name must be filled in block letters.

- Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard. 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 us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Ahmedabad of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post / speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF's received after banking hours on closure day will be liable for rejection.**

- Applications where separate cheques/ demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, 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, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

- Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/ current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue 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.

- All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. 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.

- 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 Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.

- 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 certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue 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.

- 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 us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three (3). 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.

- Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder 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 the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment 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 Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, 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.

- SAFs cannot be re-split.

- Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.

- Investors must write their CAF number at the back of the cheque/ demand draft.

- 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.

- 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 outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.

- No receipt will be issued for application money received. The Bankers to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

- The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

- Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- 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;
- 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;
- Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- 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. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Ahmedabad of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 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;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don’ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs.
- Submission of plain paper Applications to any person other than the Registrar to the Issue.
- Age of Investor(s) not given (in case of Renouncees);
- 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;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depositary Participant’s identity (DP ID) and the beneficiary’s identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered addressed in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositaries.

- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹ 200,000) or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, not through ASBA process.

Please read the Draft Letter of Offer or Abridged 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 the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more that 10% of our post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of our total paid-up share capital.

Applications will not be accepted from FIIs in restricted jurisdictions.

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 other Eligible Equity Shareholders applying in this Issue for Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹200,000.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. 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 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 Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹200,000.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the 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 Equity Shares for an amount exceeding ₹200,000 shall mandatorily make use of ASBA facility. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹200,000.

Investment by QFIs

In terms of circulars dated January 13, 2012, SEBI and RBI have permitted investment by QFIs in Indian equity issues, including in rights issues. A QFI can invest in the Issue through its depository participant with whom it has opened a demat account. No single QFI can hold more than five percent of paid up equity capital of the company at any point of time (includes investment made as a QFI and FDI). Further, aggregate shareholding of all QFIs shall not exceed ten percent of the paid up equity capital of the Company at any point of time.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Applications will not be accepted from QFIs in restricted jurisdictions

QFI applicants which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹200,000 can participate in the Issue only through the ASBA process. Further, QFI applicants which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "Denis – Rights Issue - R".

- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked "Denis – Rights Issue - R" payable at Ahmedabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/ Investors

- As regards the application by non-resident Equity Shareholders/ Investors, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

  SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
  SEBI Registration Number: INR000001476
  13 AB, Samhita Warehousing Complex, 2nd Floor,
  Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road,
  Sakinaka, Andheri (E), Mumbai 400072
  Tel: +91 22 6772 0300 / 400; **Fax:** +91 22 2859 1568
  Email: rights@shareproservices.com
  Website: www.shareproservices.com
  Contact Person: Mr. Anand Moolya / Ms. Janvi Amin

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts in favour of "Denis – Rights Issue – NR", 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 to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by the 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 Bankers to the Issue, crossed "A/c Payee only" and marked "Denis – Rights Issue – NR" payable at Ahmedabad directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue 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 Ahmedabad/ cheque payable drawn on a bank account maintained at Ahmedabad 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 Ahmedabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized 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 in Ahmedabad;
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or
- Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of 'Denis – Rights Issue - NR' and must be crossed 'account payee only' for the full application amount.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR 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 account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Equity Shares 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 India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Ahmedabad. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of '**Denis – Rights Issue – R**' and must be crossed 'account payee only' for the full application amount. The CAFs 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.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO 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. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

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 I.T. 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 as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956 which is reproduced below:

"Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years".

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Bankers to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board 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 Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day we become liable to repay it, we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act, 1956. The dispatch of allotment advice / share certificates / refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within 15 days from the Issue Closing Date.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account referred to sub-section (3) of Section 73 of the Companies Act, 1956;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized till the time any of the Issue Proceeds remained unutilised;
- Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested; and
- We may utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Undertakings by our Company

We undertake the following:

- The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
- All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within 15 days of the Issue Closing Date / 7 days from the finalization of the Basis of Allotment.
- 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 us.
- We undertake that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within seven working days of finalisation of Basis of Allotment, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
- The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

- No further issue of securities affecting our equity capital shall be made till the securities issued/ offered through the Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
- At any given time there shall be only one denomination of our Equity Shares.
- We accept full responsibility for the accuracy of information given in this Draft Letter of Offer and confirm that to the best of our knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that we have made all reasonable enquiries to ascertain such facts.

- All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
- We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including subscribing to any unsubscribed portion of the Issue by the Promoters and the Promoter Group, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after we become liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges to grant listing permission to us for the listing of the Equity Shares Allotted in this Issue, whichever is earlier), the Company and every Director of the Company who is an officer in default will be liable to pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act, 1956.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.

All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'Denis - Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

SHAREPRO SERVICES (INDIA) PRIVATE LIMITED
SEBI Registration Number: INR000001476
13 AB, Samhita Warehousing Complex, 2nd Floor,
Sakinaka Tel. Exchange Lane, Off Andheri-Kurla Road,
Sakinaka, Andheri (E), Mumbai 400072
Tel: +91 22 6772 0300 / 400; **Fax:** +91 22 2859 1568
Email: rights@shareproservices.com
Website: www.shareproservices.com
Contact Person: Mr. Anand Moolya / Ms. Janvi Amin

It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in chapter titled **"*Risk Factors*"** beginning on page 15 of this Draft Letter of Offer.

The Issue will remain open for a minimum 15 days. However, the Board 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 X: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning given to such terms in the Articles of the Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and or their consolidation/ splitting are required to be stated. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association of the Company as they stand on the date of this Offer and defined terms herein have the meaning given to them in the said Articles of Association.

1. Provisions of Table –A Applicable

The articles of Table "A' in the First Schedule to Companies Act, 1956 (hereinafter referred to as Table-A) shall be applicable to this Company except in so for as excluded, modified, varied or altered expressly or impliedly, by the regulation of the Company hereinafter following or made from time to time.

2. General Authority

Wherever in the Companies Act, it has been provide that the Company shall have any right, privilege or authority or the Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, this Article hereby authorizes and empowers the Company to have such right, privilege or authority and to carry out such transactions as have been permitted by the companies Act, 1956, without there being any other specific article in that behalf herein provided.

5. Calls

The Directors may, from time to time, by Resolutions make calls upon the members in respect of any moneys unpaid on their shares, provided that, each member shall subject to receiving at least fourteen days notice specifying the person to whom the payment, is to be made and the time and place of payment, pay the amount of calls so made to the person at the time and place as specified. A call may be made by installments.

5A. That where calls are made on partly paid up shares:

(i) Call Notice shall be subdivided into smaller units when so required by the registered shareholders and duplicate call notices shall be issued at the request of the persons beneficially entitled on production of satisfactory evidence that they are so beneficially entitled.

(ii) Payment of call money shall be accepted from the beneficial holders on production of sub divided or duplicate call notices without the shares in respect of which these call notices are paid shall be transferred in the name of beneficial holders

(iii) The surrender of call money receipts shall be accepted when allotment letters are presented to the Company to be exchanged for share certificates regardless of the persons in whose favour the receipt have been made out and Board shall not require the surrender of any other receipts from the registered shareholders of the issue of discharge or indemnity from his or them before issuing the share certificates".

6. (i) Lien on Shares

The Company shall have no lien on its fully paid-up shares. In the cases of partly paid-up shares, the company shall have a first and paramount lien only in respect of all money called or payable at a fixed time in respect of such shares. Any such lien shall extend to all dividends from time to time declared in respect of such shares.

Unless otherwise agreed, the restriction of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of This Articles.

(ii) Commission on Shares

The Director may at any time pay a commission to any person for subscribing or agreeing to subscribe whether absolutely or conditionally for any shares, debentures in the Company, but so that if the commission in respect of shares shall be paid out of capital, the statutory conditions and requirement shall be observed and complied with. The rate of commission shall not exceed 5 per cent on the shares or 2.5 per cent on debentures subscribed. The commission may be paid or satisfied in cash or shares or debenture of the Company.

6A (i) That the share certificates shall be issued in marketable lots only.

(ii) That the company hereby agrees not to take any charge :

(a) for sub-division and/or consolidation, renewal and pucca transfer receipts into denominations corresponding to the market unit of trading.
(b) for issue of new certificates in replacement of those which are old, descript or wornout or where cages on reverses for recording transfer have been fully utilised.
(c) for sub-division of renounceable letters of right.

(iii) That the company will not charge any fees exceeding those which may be agreed upon with the Stock Exchange:

(a) for issue of new certificates in replacement of those which are torned, defaced, lost or destroyed.

(b) for sub-division and consolidation of shares and debentures certificates and for sub-division of letters of allotment, split consolidation, renewals and pucca receipts into denomination other than those fixed for the market unit of trading".

(iv) That all dividend warrants shall be payable at par at such centers as may be agreed to between the Stock Exchange and the Company".

TRANSFER AND TRANSMISSION OF SHARES

7. Register of Transfer

The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

8. Form of Transfer

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of Companies the Act, 1956 (hereinafter referred to as Act) and of any statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

9. To be executed by Transferor and Transferee

Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.

10. Directors may refuse to register transfer

Notwithstanding anything contained in Section 82 or Section 111 of the Companies Act, 1956 or any statutory modification thereof for the time being in force but subject to the provisions of Section 22A of the Securities Contracts (Regulation) Act, 1956, a company may refuse to register the transfer of any of its Securities in the name of the transferee on any one or more of the following grounds and on no other grounds, namely:

(a) That the instrument of transfer is not proper or has not been duly stamped and executed or that certificate relating to the security has not been delivered to the Company or that any other requirement under the law relating to registration of such transfer has not been complied with.

(b) That the transfer of security is in contravention of any law.

(c) That the transfer of security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interests of the Company or to the public interest.

(d) That the transfer of security is prohibited by any order of any court tribunal or other authority under any law for the time being in force.

"Security means security of a Company, being a security listed on a recognized Stock Exchange but not being a security which is not fully paid up or on which the Company has a lien".

11. Transfer of Shares

An application for registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of sub-clause (iv) the Company shall unless objection is made by the transferee, within two weeks from the date of receipt of the notice, enter in the Register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee. The company shall comply with the provision of Section 108 of the Act.

For the purpose of sub-clause (i) notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered to him in the ordinary course of post.

It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been

delivered to the Company along with the Certificate relating to the shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Director may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer. Provided that where it is proved to the satisfaction of the Director of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the Directors may think fit.

If the Company refuse to register the transfer of any shares, the Company shall within two months from the date on which the instrument of transfer is lodged with the Company send to the transferee and the transferor notice of the refusal.

Nothing in sub-clause (iii) above shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares has been transmitted by operation of law.

Nothing in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

12. Custody of instrument of transfer

The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Director may decline to register, shall on demand be returned to the persons depositing the same. The Director may cause to be destroyed all transfer deeds lying with the company after such period as they may determine.

13 Closure of transfer books

The Directors shall have power on giving seven days' notice by advertisement as required by Section 154 of the Act, to close the transfer books of the Company for such period or periods of time not exceeding on the whole 45 (forty five) days in each year but not exceeding 30 (thirty) days at a time as they may deem fit.

13A The Company will give atleast forty – two days notice to the Stock Exchange before the closure of the Company's Register of Members".

14. Titles to shares of deceased holder

The heir, executors or administrators of a deceased shareholders shall be the only persons recognized by the Company as having any title his shares and the Company shall not be bound to recognize such heir, executor or administrators unless they shall heir, executor or administrator shall have first obtained probate or Letters of Administration or a Succession Certificate, under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member as a member.

15. Refusal to register Nominee

The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee name in an ordinary transfer presented for registration.

16. Board may require evidence of transmission

Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register nay such transmission until the same so verified or until or unless an indemnity be given to the Company with regard to such registration which the Director at their desertion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

17. Transfer of Debentures

The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law debentures of the Company.

18. Company not liable for disregard of a notice prohibiting registration of a transfer

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the a Register of members, to the prejudice of persons having or claiming any equitable right, tile in such shares, notwithstanding that the Company may have had notice of prohibiting registration of such transfer and may have entered such notice or reference thereto in a book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, tile or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

18A.

That the Board shall comply with the rules, regulations and requirements of the Stock Exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other law or rules applicable relating to the transfer or transmission of shares or debentures".

ALTERATION OF CAPITAL

19A (i) Increase of Capital

The Company from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

(ii) On what conditions the new shares may be issued

Subject to the provisions of Section 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such conditions and with such rights and privileges annexed thereto as the general meeting creating the same shall be particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with a special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are to be liable to the redeemed.

Unless the Company in General Meeting shall in accordance with the provisions of Section 81 of the Act otherwise determine, the provision of Section 81 of the Act shall be complied with, with regard to the offer of such shares.

B. Capitalization of Reserves

Any General Meeting may upon the recommendation of the Board, resolve that any moneys, investments, other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund or in the hands of the Company and available for Dividend or representing premium received on the issue of shares and standing to the credit of share Premium Account or the Capital.

Redemption reserve Fund, be capitalized and distributed amongst such of the Shareholders as would be entitled to receive the same if distributed by way of Dividends or to their Nominee or nominees if so resolved by the General Meeting and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full and unissued shares or debentures of the Company or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of the interest in the said capitalized sum.

20. New Capital to be considered part of the original capital

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the issue of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, lien, voting, surrender and otherwise.

21. Reduction in capital

Subject to the provisions of Section 100 to 104 of the Act, The Company may from time to time by special resolution, reduce its Capital by paying off capital or canceling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may seem expedient, and capital may be paid off upon the footing that it may be called up again or otherwise and the Board may subject to the provisions of the Act, accept surrender of shares

BORROWINGS

22. Powers to borrow

a) Subject to the provisions of Section 292 of the Act, the Board may from time to time borrow or secure the payment of any sum of sums of moneys for the purposes of the Company.

b) Directors may borrow from time to time necessary finance for acquisition of fixed assets of the Company against the creation of charge on such assets from Financial Institutions like State Financial Institutions, Banks, Life Insurance Corporation of India, I.C.I.C.I and other Financial Institutions.

c) Company may borrow necessary finance for working capital requirements from banks and/or shroffs and /or public against hypothecation and/or pledge of current assets including raw materials, stock of finished goods, stock in process, bills receivables etc.

23. Payment of Borrowing

The Board may secure the repayment of moneys in such manner and upon such terms and conditions in all respect as it thinks fit and in particular by the issue of bonus shares, preference shares, whether perpetual or redeemable, or debentures or debenture stock or by creating any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

24. Issue of Debentures etc. with special rights

Subject to the provisions of the Act, any debentures, debenture stock, bond or other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawing, allotment of shares, appointment of Director and otherwise.

25. Priority of charge to prevail

Whenever any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge and shall not be entitled by notice to the shareholder or otherwise, to obtain priority over such prior charge.

26. Directors indemnified

If the Directors or any of them or any other person shall become personally liable 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 on such liability.

GENERAL MEETINGS

32. Voting Right

On a show of hands every members present in person holding equity shares shall have one vote. On a poll every members present in persons or by proxy shall have one vote for each equity share held by him.

33. Proxy

A Member may appoint another person as his proxy to attend and to vote at any General Meeting of the Company instead of himself but a non member shall not be entitled to speak at such meeting.

39. Restrictions on exercise of voting rights of members who have not paid calls etc.

No member shall exercise any voting right in respect of any shares registered in his name, on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

40. Equal Rights of Share holders

Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the class.

41. Voting to be by show of hands in first instance

At any general meeting a resolution put to the vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

42.(a) Votes

Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

b. No voting by proxy on show of hands

No member not personally present shall be entitled to vote on a show of hands unless such members is a body corporate present by proxy or such proxy or by a representative may vote on a show of hands as if he were a member of the Company.

c. Votes in respect of shares of decreased or insolvent members etc.

Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to transfer any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

d. Custody of instruments

If any such instrument of appointment be confined to the object of appointing proxy or substitute for voting at meetings of the Company, it shall remain permanently or for such time as the Directors may determine in the custody of the Company, if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

e. Validity of votes given by proxy not withstanding death of members etc.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the registered office of the Company before the meeting.

f. Time for objections for vote

No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purpose of such meeting of poll whatsoever.

g. Chairman of any meeting to be the judge of any vote

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the time of taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

43. Chairman's declaration of result of voting by show of hands to be conclusive

A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

44. (i) Demand of Poll

Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in the behalf by the persons or person specified below, that is to say ;

(a) By at least five members having the right to vote on the resolution and present in person or by proxy or;
(b) "any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution, or which an aggregate sum of not less than ₹ 50,000/- (Rupees Fifty Thousand Only) has been paid-up".

The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

45. Time of taking poll

(a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forth eight) hours from the time when the demand was made, as the Chairman may direct.

46. Demand for poll not to prevent transaction of other business

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

47. Right of a member to use his votes differently

On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

48. Scrutineers at poll

Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him.

The Chairman shall have power, at any time before the result of the poll is declared, to remove Scrutineers from office and to fill vacancies in the office of Scrutineers arising from such removal or from any other cause.

Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

49. Manner of taking poll and result thereof

i. Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

ii. The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

50. Casting Vote

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

SECTION XI – 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 the Company or entered into more than two (2) years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of the Company from 10:00 A.M. to 5:00 P.M. from the date of this Draft Letter of Offer until the Issue Closing Date.

A Material Contracts

1. Engagement letter dated March 28, 2013 between the Company and Vivro Financial Services Private Limited to act as Lead Manager to the Issue.

2. Agreement dated June 24, 2013 entered into between the Company and Sharepro Services (India) Private Limited to act as the Registrar to the Rights Issue.

3. Issue Agreement dated July 31, 2013 between the Company and Vivro Financial Services Private Limited, Lead Manager to the Issue.

4. Tripartite agreement dated March 23, 2010 among our Company, the Registrar to the Company i.e. Sharepro Services (I) Private Limited and CDSL for offering depository option to the applicants.

5. Tripartite agreement dated April 27, 2010 among our Company, the Registrar to the Company i.e. Sharepro Services (I) Private Limited and NSDL for offering depository option to the applicants.

6. Agreement dated [●], entered into between the Company and the Bankers to the Issue.

7. Resolution of Annual General Meeting dated September 14, 2012 for appointment of Dr. Himanshu C. Patel as the Managing Director of the Company for a period of 3 years w.e.f. April 01, 2012.

B Documents

1. Certificate of incorporation of the Company dated July 15, 1980.

2. Fresh certificate of incorporation of the Company consequent to change of status from private to public Limited Company dated April 29, 1982.

3. Certified copies of the Memorandum of Association and Articles of Association of the Company, as amended.

4. Consents of the Promoters, Directors, Statutory Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to the Issue, Registrar to the Issue and Compliance Officer of the Company to include their names in the Draft Letter of Offer to act in their respective capacities.

5. Copy of the Board Resolution dated July 26, 2013 passed by the Board of Directors of the company under Section 81(1) of Companies Act, 1956 in its meeting approving this Rights Issue.

6. Certificate dated June 18, 2013 from the Auditor of the Company confirming the Statement of Tax Benefits as disclosed in this Draft Letter of Offer.

7. The report of the Auditors dated June 18, 2013 as set out herein in relation to the restated financial statements of the Company for the Financial Year ended on March 30, 2013, 2012, 2011, 2010 and 2009.

8. Annual Reports of the Company for the financial year ended as on March 31, 2013, 2012, 2011, 2010 and 2009.

9. Letter of Approval No. [●] dated [●] received from the Foreign Investment Promotion Board (FIPB) for (i) subscription by Non Residents under the Rights Issue for the proposed brownfield project undertaken by our Company; and (ii) the issue and allotment of the partly paid-up Rights Shares to Non Residents.

10. Our Company has also received RBI approval dated [●] allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

11. In-principle listing approvals dated [●] received from ASE.

12. Due Diligence Certificate dated September 09, 2013 issued by the Lead Manager to the Rights Issue.

13. Observation Letter No. [●] dated [●], issued by SEBI for the present Rights Issue.

Any of the contracts or documents mentioned in this Draft Letter of Offer as 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 of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the persons mentioned herein below, as Directors or otherwise, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations and guidelines issued by Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 1956, as amended or the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY:

Dinesh B. Patel ***Non-Executive Chairman***	**Himanshu C. Patel** ***Managing Director***
Anar H. Patel ***Non-Executive & Non Independent Director***	**Gaurang K. Dalal** ***Non-Executive & Independent Director***
Janak G. Nanavaty ***Non-Executive & Independent Director***	**Priyavadan C. Randeria** ***Non-Executive & Independent Director***
Chinubhai N. Munshaw ***Non-Executive & Independent Director***	

SIGNED BY

THE COMPLIANCE OFFICER

Himanshu C. Patel

Dated September 9, 2013
Place: Ahmedabad