DRAFT LETTER OF OFFER

Date : September 29, 2014

For our Equity Shareholders only

Wintac LIMITED

(Originally incorporated as "Recon Pharma Private Limited" on August 23, 1990 under the Companies Act, 1956, and the name of our company was changed to "Recon Private Limited" on March 1, 1993 , which was then changed to "Recon Limited" on March 5, 1993 and further changed to "Wintac Limited" with effect from July 10, 2000); CIN : L85110KA1990PLC011166

Regd Office: No. 54/1, NH – 4, Near 39th Mile Stone, Boodhihal, Nelamangala, Bangalore - 562 123

Tel: No. 080 67086500 **Fax No:** 080 27733369, **E-mail**: thyagaraj@wintaclimited.com

Contact Person: B P Thyagaraj Asst. Vice President (Finance) & Secretary & Compliance Officer

Promoter: GAVIS Pharma LLC, USA

DRAFT LETTER OF OFFER

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING UPTO ₹ 3,500 LAKHS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID EQUITY SHARE HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. ON [●]. THE ISSUE PRICE OF EACH EQUITY SHARE IS [●] TIMES TO THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, PLEASE REFER THE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE NO. 183 OF THIS DRAFT LETTER OF OFFER

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer 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 offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk Factors' beginning on page no. 8.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which 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 make 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 our Company are listed on BSE Limited. Our Company has received in-principle approval from BSE Limited for listing the securities arising from this Issue by its letter dated **[●]**.

LEAD MANAGER TO THE ISSUE

ARIHANT capital markets ltd.

Merchant Banking Division

SEBI REGN NO.: INM 000011070

1101, Building No. 10

Solitaire Corporate Park, M.V. Road

Andheri (East), Mumbai – 400 093

Tel : +91-22-42254800; Fax : +91-22-42254880

Email: mbd@arihantcapital.com

Website: www.arihantcapital.com

Contact Persons: Mr. Amol Kshirsagar / Mr. Satish Kumar P.

REGISTRAR TO THE ISSUE

Canbank Computer Services Ltd.

SEBI REGN NO: INR000003621

R&T Centre, # 218 JP Royale, 1st Floor,

2nd Main ,Sampige Road,(Near 14th Cross),

Malleswaram, Bangalore – 560 003

Tel.: +91-80-23459661/62;

Fax.: +91-80-23469667/68

Email: canbankrta@ccsl.co.in

Website: -www.canbankrta.com

Contact Person: Mr. K. Ravi.

ISUSE 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

In this Draft Letter of Offer, the terms "we", "us", "our", "our Company", "the Company" or "WINTAC", unless the context otherwise implies, refer to WINTAC LIMITED. All references to "`" or "INR" refer to Rupees, the lawful currency of India; "USD" or "US$" refer to the United States Dollar, the lawful currency of the United States of America, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" means "100 thousand" and the word "million" or "mn" means "10 lakh" and the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores". Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Conventional / General Terms

Term	Description
Act or Companies Act	The Companies Act, 2013 and the Companies Act, 1956 and the rules made there under, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996 and subsequent amendments thereto.
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.
DP ID	Depository Participant's identity.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
GoI	Government of India.
GAVIS	Gavis Pharma LLC, USA, our promoter
Indian GAAP	Generally Accepted Accounting Principles in India.
I.T. Act	The Income Tax Act, 1961 and subsequent amendments thereto.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, limited liability partnership, 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.
Non Residents	A person resident outside India, as defined under FEMA.
NRE Account	Non Resident External Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident Ordinary Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
Securities Act	United States Securities Act, 1933, and subsequent amendments thereto.
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto.
SEBI (ICDR) Regulations	Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009, as amended.
Takeover Code/ SEBI SAST Regulations	The Securities and Exchange Board Of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended to date.
Wealth tax Act	The Wealth Tax Act, 1957 and subsequent amendments thereto.

Company / Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue.
Allottee	The applicants to whom the Equity Shares are being/have been allotted.
Articles/Articles of Association/ AOA	Articles of Association of our Company.
Auditors	Refers to M/s Rao & Swami, the statutory auditors of our company, unless otherwise specified.
Bankers to the Issue	[•]
Board or Board of Directors	Board of Directors of our company which term shall include a committee of the Board
Capital or Share Capital	Share Capital of our Company comprising of subscribed and paid up Equity Share Capital.
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	The Draft Letter of Offer filed with SEBI and BSE Limited
Equity Share(s) or Share(s)	Equity Share of our Company having a face value of ₹ 10/- each listed on BSE Limited unless otherwise specified in the context thereof.
Equity Shareholders	Unless otherwise stated, means a holder of Equity Shares of our Company as on the Record Date.
Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Investor(s)	The holder(s) of Equity Shares of our Company as on the Record Date, i.e., [•] and Renouncees.
Issue Closing Date	[•]
Issue Opening Date	[•]
Issue Price	₹ [•] per Equity Share
Letter of Offer	The Letter of Offer to be filed with the Stock Exchange in relation to the Issue after incorporating SEBI comments on the Draft Letter of Offer.
Lead Manager or Lead Manager to the Issue	Lead Manager to this Issue, in this case being Arihant Capital Markets Limited.
Listing Agreement	Listing Agreement entered into with BSE
Memorandum / Memorandum of Association/ MoA	Memorandum of Association of our Company.
Promoter	GAVIS Pharma LLC, USA
Record Date	[•]
Registrar to the Issue or Registrar	Canbank Computer Services Ltd
Registrar and Transfer Agent	Canbank Computer Services Ltd
Registered Office	The Registered office of our company situated at No.54/1, Boodhihal, Nelamangala, Bangalore-562123.
Renouncees	Shall mean the persons who have acquired Right Entitlements from the existing Equity Shareholders of our Company.
Right Entitlement	The number of Equity Shares that a shareholder is entitled to in proportion to his/her shareholding in our Company i.e. [•] Equity Share for every [•] Equity Share held as on the Record Date.
Rights Issue	The issue of equity shares being offered on rights basis as per terms of this

	Draft Letter of Offer.
The Offer or The Issue	Issue of **[●]** Equity Shares Of ₹ 10/- each for cash at a price of ₹ **[●]** per share (including Share Premium of ₹ **[●]**) per Equity Share aggregating upto ₹ 3,500 Lakhs to the existing shareholders on rights basis in the Ratio of **[●]** equity share for every **[●]** fully paid equity shares held by the existing shareholders on the record date, i.e. on **[●]**

Industry Related Terms

Term	Description
ANDA	Abbreviated New Drug Application. ANDA is an application for a U.S. generic drug approval for an existing licensed medication or approved drug.
ANSM	French National Agency for Medicines and Health Products.
cGMP	Current Good Manufacturing Practices.
CRAMS	Contract (or Custom) Research and Manufacturing Services
GMP	Good Manufacturing Practices
Generic Drugs	A generic drug (generic drugs, short: generics) is a drug which is produced and distributed without patent protection.
Injectibles	Refers to drugs that can be put into the body (injected) with a needle or syringe. The medicine is put under the skin, into a muscle, or into a vein.
NDA	New Drug Application
Oncology	A branch of medicine that deals with tumors (cancer).
Ophthalmic	Related to Ophthalmology, which is a branch of medicine which deals with the anatomy, physiology and diseases of the eye.
R & D	Research and Development
USFDA	United States Food and Drug Administration

Abbreviation

Term	Description
AGM	Annual General Meeting.
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount process provided by SEBI as one of the modes for applying in a Public Issue / Rights Issue.
BSE	BSE Limited
BV	Book Value.
CAF	Composite Application Form.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant.
EGM	Extra-ordinary General Meeting.
EPS	Earnings Per Share.
FEMA	Foreign Exchange Management Act, 1999 and subsequent amendments thereto.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FY	Financial Year
G o I	Government of India.
JV	Joint Venture
Ltd.	Limited
MoU / MOU	Memorandum of Understanding.
NSDL	National Securities Depository Limited.

Term	Description
NRI(s)	Non Resident Indian(s).
OCB(s)	Overseas Corporate Body(ies).
P.A.	Per Annum
PAN	Permanent Account Number.
SAF	Split Application Form
SCSB	Self Certified Syndicate Banks.
SEBI	Securities & Exchange Board of India.

NOTICE TO OVERSEAS SHAREHOLDERS

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 legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAF 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 the Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent this Letter of Offer / Abridged Letter of Offer and CAFs. 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 the Draft Letter of Offer has been 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, 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 rights or Equity Shares referred to in this Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Manager or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. 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 Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer are derived from our audited restated consolidated financial statements, prepared in accordance with Indian GAAP, the SEBI ICDR Regulations and the Companies Act, which are included in this Draft Letter of Offer, and set out in the Chapter "***Financial Information" beginning*** on page 124. Our financial year commences on April 1 and ends on March 31.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, US GAAP and IFRS. Our consolidated financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or US GAAP. This Draft Letter of Offer does not contain a reconciliation of our consolidated financial statements to IFRS or US GAAP, nor does it include any information in relation to the differences between Indian GAAP, IFRS and US GAAP. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

Currency and Units of Presentation

All references to "Rupees" or "Rs." or "₹"are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or United States Dollars are to the official currency of the United States of America.

Except where specified in this Draft Letter of Offer, all figures have been expressed in lakhs.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Letter of Offer have been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Letter of Offer are reliable, they have not been independently verified. The extent to which the market and industry data used in this Draft Letter of Offer are meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "contemplate", "expect", "estimate", "future", "goal", "intend", "may", "objective", "plan", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate; Increased competition in the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans 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 countries that we may enter, 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 further discussion of factors that could cause our actual results to differ from our expectations, please see ***"Risk Factors"***, and ***"Management's Discussion and Analysis of Financial Condition and Results of Operations"*** beginning on pages 8 and 162 respectively.

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. In accordance with SEBI requirements, we will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors.

INTERNAL RISK FACTORS

1. We are involved in legal proceedings which, if finally determined against us, could affect our business and financial conditions.

We are party to certain legal proceedings. No assurances can be given as to whether these matters will be settled in our favor or against us. If a claim is finally determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings, which if they result in adverse outcome would materially and adversely affect the operations or the financial position of our Company and the monetary amount involved in these cases are mentioned in brief below:

Category	Number of Cases	Amount (₹ lacs)
Criminal cases	Nil	N.A.
Civil	2	Not ascertained
Income Tax	3	43.50
Sales Tax	3	12.73
Excise	3	615.28
Service Tax	1	128.08

For further details on the outstanding litigation of our Company and its Directors please refer to section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 168 of this Draft Letter of Offer.

Except as disclosed in the section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 168 of this Draft Letter of Offer, there are no other such material litigations pending as on the date of this Draft Letter of Offer.

2. Our statutory auditors have made certain qualifications in the audit reports.

Our statutory auditors have made certain qualifications in the audit reports of our Company. For a summary of Auditor’s Qualification on the Financial Statements for the past five financial years and action taken by the Management / response of the Management, please refer to Section titled “Financial Information” beginning on page no. 124 in the section titled “Financial Information” of this Letter of Offer.

3. ***We have contingent liabilities in our balance sheet, as restated, as at March 31, 2014. If any of these actually occur, they may adversely impact our financial condition.***

The following are the contingent liabilities in our balance sheet, as restated, as at March 31, 2014:

Particulars	(₹ in Lacs)
Claims towards Taxes - Company in Appeal	
- Central Excise	215.23
- VAT / Sales Tax	12.73
- Income Tax	38.26
- Fringe Benefit Tax	5.24
Claims towards Taxes - Department in Appeal	
- Central Excise	400.00
- Service Tax	128.08
Other claims	9.30
Proceedings before Provident Fund Commissioner regarding damages and interest for delay in remittance of PF contribution since 1.4.1996 to 24.12.2013	48.64
Other commitments: a) customs duty b) Estimated amount of contracts remaining to be executed on capital account not provided for	 15.38 69.92

4. ***Our Company has negative cash flows in the past 3 years, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Particulars	Year ended March 31		
	2014	2013	2012
Net Cash from Operating Activities	(645.34)	(279.99)	440.57
Net cash from Investing Activities	(705.09)	(69.92)	(397.03)
Net cash from Financing Activities	(372.31)	2001.22	(52.22)
Net Increase in Cash and Cash Equivalents	(1722.74)	1651.31	(8.68)

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

5. ***Our Earning per Share (EPS) has been negative in the last three years.***

Earnings per Share of our Company has been negative during the last three financial years, as can be seen from the following table drawn from from restated financials:

Year	2013-14	2012-13	2011-12
Diluted Earning Per Share (₹)	-3.14	-7.80	-6.89

If we are not able to improve our Earnings per Share in future, it could have an adverse impact on our stock prices.

6. ***Our failure to retain regulatory approvals from domestic and overseas regulatory authorities in relation to our products and/or our manufacturing facility can adversely impact our business operations.***

   Presently our manufacturing facility is approved by domestic and several overseas regulatory authorities such as USFDA, ANSM- the regulatory agency of France, TGA – Regulatory agency of Australia and Health Canada of Canada (*subject to conditions mentioned in respective approvals*). In the event of our being unable to retain any of such approvals, our business operations may be significantly affected.

7. ***In February 2012 USFDA had issued a warning letter to us thereby requiring us to discontinue commercial supplies of pharmaceutical products to US market affecting the business prospects of our company till it was withdrawn in April 2014***

   In September 2011, USFDA had conducted an inspection of our facility and made certain critical observations with regard to the manufacturing practices and consequently issued us a warning letter on February 23, 2012, thereby requiring us to discontinue any supply of pharmaceutical products to the US markets. After corrective measures and a re-inspection by the USFDA authorities, the said warning letter was withdrawn and our facility was classified as acceptable vide their letter dated April 22, 2014 thereby facilitating our company to resume exports to US markets. Any recurrence of such events in future requiring discontinuation of exports to US or other overseas markets will adversely affect our business prospects.

8. ***We have to incur significant costs to obtain and maintain regulatory approvals especially from overseas regulatory authorities.***

   Our business operations and growth are critically dependent upon our ability to obtain and maintain continuing validity of approvals from pharmaceutical regulatory authorities. In the present context, approval from overseas regulatory authorities like USFDA, ANSM- the regulatory agency of France, TGA – Regulatory agency of Australia are critical to our future business plans. We have to incur significant costs in the form of regulatory and registration fees, besides installing and maintaining appropriate systems and procedures with trained manpower on a continuing basis.

9. ***The project for which we intend to use the proceeds of the Issue has not been appraised by any bank, financial institution or independent agency.***

   The project, for which we intend to use our Issue proceeds as mentioned in the Section "Objects of *the* Issue*"* beginning on page 46 of this Draft Letter of Offer, have not been appraised by any bank or financial institution or independent agency. The deployment of the funds as stated under the "Objects of the Issue" is entirely at the discretion of our management and is not subject to monitoring by any independent agency.

   Further, the cost of project is assessed by the management on the basis of market enquiries for costs of critical equipments / components and no quotations have been called for or received till date. The cost of the project is subject to changes in external circumstances or costs. Any increase in the cost of the project may require us to reschedule our project and may have an adverse impact on our business, financial condition and results of operations.

10. ***Our proposed project is in initial stages of implementation. We have not yet entered into definitive agreements to utilize the proceeds of the Issue.***

The project intended to be financed from the proceeds of this Issue is currently in initial stages of implementation. Further, as on the date of this Draft Letter of Offer, our Company has not entered into any definitive contracts nor has placed any orders for purchase of plant and machineries required for the proposed project. The civil contractors for the civil construction are yet to be identified and appointed. Governmental approvals may be required for implementing the project, delay in receipt of which could hinder our timely execution. Our inability to complete the identified project as per the stated schedule of implementation may lead to cost overrun and may adversely impact our future financial performance.

11. ***Our proposed new manufacturing facility will need to be approved by domestic and overseas regulatory authorities.***

We are proposing to set up a new manufacturing facility to manufacture injectables/ophthalmic products conforming to GMP of regulated markets. For this purpose, the facility needs to be approved by our domestic regulatory authority as well as by overseas regulatory authorities such as USFDA, ANSM etc. This may result in additional cost and time before commencing development of products and commercial supplies thereof. Any delay in receipt of such approvals can adversely affect our business operations and financial performance.

12. ***Our promoter and two promoter group entities incurred losses in the latest financial year***

Our Promoter, Gavis Pharma LLC, USA and two of promoter group entities, Novel Clinical Research Pvt. Ltd., and VGS Foundation have incurred losses in the latest financial year. However, we believe that this is not likely to adversely affect our company or our financial position

13. ***Some of the brands that we market are acquired by us but are not in our names as we are yet to make necessary applications for transfer of trademarks in our name.***

In respect of certain trademarks acquired by our company from Medispec Pharmaceuticals Pvt Ltd, we are yet to make necessary applications for transfer of trademarks in our names. Our Auditors have observed that certain documentation required in their opinion, in support of acquisition of trademarks, has not been obtained. Although we would be initiating steps for obtaining the necessary documentation and getting the trademarks transferred in our name, any inordinate delay or inability to get the trademarks registered in our name may adversely affect our interests in future.

14. ***Substantial portion of our Sales has been dependent upon a few customers. The loss of any one or more of our major customers would have a material adverse effect on our business operations and profitability.***

We have been dependent upon a few customers for major portion of our sales. Decline in our quality standards, growing competition and any change in the demand for these products may adversely impair our ability to retain these customers. The loss of our major customers or a decrease in the volume of products sourced from us may adversely affect our revenues and profitability. We cannot assure you that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our operations and profitability.

15. ***We may be dependent for significant portion of our overseas sales in future, on Gavis Pharma LLC our promoter, with whom we have signed a Master Development Agreement***

We have signed a Master Development Agreement with our promoter, Gavis Pharma LLC, which envisages, inter alia, development and commercial supplies of pharmaceutical products to be marketed in the US markets. While the agreement provides a huge opportunity for our Company to develop and supply new products to the US markets, it also will increase our dependence on our promoter for a significant portion of our sales. In the event of inability on our part to meet their requirements or in the event of adverse change in demand for these products, our sales and revenues could be substantially affected adversely with consequent impact on our financial position.

16. ***Delay in raising funds from this Issue could adversely impact the implementation schedule of the Objects of the Issue.***

Our Company's proposed project is to be entirely funded from the proceeds of this Issue and internal accruals. Our Company has not identified any alternate source of funding and hence any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company therefore, cannot assure that it would be able to execute the said project within the given time frame, or within the costs as originally estimated by our Company. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

17. ***We have entered into certain related party transactions***

We have, in the course of our business, entered into transactions with related parties that include our promoter, Directors and key managerial personnel. While we believe that all such transactions have been conducted on arms length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Further more, it is likely that we may enter into related party transactions in future. There can be no assurance that such transactions, individually or in aggregate, will not have adverse effect on our financial condition and results of operation. For information on related party transactions, please refer the sections titled "Financial Information" appearing on page 124

18. ***Our success largely depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.***

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his / her present position, it could be difficult to find a replacement, and business could thereby be adversely affected. Competition for key managerial personnel in our industry is intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract / retain new employees at equivalent positions in the future. As such, loss of key managerial personnel could adversely affect our business, results of operations and financial condition.

19. ***Our failure to attract and retain skilled manpower could adversely affect our growth strategy as research and development is a key component of our business model.***

We recruit and train personnel in the areas of research & development, process improvements and development of new products. We believe that there is significant demand for personnel who possess the skills needed to perform these services. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. While we have never experienced a work stoppage as a result of labour disagreements in the recent past, we cannot guarantee that we will not experience any strike, work stoppage or other labour related issues in the future.

20. ***Some of our Directors and Key management personnel have interests in the Company other than the reimbursement of expenses and normal remuneration or benefits. Any such interests may result in a conflict of interest, which may have an adverse effect on our business.***

Our Directors and KMP hold certain Equity Shares in our Company and may be deemed to be interested to the extent of any dividend that may be payable to them and other distributions, if any, in respect of the Equity Shares held by them. Further, we have entered into a Memorandum of Understanding on the 30th of January 2013 with Shri B. P. Thyagaraj, a key managerial personnel of our Company and Gavis Pharma LLC, our promoter, providing for acquisition of Land situated at Bangalore for a consideration of ₹ 2.20 crores from Mr. B.P. Thyagaraj, owner of the said Land.

21. ***Changes in technology, as and when they occur, may impact our business.***

Advancements in technology may require us to incur additional capital expenditure for upgrading our manufacturing and / or R & D facilities so as to compete with our competitors on a global scale. While advancements in technology are infrequent in our industry, in the event that we are not able to respond to such technological advancements, as they occur, in a timely manner, we may become less competitive thereby adversely affecting our business, operations and financial condition.

22. ***If our Company is unable to protect its intellectual property, or if our Company infringes on the patents of others, our business may be adversely affected.***

Patents are likely to become increasingly significant to our Company in the future. Our Company's continued success depends, in part, on our ability to protect our Company's intellectual property, including trade secrets and other proprietary information, obtain patents and operate without infringing on the proprietary rights of others. In addition, our Company's competitors may have filed similar patent applications or hold issued patents relating processes that compete with those that our Company is developing or are seeking to protect. Moreover, there can be no assurance that our Company's processes will not be found to infringe valid third-party intellectual property rights. Any such event may also result in increased legal expenses for the Company.

23. ***We do not have insurance for product liability in respect of products manufactured by us.***

We manufacture various pharmaceutical products mostly under contract manufacturing arrangements or product development and supply agreements. These products are marketed as the product of brand owners of respective products. As a manufacturer, we owe liability for manufacturing negligence, if any, to the end user of the products. We have not insured ourselves against such risks and the financial impact in this regard cannot be quantified.

24. Our insurance cover may be inadequate to fully protect us from all losses

We have insurance policies covering stocks, cash in transit, factory buildings, furniture, fixtures and fittings, plant & machinery etc. for total insured amount of ₹ 5,125 lakhs. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverages. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability

25. Our business depends on our manufacturing facility and the loss of or shutdown of operations of the manufacturing facility on any grounds could adversely affect our business or results of operations.

Our manufacturing facilities are subject to operating risks, such as breakdown or failure of equipment, shortage of raw materials, performance below expected levels of output or efficiency, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could adversely affect our operating results.

26. Our manufacturing facility is geographically located in one area and our new unit is also proposed to be located in the same place. Therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster in and around the area where our facility is located could have material adverse effect on our business and financial condition.

Our manufacturing facility is based in our manufacturing unit at Nelamangala, Bangalore in the State of Karnataka. Our new unit is also proposed in the same land adjacent to the existing factory. As a result, any localised social unrest, natural disaster or breakdown of services and utilities in and around this area could have material adverse effect on our business, financial position and results of operations.

27. Post this Issue, our Promoter and Promoter Group will continue to hold majority shares in our Company.

Post this Issue, our Promoter and Promoter Group will hold at least 54.99% of our fully diluted Equity Share capital. Accordingly, our Promoter will continue to have control over our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election, termination or appointment of our officers and directors. This control could delay, defer, or prevent a change in control in our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage potential acquirers from making an offer or otherwise attempting to obtain control over our Company, even if it is in our Company's best interest. Our Promoter may also influence our material policies in a matter that could conflict with the interests of our other shareholders.

28. Our future fund requirements, in the form of fresh issue of capital or securities and or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.

We may require additional capital from time to time depending on our business needs. Any fresh issue of equity shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest / dividend burden and decrease our cash flows and may adversely affect the interest of our shareholders.

29. We may be unable to cope with the changes in the regulatory developments in the industry including environmental regulations which may affect our operations.

We are subject to environmental laws and regulations, which impose restrictions on the volume of effluents, discharged into air, water and environment and establish standards for the treatment, storage and disposal of hazardous wastes. Compliance with these regulations entails significant expenditures. Non-compliances or any further imposition of restrictions by the concerned authorities would result in additional costs which may affect the financial operations of our Company.

30. Any future issuance of Equity Shares by our company may affect the market price of our Equity Shares.

Any future issuance of Equity Shares by our company may dilute the holdings of investors in our Equity Shares, which may, in turn, affect the market price of our Equity Shares.

31. There is limited trading in the Equity Shares of our Company

The equity shares of our company are listed on BSE Limited. Presently, there is limited and sporadic trading in equity shares of our company. No assurance can be given regarding an active and / or sustained trading in the equity shares of our company or regarding the price at which the equity shares will be traded after the issue.

32. Future sale of Equity Shares by some of our current shareholders could affect the price of our Equity Shares in the secondary market.

The sale of our Equity Shares by any major shareholders could adversely affect trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition, any perceptions by investors that such an issuance or sale might occur, could also affect the trading price of our Equity Shares.

EXTERNAL RISK FACTORS

33. Further issuances of Equity Shares by our Company or sales of Equity Shares by any of our major shareholders could adversely affect the trading price of the Equity Shares.

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

34. Our Equity Shares may be subject to market price volatility, and the market price of our Equity Shares may decline disproportionately in response to adverse developments that are unrelated to our operating performance

Market prices for the securities have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. Factors such as the following can have an adverse effect on the market price of our Equity Shares:

- general market conditions,
- speculative trading in our Equity Shares, and
- developments relating to our peer companies in the Pharmaceutical Industry

35. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavor to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

36. ***Political, economic and social developments in India could adversely affect our Company's business.***

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our Company's business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general and could also affect our business and industry in particular. In addition, any political instability in India or geo political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which also affect the trading could price of our Equity Shares. Our Company's performance and the growth of its business is necessarily dependant on the performance of the overall Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. The Government of India has recently revised its growth projection for Fiscal 2010. A slowdown in the Indian economy could adversely affect our business, including its ability to implement its strategy and increase its participation in the pharmaceutical sector.

37. ***Regulatory changes may adversely affect our business operations or financial conditions.***

Regulatory changes relating to business segments in which we operate can have a bearing on our business. The Government of India has levied various duties and taxes like excise duty, Income tax etc. from time to time. Further each State in India has a different local taxes and levies which may include sales tax and octroi. Any changes in these taxes, duties or local levies may impact our profitability. Any negative changes in the regulatory conditions in business segment in which we operate in India or our geographic markets could adversely affect our business operations or financial conditions.

38. ***The Pharmaceutical industry in India is highly regulated by the Government of India under its Drug Price Control Order (DPCO).***

Any adverse change in the Government Policy in terms of margins or prices of the products would affect our Company’s performance. In case Government regulations impose restrictions on our Company’s ability to sell products at certain price, it may result in a loss of revenue and profits.

39. ***A slowdown in economic growth in India, force majeure events, terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in a loss of investor confidence and adversely affect our business, results of operations, financial condition and cash flows.***

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares. Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, including those involving India, the United Kingdom, the United States or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries, including India, Pakistan and China. India witnessed a major terrorist attack in Mumbai on November 26, 2008, which led to an escalation of political tensions between India and Pakistan. Political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have an adverse effect on our business, future financial performance and price of the Equity Shares. India has from time to time also experienced social and civil unrest and hostilities, including riots, regional conflicts and other acts of violence. The occurrence of any of the foregoing could therefore adversely affect our financial performance or the market price of the Equity Shares, even if unrelated to our business.

40. Natural calamities could have a Negative effect on the Indian economy and adversely affect our Company's business.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our Company's business and the price of its Equity Shares.

41. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessment of our Company's financial condition.

As stated in the reports of our Company's independent auditors included in this Letter of Offer, its financial statements are prepared and presented in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in such reports, and no attempt has been made to reconcile any of the information given in this Letter of Offer to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries.

42. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or 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 harm our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

PROMINENT NOTES:

1. Issue of [●] Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating upto ₹ 3,500 Lacs to the existing Equity Shareholders on a rights basis in the ratio of [●] Equity Shares for every [●] Equity Shares held by them on the Record Date (i.e. [●]).

2. As on March 31, 2014, our net worth was ₹ 3,534.82 Lacs as described in the chapter "Financial Information" on page 124.

3. The book value per Equity Share was ₹ 35.26 as on March 31, 2014 as described in the Chapter "Financial Information" beginning on page 124.

4. For details of our transactions with the related parties during FY 2013-14 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the chapter *"Financial Information"* on page 124.

5. There has been no financing arrangement whereby the Promoter Group, the Directors of our corporate Promoter, our Directors and their relatives have financed the purchase by any other person of our securities other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with SEBI.

6. The issue price has been arrived at in consultation between the issuer and the Lead Manager

7. Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder.

INTRODUCTION

SUMMARY OF INDUSTRY

The information presented in this section relating to the Pharmaceutical industry has been extracted from statistics and reports from India Brand Equity Foundation (IBEF) and publicly available information. This data and the projections of future data has not been prepared or independently verified by us or the Lead Managers or any of their respective affiliates or advisors. The data may have been re-classified by us for the purpose of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

INDUSTRY OVERVIEW *(*Source : India brand Equity Foundation - www.ibef.org*)*

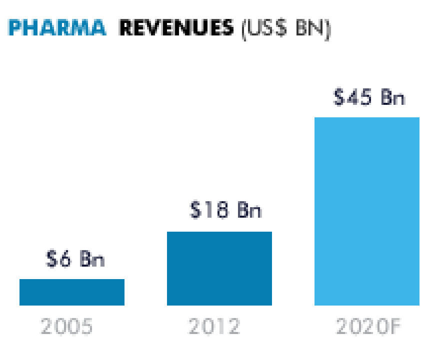
India's pharmaceutical industry accounts for about 1.4 per cent of the global pharma industry in value terms and 10 per cent in volume terms. Among the fastest growing pharma industries in the world, India's pharmaceutical sector is expected to expand at a compound annual growth rate (CAGR) of 12.1 per cent during 2012–2020 and reach US$ 45 billion.

The Indian pharmaceuticals market grew at a CAGR of 17 per cent in 2012. By 2020, the country is expected to be within the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. Currently, Indian drugs are exported to more than 200 countries in the world, with the US as the key market.

The Government of India's expenditure on health increased from US$ 14 billion in 2008 to US$ 23 billion in 2011. The expenditure is projected to expand at a CAGR of 18 per cent during 2008–16 to touch US$ 53 billion, thereby increasing the share of government expenditure towards total healthcare spending from 27.6 per cent to 39.9 per cent during the same period.

Revenue of Indian pharmaceutical industry

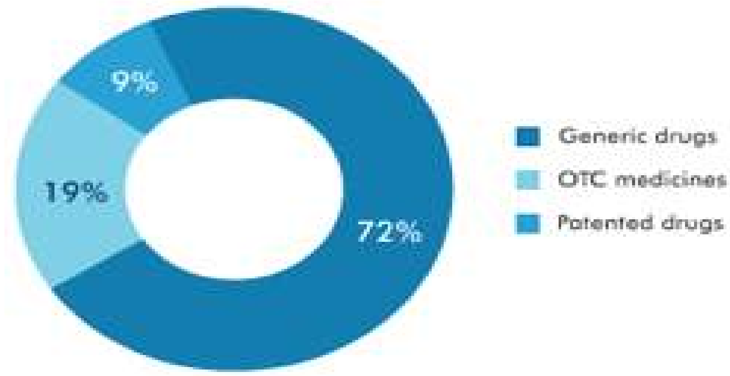
The Indian pharmaceuticals market is expected to grow at a CAGR of 12.1 per cent to reach US$ 45 billion in 2020.



(*Source : India brand Equity Foundation - www.ibef.org*)

Revenue share of Indian pharmaceutical sub-segments

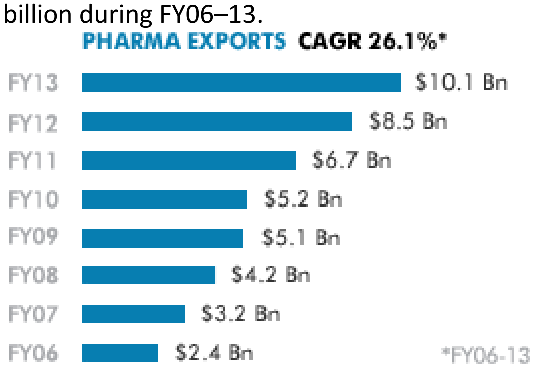
With 72 per cent of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector.



(Source : India brand Equity Foundation - www.ibef.org)

Export data of Indian pharma industry

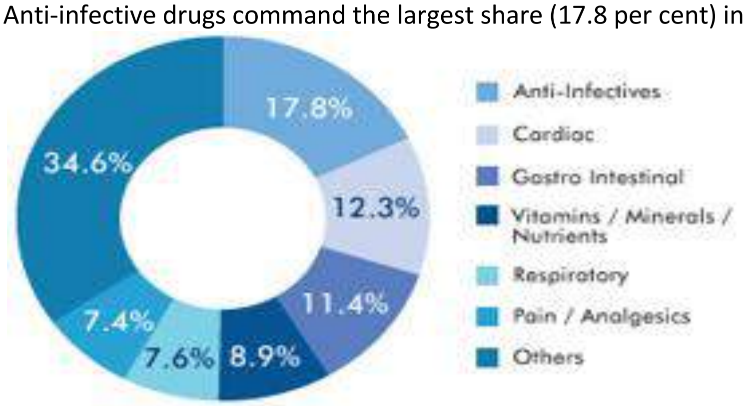
In terms of value, pharmaceutical products exports have increased at a CAGR of 26.1 per cent to US$ 10.1 billion during FY06–13.



(Source : India brand Equity Foundation - www.ibef.org)

Indian pharmaceutical market segments by value

Anti-infective drugs command the largest share (17.8 per cent) in the Indian pharma market.



(Source : India brand Equity Foundation - www.ibef.org)

India is among the top five emerging pharma markets and has grown at an estimated compound annual growth rate (CAGR) of 13 per cent during the period FY 2009–2013. The Indian pharmaceutical market is poised to grow to US$ 55 billion by 2020 from the 2009 levels of US$ 12.6 billion, according to the report titled 'India Pharma 2020' by McKinsey & Co.

A new cluster of countries is contributing to the growth of the pharma industry, resulting in a robust jump in exports of drugs. The country's pharma industry accounts for about 1.4 per cent of the global pharma industry in value terms and 10 per cent in volume terms. Both domestic and export-led demand contributed towards the robust performance of the sector.

An increase in insurance coverage, an ageing population, rising income, greater awareness of personal health and hygiene, easy access to high-quality healthcare facilities and favourable government initiatives are some of the important factors expected to drive the pharma industry in India. The Government of India has unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacturing.

(*Source : India brand Equity Foundation - www.ibef.org*)

Market Size

On improved utilisation of manufacturing facilities, the domestic pharmaceutical market is likely to see high revenue growth and profit margins. Pharmaceutical sales in India are expected to grow by 14.4 per cent to US$ 27 billion in 2016 from US$ 22.6 billion in 2012, according to a report by Deloitte called '2014 Global Life Sciences Outlook'.

India's pharmaceutical exports stood at US$ 14.84 billion in FY 2013–14. The United States (US) is the country's biggest market for pharma exports accounting for about 25 per cent, followed by the United Kingdom (UK). "India has been able to make its name as a quality supplier of affordable medicines across the globe. We are expecting around 12 per cent growth this fiscal (2014–15)," said Mr P V Appaji, Executive Director, Pharmaceutical Export Promotion Council of India (Pharmexcil).

Pharma exports from India will be more than the size of the domestic sales by FY 2015, according to a report by India Ratings & Research. The country provides generic medicines to almost 200 countries. It is responsible for about 40 per cent of the generic and over-the-counter drugs consumed in the US. Indian generics market is expected to grow to US$ 26.1 billion by 2016 from US$ 11.3 billion in 2011.

(*Source : India brand Equity Foundation - www.ibef.org*)

Investments

The allowance of foreign direct investment (FDI) in India's pharma sector was well received by foreign investors. The cumulative drugs and pharmaceuticals sector attracted FDI worth US$ 11,588.42 million in the period April 2000–February 2014, according to data published by Department of Industrial Policy and Promotion (DIPP).

(*Source : India brand Equity Foundation - www.ibef.org*)

Government Initiatives

As per extant policy, FDI up to 100 per cent, under the automatic route, is permitted in the pharmaceuticals sector for Greenfield investment. Hundred per cent FDI is also permitted for investments in existing companies under the government approval route. Further, the Government of India has also put in place mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to address the issue of affordability and availability of medicines.
The government plans to create a special entity in partnership with private firms for a 'Brand India Pharma' campaign with the objective of improving the image of drug exporters. The special purpose vehicle (SPV) will be in operation in the next few weeks, said Mr Rajeev Kher, Commerce Secretary, Government of India.

In a move to simplify the barcode procedures for pharmaceutical companies and to ensure quality, the Government of India has decided to treat mono cartons containing medicines as primary level packaging, as per the Directorate General of Foreign Trade (DGFT).

The Ministry of Chemicals and Fertilisers has unveiled a scheme that will enable pharma units in different clusters across the country to set up common infrastructure facilities with substantial financial assistance from the government.

(*Source : India brand Equity Foundation - www.ibef.org*)

Road Ahead

India Ratings and Research has revised its outlook on the pharmaceuticals sector for FY 2014–15 to positive from stable on the back of increased exports. With the support of Pharmexcil and the government in the form of Brand India Pharma project iPHEX, the sector would continue to grow and meet the healthcare requirements of the developing world. The country will also see the largest number of mergers and acquisitions (M&A) in the pharmaceutical and healthcare sector, according to consulting firm Grant Thornton.

With 70 per cent of India’s population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth.
The non-small cell lung cancer (NSCLC) therapeutics market value in the Asia–Pacific region is expected to grow at a CAGR of 6.3 per cent to touch US$ 2.9 billion by 2019 from US$ 1.8 billion in 2012, according to GBI Research. An aging population and increasing number of NSCLC incident cases will be the main drivers behind this anticipated growth in India.

Exchange rate used INR 1= US$ 0.01667 as on May 08, 2014

(*Source : India brand Equity Foundation - www.ibef.org*)

SUMMARY OF BUSINESS

Our Company's business overview

We are a pharmaceutical company based in Bangalore and engaged in development, manufacturing and marketing of quality pharmaceutical products. Our primary business activity comprises of contract manufacturing of pharmaceutical formulations for major pharma companies. Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Haematinics, Vitamins, Anti-ulcerants, Anti-fungal, Anti-histamine, Anti-coagulant and Anti-bacterial formulations.

Our manufacturing unit is located in Boodhihal, in Nelamangala, Bangalore, Karnataka. Drugs Controller Department of Government of Karnataka has certified our unit as GMP unit. We have state-of-the-art manufacturing facilities for injectibles, ophthalmic suspensions and nasal sprays. Over the last few years our plant has been subjected to several international audits and has been acknowledged as a plant meeting the cGMP standards. Our manufacturing facility has been approved by several regulatory agencies including USFDA, ANSM- the regulatory agency of France (for terminally sterilized products and eye drop by asceptic process), TGA – Regulatory agency of Australia and Health Canada of Canada.

We have been in the business of manufacture of injectables for the last 18 years and our customers are multi-national and domestic pharmaceutical companies. We are fairly well established in this area of business and most of our customers have been our long-standing clients mainly on account of our quality standards and competitive pricing. We therefore, at present, do not foresee any significant issues due to competition. In order to achieve substantial growth in turnover and profitability, we have also entered the export arena of regulated markets like USA and Europe where we can expect sizable business growth.

During the financial year 2012-13 GAVIS acquired a controlling equity stake and subsequently became the Promoter of our Company.

The approval of our manufacturing plant by the USFDA and French Regulatory Authorities – ANSM has facilitated the entry of our company into USA and various European countries for offering our facility for contract manufacturing and marketing our products through strategic tie-up with distributors in the respective countries.

Our manufacturing facility was first inspected in the year 2009 by the USFDA authorities and was approved by them. We started commercial supplies to the US market in the year 2011. The re-inspection of the facility by the USFDA was carried out in September 2011 and the FDA issued certain critical observations and consequently issued a warning letter in February 2012. USFDA re-inspected our facility in August 2013 and upon being satisfied about the compliances, revoked the warning letter in April 2014 and confirmed our facility as acceptable.

We have entered into contracts with US based pharmaceutical companies for product development and supply agreements. Under the contract for development activity, we develop the products, prepare dossiers for the customers and the customers file the dossiers in the US and other regulated markets.

Our present manufacturing facility:

We are presently conducting our manufacturing operations at our manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. Here we manufacture sterile Small Volume Parenterals such as Ampoules and Vials, Large Volume Parenterals and Sterile Ophthalmic Preparations

We are presently focused mainly on the manufacture of small volume and large volume parenterals and sterile ophthalmic preparations meeting the cGMP standards. We manufacture sterile products (Injectibles and Ophthalmics) for leading multinational companies as well as large Indian Pharmaceutical companies such as:

Sanofi India Limited	-	Mumbai, India
Sanofi-Winthrop Industrie (SWIND)	-	France
Alcon Laboratories (India) Pvt Ltd	-	India
Bayer Pharmaceutical Pvt Ltd	-	India
Lundbeck India Private Limited	-	Bangalore
Micro Labs Limited	-	Bangalore
Medreich Limited	-	Bangalore
Alembic Pharmaceuticals Limited	-	Mumbai
Biocon Limited	-	Bangalore
Mylan Inc	-	USA
Perrigo Labs	-	USA
Whilshire Pharmaceuticals Inc	-	USA
OCuSOFT Inc	-	USA

COMPETITIVE STRENGTHS

(a) **Proven and experienced management team**

Mr. S.T.R. Mady, Chairman and Mr. S. Jayaprakash Mady, Managing Director of our Company have over 40 years and 30 years of experience, respectively, in the field of pharmaceutical manufacturing, marketing and product development. They have been associated with our Company since inception. We believe that our senior management team have adequate experience in the commissioning of and operating manufacturing capacities, managing finance, sales, business development and strategic planning. This combined with the pharmaceutical background and experience of GAVIS in regulated markets, enables us to explore and seize new opportunities and accordingly position ourselves to introduce new products.

(b) **State-of–the-art equipment and technology**

Our Company has invested in modern technology and equipment across all areas of its operations. Our management believes that our Company's manufacturing technology is on par with its competitors. Additionally, our Company also keeps abreast with the latest developments in technology by attending international fairs & various other seminars & expositions and regular interactions with existing machinery suppliers. Upgradation in machines and training of manpower is always a focus of our Company in order to maintain the technology at par with international standards

(c) **In-house developmental capabilities**

We have the required technical team for the development of products for the regulated markets. The team is headed by Dr. Tathagutta Datta, Chief Scientific Officer who holds Doctorate in Pharmaceutical Sciences and Masters in Pharmaceutical Sciences. He is supported by a qualified team of scientists and pharmacists who have vast experience in the development of products and analytical skills in their respective fields.

We have a well equipped development lab with all the necessary instruments required for the development and analysis of all types of injectable and ophthalmic products. Our company has invested substantial amounts in these equipments. The lab practices and systems are in compliance with the international standards.

(e) **Established Customer Base**

Our customers are associated with us for a very long time due to our proven quality standards and ethical business standards. One of our major customers, Sanofi India Limited is with us since the setting up of our manufacturing plant despite change in their management several times in the last 20 years. The other customers are also associated with us for a long time.

We believe we have earned a fairly good reputation in the international/regulated markets like USA, Europe, etc. However, with the GAVIS acquiring the Promoter Status, our focus is now more on development of products for GAVIS and has reduced the dependence on other customers for product development capacity utilisation.

(f) **Cost effectiveness and location-based advantages:**

Our manufacturing plant is located in Nelamangala on the outskirts of Bangalore. We have been in this industry for more than two decades and are able to attract technical and non-technical manpower. Being located at the outskirts of Bangalore, we also have access to semi-skilled and un-skilled labour. As per the long term strategy, we are now focussing more on the exports market. Cost of input materials and labour, both skilled and unskilled, is lower as compared to the developed markets conferring on us certain location-based advantages. Further number of players in the injectable and ophthalmics segment is relatively less as compared to the other dosage forms of pharmaceutical products, thus providing us with a sectoral advantage also within the pharma industry.

Further, the USFDA has introduced an annual fee for manufacturing units, filing of dossiers (ANDA) which is quite significant. The capitalization of our company following entry of GAVIS as our major stakeholder has placed us in a position of relative advantage in this regard. The non-serious players in the pharma industry in India are discouraged from entering this market segment due to high registration and regulatory costs, thereby limiting competition in the regulated market.

Weaknesses/ Challenges

- Our Company is operating in a competitive environment having presence of strong players in the segment. However, we believe, we have carved out our own space in the market and that the demand is strong enough to absorb the capacities of the existing players.

- Global economic slowdown would affect the market for the products of our Company since our future major revenues are expected to be contributed by exports.

- The maintenance of the manufacturing plant continually compliant with current Good Manufacturing Practices is a challenging task and requires significant financial outlay as well as technical skills in the organisation. The gestation period between the development of products, filing of dossiers and approval of ANDAs is quite substantial and may even take more than 36 months. However, the association with GAVIS has provided us with the required financial strength and the increased volume of business is expected to help us sustain the costs involved besides being able to attract and retain talented technical personnel for ensuring continued GMP compliances.

- The risk of price erosion in the regulated generic market is more due to intense competition. However, we plan to develop products in niche segments/areas where competition is relatively lower.

BUSINESS STRATEGY

Our Company's growth strategies are based on the following factors:

1. Contract Manufacturing Activity for the domestic industry is undergoing a rough phase during the last several years due to (i) intense competition, (ii) increased GMP Requirements, (iii) steep hike in input costs. These factors have impacted the viability of domestic contract manufacturing activity. To mitigate this risk, the Company ventured into contract research and manufacturing services for the overseas market in addition to the Contract Manufacturing activity for the domestic market.

2. As part of our long term strategy, we undertook a major restructuring exercise during the year 2012 and entered into a strategic alliance with GAVIS in the FY 2012-13. The strategic alliance provided for (i) change of management control with additional equity funds infusion to retire all high cost debts and to meet the working capital and capital expenditure requirements (ii) Technical support for the improvement of GMP compliances, quality standards and development of products and (iii) marketing support in the US market. As part of this strategic alliance we develop the products with the technical and marketing support of GAVIS and provide dossiers for filing the ANDA with the USFDA. We also propose to gradually slow down this activity for other customers and channelize all the resources towards development of products for GAVIS. Accordingly we have developed more than 20 products and GAVIS has filed the ANDAs for the same within a short span of one year, which we feel is a remarkable achievement. We now plan to aggressively continue the development activity in the coming years. We would have exclusive manufacturing rights for the ANDA's developed and after the approval of the ANDA's, we are hopeful of substantial impact on our sales turnover and profitability. We also receive progress payments for the product development work from GAVIS and this supports the working capital requirement for the product development activity. Generally it takes about 24 months to 36 months for the approval of the dossiers from the USFDA.

3. Keeping the competition in mind, we intend to develop moderately complex to highly complex dosage forms of injectable products in the coming years. These include lyophilised products, hormones, prefilled syringes etc. Manufacturing of these types of products requires a specialised set-up and cannot be done in the existing manufacturing facility. Further, keeping in mind the number of products planned for development over next 2 or 3 years, the capacities from the existing manufacturing plant would not be adequate. Therefore, it is proposed to set up a new manufacturing injectable facility which can be used exclusively for the Export Markets. The existing plant would be continued to be used for catering to the requirements of the domestic market.

OUR PRINCIPAL PRODUCTS

Our products are broadly classified under 3 categories

Opthalmic	Injectable	Critical Care
Anti Glaucoma	NSAIDs	Anticancer
Anti-cholinergic	Calcium Supplement	Antifungal
Artificial tear	Anti-emetic	Corticosteroid
NSAIDs	Analgesic	Cardiovascular
Steroids & combination	Antimalarial	Supportive Therapy
Anti infective	Anesthetic	
Anti-allergic	Antimuscarinic	
Decongestant	Diuretic	
	Cardiovascular	
	Antihistamine	
	Iron supplement	

Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Vitamins, Anti-histamine, Anti-coagulant and Anti-bacterial formulations, Anesthetics, Ophthalmic (Tears Supplement, Anti bacterial, anti-glaucoma, corticosteroids).

We manufacture the following Ophthalmic Preparations for various pharmaceutical companies:

- Gentamicin
- Atropine
- Diclofenac
- Hypromellose
- Timolol
- Dexamethasone and neomycin
- Ciprofloxacin
- Dorzolamide

We also export majority of the above pharmaceutical preparations under our different brands.

Existing Facilities

We are presently conducting our manufacturing operations at our state-of-the-art manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. We have no other manufacturing facility.

COMPETITION

There is competition in the contract manufacturing and product development activity both in domestic and in the international pharmaceutical market. However, the market size is quite substantial and we have certain strengths in terms of our plant capabilities, technical skills and cost effective operations which enable us to retain our existing customers besides attracting new customers. Further, our strategic alliance with GAVIS has opened up newer opportunities in more products and more markets. As such, we believe that we are well-positioned to withstand competition and grow our business operations.

NEW PROJECT

Rationale for the New Project:

Our Company has already furnished dossiers/ANDAs for more than 20 products for US market upto June 2014. Our company aims to develop more than 100 ANDAs and 20 New Drug Applications including highly complex generic Injectable/ Ophthalmics; Novel Drug Delivery System (NDDS) based formulations like Liposomes, Nanoparticles, Microspheres, and Nanotechnology based innovative products for USA, EU, Australia, Canada, South Africa and RoW market in the coming years. The Company aspires to become one of the largest pharmaceutical companies in the sterile products domain both in terms of revenue and number of products. We also aim to contribute significantly to human welfare in terms of our Innovative new products which are under different stages of development.

We intend to manufacture the above speciality products in the new state-of-the art manufacturing facility to be set up within the existing campus. These specialised products cannot be manufactured in the current/ existing lines. Our new manufacturing facilities would be subject to necessary approvals from the relevant Drug regulatory authorities.

As part of the long term strategy of our Company, the product development activity has been stepped-up aggressively during past 2 years under the guidance of our new promoter GAVIS Pharma LLC, USA. During the year 2013-14 and as of June 2014, we have submitted dossiers for more than 20 Products. This is proposed to be continued for the next three years and our Company's focus in the coming years would be more on specialised products. Our Company plans to submit more than 100 dossiers in the coming years.

Once the dossiers are approved by the regulatory authorities, the commercial supplies can commence and we expect the volume of business to improve significantly thereafter. The current injectable facility is fully utilised and considering the expected volume of business from the regulated markets, our management has found it advisable to construct a new manufacturing facility with latest technology and systems. After commissioning of the new facility, we can continue to use the existing facility to cater to the domestic market and RoW markets.

For details of Plant & Machineries and other costs for the new project, please refer to page 46 under the Chapter "Objects of the Issue".

SUMMARY OF FINANCIAL INFORMATION

*The selected restated summary financial information presented below as on fiscal 2014, 2013, 2012, 2011 and 2010 has been prepared in accordance with Indian GAAP and should be read together with the Auditors Reports and the consolidated and unconsolidated financial statements and notes thereto contained in this Draft Letter of Offer under "**Financial Information**", and in "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Business Overview**" on pages 124, 162 and 72, respectively. The summary financial information presented below does not purport to project our future results of operation or financial condition. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve months ending March 31 of that year.*

Statement of Assets & Liabilities (as Restated)

(₹ in Lacs)

	As at				
	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Equity & Liabilities					
Shareholders' Funds					
(a) Share Capital	1,002.98	1,202.98	802.98	754.45	754.45
(b) Reserves & Surplus	2,531.84	3,195.66	1,304.34	1,489.76	1,114.90
Non Current Liabilities					
(a) Long term borrowings	38.80	97.26	795.08	720.88	301.22
(b) Other Long Term Liabilities	1.00	3.38	4.38	4.38	-
Current Liabilities					
(a) Short term borrowings	-	124.75	798.47	1,000.95	783.80
(b) Trade payable	790.99	650.86	603.16	646.33	262.92
(c) Other current liabilities	762.22	736.38	869.38	822.76	825.55
(d) Short term provisions	37.93	18.79	53.90	47.65	36.08
Total	**5,165.77**	**6,030.07**	**5,231.69**	**5,487.16**	**4,078.92**
Non Current Assets					
(a) Fixed Assets	2,989.28	2,453.58	2,631.79	2,472.61	2,085.11
(b) Non-current investments	-	-	90.00	90.00	90.00
(c) Deferred tax Asset (net)	258.03	310.46	252.23	282.86	-
(d) Long term loans and advances	187.69	185.43	1,027.18	1,028.69	906.84
(e) Other non-current assets	227.73	139.74	124.63	61.15	35.16
Current Assets					
(a) Inventories	619.15	464.23	489.98	558.49	269.79
(b) Trade receivables	574.95	327.45	385.49	712.09	506.39
(c) Cash and bank balances	60.93	1,783.67	132.36	141.04	74.55
(d) Short term loans and advances	95.02	64.58	50.59	76.98	98.58
(e) Other current assets	152.99	300.93	47.44	63.24	12.50
Total	**5,165.77**	**6,030.07**	**5,231.69**	**5,487.16**	**4,078.92**

Statement of Profit & Loss (as Restated)

(₹ in Lacs)

	For the year ended March 31				
	2014	2013	2012	2011	2010
INCOME					
Revenue from Operations	3,088.81	2,089.52	2,438.00	2,680.17	2,054.95
Other Income	59.18	31.24	20.21	9.94	66.59
Changes in Inventories of Finished Goods & WIP	132.81	(12.01)	(89.77)	80.82	12.87
Total	**3,280.08**	**2,108.74**	**2,368.43**	**2,770.94**	**2,134.41**
EXPENDITURE					
Cost of Materials Consumed	1,238.29	606.75	725.67	880.99	524.49
Purchase of Finished Goods	78.78	76.20	125.08	62.69	72.73
Employee expenses and benefits	959.50	796.21	747.87	645.12	528.75
Other Expenses	1,045.19	888.43	768.47	583.17	589.53
Finance costs	32.59	281.57	300.44	250.16	174.84
Depreciation and Amortisation Expense	187.97	194.11	196.12	171.22	145.61
Total	**3,542.32**	**2,843.26**	**2,863.65**	**2,593.36**	**2,035.94**
Adjusted Profit before tax and extraordinary Item	(262.24)	(734.52)	(495.21)	177.58	98.46
Exceptional Items	349.16	1,032.38	1.20	87.98	-
Extraordinary Items	-	-	-	-	--
Profit/ (Loss) before Tax	(611.40)	(1,766.90)	(496.41)	89.60	98.46
Provision for Tax					
Current Tax	-	-	-	(2.39)	-
Deferred Tax Liability \(Asset)	52.42	(58.23)	30.64	-	-
Profit after Tax	(663.82)	(1,708.67)	(527.05)	91.99	98.46

Statement of Standalone Cash Flow (As Restated)

(₹ in Lacs)

	For the year ended March 31				
	2014	2013	2012	2011	2010
Cash flows from Operating Activities					
Net profit (loss) before tax	**(611.40)**	**(1,766.90)**	**(496.41)**	**89.60**	**98.46**
Adjustments for:					
Depreciation	187.97	194.11	196.12	171.22	145.61
Provisions/ Write offs under exceptional items	(27.10)	1,032.38	-	(4.89)	-
Interest expenses	32.59	281.57	300.44	250.16	174.84
Interest Received	(48.57)	(23.12)	(14.50)	(4.66)	(4.85)
(Profit)/loss on Sale of Fixed Asset	0.73	-	(0.43)	0.44	6.25
Operating Profit before Working Capital Changes	**(465.77)**	**(281.96)**	**(14.78)**	**501.87**	**420.31**
Adjustments for:					
Trade & Other Receivable	(392.11)	(53.55)	343.47	(247.30)	(71.74)
Inventories	(154.92)	25.75	68.51	(288.70)	14.65
Deferred Sales Tax	-	-	-	(9.56)	(47.86)
Trade & Other Payable	367.46	29.77	43.38	361.78	(84.74)
Cash Generated from Operations	**(645.34)**	**(279.99)**	**440.57**	**318.09**	**230.61**
Income taxes paid	-	-	-	-	0.12
Cash flow before extraordinary item	(645.34)	(279.99)	440.57	318.09	230.49
Net Cash from Operating Activities	**(645.34)**	**(279.99)**	**440.57**	**318.09**	**230.49**
Cash flows from Investing Activities					
Purchase of Fixed Assets	(717.70)	(211.15)	(398.49)	(589.13)	(151.92)
Sale of Fixed Assets	2.30	-	0.43	9.97	2.88
Advance to Medispec Pharmaceuticals P Ltd	(38.26)	(14.74)	31.53	(21.13)	(70.18)
Other Loans	-	132.85	(45.00)	(67.85)	(20.00)
Interest Received	48.57	23.12	14.50	4.66	4.85
Net cash from Investing Activities	**(705.09)**	**(69.92)**	**(397.03)**	**(663.48)**	**(234.37)**
Cash flows from Financing Activities					
Proceeds from Issue of Share Capital	-	4,000.00	490.16	-	-
Redemption of Preference Share	-	(200.00)	(100.00)	-	-
Increase/(Decrease) in Borrowings	(339.51)	(1,515.85)	(143.48)	662.10	188.78
Interest paid	(32.80)	(282.94)	(298.90)	(250.22)	(174.84)
Net cash used in Financing Activities	**(372.31)**	**2001.22**	**(52.22)**	**411.88**	**13.94**
Net Increase in Cash and Cash Equivalents	**(1722.74)**	**1651.31**	**(8.68)**	**66.49**	**10.07**
(+) Cash & cash equivalents at the beginning of the period	1,783.67	132.36	141.04	74.55	64.48
Cash and Cash Equivalents at the end of the Period	**60.93**	**1,783.67**	**132.36**	**141.04**	**74.55**

THE ISSUE

Equity Shares proposed to be issued by our company	**[●] Equity Shares**
Rights Entitlement	**[●]** Equity Shares for every **[●]** Equity Share held on the Record Date.
Record Date	**[●]**
Issue Price per Equity Share	**[●]**
Equity Shares outstanding prior to the Issue	1,00,24,242
Equity Shares outstanding after the Issue	**[●]**
Terms of the Issue	For more information, refer to Section titled “Terms of the Issue" beginning on page no. 183 of this Draft Letter of Offer.
Terms of Payment	On application: Entire amount of **[●]** per share shall be payable on application.
Utilisation of Issue proceeds	For further information, please refer to the section titled “Objects of the Issue” beginning on page no. 46 of this Draft Letter of Offer.

GENERAL INFORMATION

Dear Shareholder(s),

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on 9th May 2014 and the Special Resolution passed through Postal Ballot by the members of our company on 5th July 2014, it has been decided to make the following offer to the Equity Shareholders of our Company, with a right to renounce:

ISSUE OF **[●]** EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ **[●]** EACH (INCLUDING SHARE PREMIUM OF ₹ **[●]** PER EQUITY SHARE) AGGREGATING UPTO AN AMOUNT OF ₹ 3,500 LACS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF **[●]** EQUITY SHARE FOR EVERY **[●]** FULLY PAID EQUITY SHARES HELD BY THE EXISTING SHAREHOLDER(S) ON THE RECORD DATE, I.E. ON **[●]**

Our Company

Name of our company	WINTAC LIMITED
Registered Office	No. 54/1, NH-4 Near 39th Mile Stone, Boodhihal, Neelamangala, Bangalore – 562 123
Contact Details	Tel. No.080- 67086500 Fax No 080- 27733369 E-mail: thyagaraj@wintaclimited.com
Registration Number (Corporate Identity No.)	L85110KA1990PLC011166
Address of Registrar of Companies	'E' Wing, 2nd floor Kendriya Sadana, Koramangala Bangalore – 560 034. Tel : 080-25633105 / 080-25537449/25633104 ; Fax: 080-25538531 e-mail : roc.bangalore@mca.gov.in

Board of Directors of our Company

Sr. No.	Name	Designation
1	Mr. S.T. Raghavendra Mady	Chairman
2	Mr .S. Jayaprakash Mady	Managing Director
3	Mr. B.R. Arun Eashwar	Director
4	Mr. R.A. Thirumoorti	Director

Company Secretary & Compliance Officer

Name of the Compliance Officer	Mr. B. P. Thyagaraj Asst.Vice President (Finance)& Secretary
Address	No. 54/1, NH-4 Near 39th Mile Stone, Boodhihal, Neelamangala, Bangalore – 562 123
Telephone No.	+91-80- 67086500
Fax No.	+91-80- 27733369
E-mail	thyagaraj@wintaclimited.com

Lead Manager to the Issue

Name:	Arihant Capital Markets Limited
SEBI Registration No.	INM 000011070
Address	1011, Building No.10, Solitaire Corporate Park M.V. Marg, Andheri (East), Mumbai – 400 093.
Telephone No.	+91- 22- 4225 4800
Fax No,	+91- 22- 4225 4880
E-mail	mbd@arihantcapital.com
Website	www.arihantcapital.com
Contact Person	Mr. Amol Kshirsagar / Mr. Satish Kumar P.

Registrars to the Issue (and also Registrar and Transfer Agents for our company)

Name	Canbank Computer Services Ltd
SEBI Registration No.	INR000003621
Address	R&T Centre, # 218 JP Royale, 1st Floor, 2nd Main , Sampige Road,(Near 14th Cross), Malleswaram, Bangalore – 560 003
Telephone No	+91-80-23459661/62
Fax No	+91-80-23469667/68
E mail:	canbankrta@ccsl.co.in
Website	www.canbankrta.com
Contact Person	Mr. K. Ravi

Auditors of our company

Name	M/s.RAO & SWAMI ,Chartered Accountants
Address	21 Connaught Road, Bangalore -560 052.
Telephone No	+91-080-2226 0230
E-mail	fairplay@raoandswami.com

Legal Advisors to the issue

Name	Fox Mandal & Associates
Address	F.M. House, No. 302 Anna Salai, Teynampet, Chennai – 600 006
Telephone No.	044-24361029 / 30 / 31
Fax No.	044-24361092
E-mail	chennai@foxmandal.com

Principal Bankers to our company

Name	State Bank of India
Address	Nelamangala Branch, B.H.Road, Channappa Layout, Opp. Police Station, Nelamangala, Bangalore – 562 123.
Telephone No.	080-27726249
Fax No.	080-27723117
E-mail	sbi.13284@sbi.co.in

Bankers to the Issue

Name	[●]
Address	[●]
SEBI Registration No.	[●]
Telephone No.	[●]
Fax No.	[●]
E-mail:	[●]
Website:	[●]

Note: Investors are advised to contact the Registrars to the Issue/Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of Letter of Offer / Letter of Allotment / Share Certificate(s) / Refund Orders / Demat Credit.

Self Certified Syndicate Banks:

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries

Credit Rating Details & IPO grading

This being an issue of Equity Shares on a rights basis, no credit rating & IPO grading is required.

Debenture Trustee

This being a Rights Issue of Equity Shares, appointment of Debenture trustee is not required.

Monitoring Agency

In terms of SEBI ICDR, Chapter II, Regulation 16, the appointment of a monitoring agency is mandatory only if the issue size exceeds ₹ 500.00 Crores. Since the present issue size would not exceed ₹ 500.00 Crores no monitoring agency has been appointed.

Appraising Entity

The objects of the present issue have not been appraised by any appraising agency.

Declaration by Board on creation of separate account

The Board of Directors declares that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 40 of the Companies Act, 2013.

Inter-se Allocation of Responsibilities

As there is only one Lead Manager, inter-se allocation of responsibilities is not applicable. However, the list of major responsibilities of Arihant Capital Markets Limited, inter alia, is as follows:

No	Activities
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2	Drafting and Design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3	Retail/Non-institutional marketing strategy which will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the abridged letter of offer and the letter of offer to the extent applicable.
4	Institutional marketing strategy to the extent applicable.
5	Selection of various agencies connected with the issue, namely Registrars to the Issue, Printers, and Advertisement agencies.
6	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
7	The post-issue activities will involve essential follow-up steps, which must include finalisation 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 work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.

Underwriting Details

Our Company has not entered into any standby arrangements with underwriters for underwriting the present issue.

Expert Opinion

Our Company has not obtained any expert opinions in relation to this Letter of Offer.

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 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 Exchanges, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed as per provisions of Rule-11 of the Companies (Prospectus & Allotment of Securities) Rules-2014..

Underwriting / standby Arrangement

This issue of equity shares is not being underwritten and/or no standby support is being sought for the said issue.

Subscription to the Issue by the Promoter and the Promoter Group

The Promoter holding Equity Shares in our Company has, vide their letter dated September 22, 2014, undertaken to fully subscribe for their Rights entitlement in the Issue. The Promoter reserves the right to subscribe to their entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoter may also apply for additional Equity Shares in the Issue, and in case of under-subscription in the issue, shall apply for additional shares to facilitate minimum subscription subject to compliance with the shareholding limit specified under the FIPB approval. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

Issue Schedule

Issue Opening Date	[●]
Last date for receiving requests for Split Application Forms	[●]
Issue Closing Date	[●]

CAPITAL STRUCTURE

		Aggregate Value (₹ lacs)	
		At Nominal Value	**At Issue Price**
(A)	**AUTHORISED SHARE CAPITAL**		
	2,50,00,000 Equity Shares of ₹ 10/- each	2,500.00	-
(B)	**ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL BEFORE THE PRESENT RIGHTS ISSUE**		
	1,00,24,242 Equity Shares of ₹ 10/- each	1,002.42	-
(C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER**		
	[●] Equity Shares of ₹ 10/- each	[●]	[●]
	EQUITY CAPITAL AFTER THE ISSUE		
	[●] Equity Shares of ₹ 10/- each	[●]	
	SHARE PREMIUM ACCOUNT		
	Before the Issue	5,098.63	
	After the Issue	[●]	

Notes to the Capital Structure:

i. There are no partly paid up shares in our company. Our Company in its Board Meeting held on 17th May 2010 forfeited 11,100 partly paid shares held by 104 shareholders in view of the non-payment of the allotment money. The forfeited shares have not been re-issued.

ii. Our company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders thereof to acquire further Equity Shares of our company.

iii. At any given point of time there shall be only one denomination for the Shares of our Company and we shall comply with such disclosure and accounting norms as may be prescribed by SEBI.

iv. The Company has redeemed 2,00,000 15% Preference Shares of ₹ 100/- each aggregating ₹ 200 Lacs during FY 2013-14. Presently, there are no Preference Shares outstanding.

Details of increase in Authorised Share Capital since incorporation

The Authorised Share Capital of our Company at the time of incorporation was ₹ 15,00,000 divided into 15,000 Equity Shares of ₹ 100/- each. The following table gives the increase in the Authorised Capital post Incorporation of our Company: -

Sr. No.	**Particulars of increase**		**Date of Shareholder's meeting**	**AGM/ EGM**
	From	To		
1	-	15,000 Equity Shares of ₹ 100/- each	-	Incorporation
2	15,000 Equity Shares of ₹ 100/- each	50,000 Equity Shares of ₹ 100/- each	05/03/1992	EGM
3	Sub division of Equity Shares from ₹ 100/- to ₹ 10/-		15/02/1993	EGM
4	5,00,000 Equity Shares of ₹ 10/- each	30,00,000 Equity Shares of ₹ 10/- each	15/02/1993	EGM
5	30,00,000 Equity Shares of ₹ 10/- each	50,00,000 Equity Shares of ₹ 10/- each	10/09/1994	EGM
6	50,00,000 Equity Shares of ₹ 10/- each	50,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	17/02/2007	EGM
7	50,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	70,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	22/04/2010	EGM
8	70,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	1,20,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	20/12/2012	EGM
9	1,20,00,000 Equity Shares of ₹ 10/- each AND 3,00,000 Preference Shares of ₹ 100/- each	2,50,00,000 Equity Shares of ₹ 10/- each	05/07/2014	Postal Ballot

Notes to Capital Structure

1. **Equity Share Capital History of our Company:**

Date of the allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature of consideration	Nature / Reason of allotment	Cumulative Equity Shares (nos)	Cumulative paid-up Equity Capital (₹)
23-08-1990	200	100	100	Cash	Subscribers to MOA	200	20,000
09-03-1992	24,550	100	100	Other than cash	Refer Note 1	24,750	24,75,000
16.02.1993	2,97,000	10	10	Other than cash	Bonus Shares	5,44,500	54,45,000
01.03.1993	13,15,500	10	10	Cash	Preferential Allotment	18,60,000	1,86,00,000
01.06.1993	1,34,900	10	10	Cash		19,94,900	1,99,49,000
01.06.1993	2,01,600	10	50	Cash		21,96,500	2,19,65,000
01.09.1993	1,74,600	10	10	Cash		23,71,100	2,37,11,000
01.09.1993	57,900	10	50	Cash		24,29,000	2,42,90,000
30.09.1993	16,500	10	10	Cash		24,45,500	2,44,55,000
30.09.1993	11,000	10	50	Cash		24,56,500	2,45,65,000
31.12.1993	28,900	10	10	Cash		24,85,400	2,48,54,000
31.12.1993	30,500	10	50	Cash		25,15,900	2,51,59,000
28.02.1994	1,300	10	10	Cash		25,17,200	2,51,72,000
28.02.1994	8,000	10	50	Cash		25,25,200	2,52,52,000
16.03.1994	7200	10	10	Cash		25,32,400	2,53,24,000
16.03.1994	23600	10	50	Cash		25,56,000	2,55,60,000
24.03.1994	100	10	10	Cash		25,56,100	2,55,61,000
24.03.1994	16,900	10	50	Cash		25,73,000	2,57,30,000
31.03.1994	3,96,500	10	10	Cash		29,69,500	2,96,95,000
31.03.1994	30,500	10	50	Cash		30,00,000	3,00,00,000
23.01.1995	10,00,000	10	100	Cash	Public Issue	40,00,000	4,00,00,000
15.10.2005	1,37,500	10	30	Cash	Preferential Allotment	41,37,500	4,13,75,000
28.01.2006	1,37,500	10	30	Cash		42,75,000	4,27,50,000
15.06.2006	1,37,500	10	30	Cash		44,12,500	4,41,25,000
06.12.2006	1,37,500	10	30	Cash		45,50,000	4,55,00,000
17-05-2010	(11,100)	10	100	Cash	Forfeiture	45,38,900	4,53,89,000
06-07-2011	14,85,342	10	33	Cash	Rights Issue	60,24,242	6,02,42,420
31-01-2013	40,00,000	100	100	Cash	Preferential Allotment	1,00,24,242	10,02,42,420

Notes :

Save for the following, our Company has not issued any Equity Shares for consideration other than cash:

1. 24,550 Equity Shares of ₹ 100/- each issued on March 9, 1992 as consideration for acquisition of assets and liabilities of Recon Pharma as a going concern basis
2. 2,97,000 Equity Shares of ₹ 10/- each issued as Bonus Shares on February 16, 1993

Issue of Equity Shares in the last one year

Our Company has not made any issue or allotment of Equity Shares during the last one year.

Till date no Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.

As of date of filing this Draft Letter of Offer, our Company does not have any ESOP Scheme and has not issued any equity shares under any employee stock option scheme.

Build-up of Promoter's capital

Date of allotment / transfer	Nature of allotment	No. of Equity Shares	Payment Mode	Face Value	Issue Price
30.01.2013	Preferential Allotment	40,00,000	Cash	₹ 10/-	₹ 100.00
13-08-2013	Acquired under Open Offer	15,12,098	N.A.	₹ 10/-	₹101.07

v. **The Shareholding pattern of our company as on 30.06.2014 is as follows:**

Category of Shareholder	No. of Share holders	Total No. of Shares	Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As % of (A+B)	As % of (A+B+C)	No. of shares	As % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / HUF							
Bodies Corporate	-	-	-	-	-	-	-
Any Others (Specify)	-	-	-	-	-	-	-
Persons Acting in Concert	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
(2) Foreign							
Individuals/	-	-	-	-	-	-	-
Bodies Corporate	1	55,12,098	55,12,098	54.99	54.99	-	-
Sub Total	**1**	**55,12,098**	**55,12,098**	**54.99**	**54.99**	-	-
Total of Promoter and Promoter Group (A)	**1**	**55,12,098**	**55,12,098**	**54.99**	**54.99**	-	-
(B) Public Shareholding							
(1) Institutions							
Mutual Funds / UTI	1	1,400	-	0.01	0.01		
Financial Institutions / Banks	2	4,430	4430	0.04	0.04		
Any Others (Specify)	-	-	-	-	-	-	-
Sub Total	3	5,830	4330	0.06	0.06		
(2) Non-Institutions							
Bodies Corporate	60	12,47,779	1239779	12.45	12.45		
Individuals							
Individual shareholders holding up to ₹ 1 lakh	5423	8,50,621	307234	8.49	8.49		
Individual shareholders holding in excess of ₹ 1 lakh	7	23,80,042	2331042	23.74	23.74		
Any Others (Specify)							
Non Resident Indians	14	12,193	4193	0.12	0.12		
HUFs	44	15,524	15513	0.15	0.15		
Clearing Members	4	155	155	-	-		
Sub Total	5552	45,06,314	3897916	44.95	44.95		
Total Public shareholding (B)	5553	45,12,144	3902246	45.01	45.01		
Total (A)+(B)	5556	1,00,24,242	94,14,344	100	100		
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
1) Promoter/Promoter Group	-	-	-	-	-	-	-
2) Public	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Total (A)+(B)+(C)	5556	**1,00,24,242**	94,14,344			-	-

There are 5,556 shareholders as on 30.06.2014

vi. **Details of Promoter's contribution and Lock-in for Promoter and Promoter Group**

The present issue being a rights issue, provisions of promoter's contribution and lock-in, are not applicable as per the extant SEBI (ICDR) Regulations.

None of the existing shares of the promoter and promoter group are under lock-in, except for 20,04,849 (20%) shares which are under lock-in upto 30.01.2016 and these shares were allotted on 30.01.2013 under preferential allotment at a price of ₹100 per share.

Top ten Shareholders of our Company as of the date of filing of this Draft Letter of Offer with SEBI

Sr. No.	Shareholder	No. of Shares	% of holding
1	GAVIS Pharma LLC	55,12,098	54.99
2	Bangalore Pharmaceutical & Research Laboratory	12,12,900	12.10
3	S. Jayaprakash Mady	9,11,056	9.09
4	Kripa Mady	6,71,061	6.69
5	Sural Thammaiah Raghavendra Mady	4,07,750	4.07
6	Ratnakala Mady	2,36,800	2.36
7	Nidambur Roopa Nagaraj Ballal	88,600	0.88
8	S.S. Mady	49,000	0.49
9	Sheshanka Financial Services P. Ltd.	16,333	0.16
10	Tobby Simon	15,775	0.16

Top ten Shareholders of our Company as on 30.09.2012 being 2 years prior to the date of filing of this Draft Letter of Offer with SEBI

Sr. No.	Shareholder	No. of Shares	% of holding
1	Bangalore Pharmaceutical & Res.Lab.Pvt.Ltd.	1,21,2900	20.12%
2	S.Jayaprakash Mady	9,16,056	15.12
3	Kripa Mady	6,71,261	11.14
4	Synergia Consultants Pvt. Ltd.	6,61,500	10.98
5	S.T.R.Mady	4,07,750	6.77
6	Ratnakala Mady	2,36,800	3.93
7	Sabyasachi Dash	1,36,000	2.26
8	Roopa Nagaraj	89,100	1.38
9	K.Dhananjaya Das	66,495	1.10
10	Sheshanka Financial Services Pvt. Ltd.	57,200	0.95

Top ten Shareholders of our Company as on September 19, 2014 being 10 days prior to the date of filing of this Draft Letter of Offer with SEBI

Sr. No.	Shareholder	No. of Shares	% of holding
1	GAVIS Pharma LLC	55,12,098	54.99
2	Bangalore Pharmaceutical & Research Laboratory	12,12,900	12.10
3	S. Jayaprakash Mady	9,11,056	9.09
4	Kripa Mady	6,71,061	6.69
5	Sural Thammaiah Raghavendra Mady	4,07,750	4.07
6	Ratnakala Mady	2,36,800	2.36
7	Nidambur Roopa Nagaraj Ballal	88,600	0.88
8	S.S. Mady	49,000	0.49
9	Sheshanka Financial Services P. Ltd.	16,333	0.16
10	Tobby Simon	15,775	0.16

Details of Public Shareholders holding more than 1% of the Equity Capital (as on September 29, 2014)

Sr. No.	Shareholder	No. of Shares	% of holding
1	Sural Thammaiah Raghavendra Mady	4,07,750	4.07
2	Ratnakala Mady	2,36,800	2.36
3	Kripa Mady	6,71,061	6.69
4	S Jayaprakash Mady	9,11,056	9.09
5	Bangalore Pharmaceutical & Research Laboratory	12,12,900	12.10

vii. The Promoter holding Equity Shares in our Company has, vide their letter dated September 22, 2014, undertaken to fully subscribe for their Rights entitlement in the Issue. The Promoter reserves the right to subscribe to their entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoter may also apply for additional Equity Shares in the Issue, and in case of under-subscription in the issue, shall apply for additional shares to facilitate minimum subscription subject to compliance with the shareholding limit specified under the FIPB approval. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

viii. Our company, promoter, directors and lead manager have not entered into any buyback or standby arrangements for any of the securities being issued through this Letter of Offer.

ix. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI SAST Regulations is ₹ [●]

OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds for meeting the cost of setting up a new facility to manufacture injectable products conforming to GMP of regulated markets like USA, Europe and Australia. This will be set up adjacent to our existing manufacturing facility on our existing land.

Our focus for the immediate future would be on exports to overseas markets through our proposed manufacturing facility. We have the necessary accreditations/approvals from USA, France and Australian regulatory authorities which is a precondition for the supply of pharmaceutical formulation products to these markets. We have set-up a dedicated team to develop products, prepare dossiers for these markets. The team members have necessary technical knowledge and are well conversant with the procedures/guidelines for preparation of the ANDAs and Common Technical Documents. In the coming years, our Company plans to develop moderately complex to highly complex injectable and ophthalmic products for US markets and other markets in the rest of the world. This would help our Company to be identified as a fully integrated pharmaceutical company that identifies, develops, manufactures and markets pharmaceutical products that improve the quality of life.

The Main Objects clause as set out in our Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Present Rights Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

Requirement of Funds

We have estimated our requirement for funds for our proposed new manufacturing facility as under:

	Particulars	₹ in lakhs
a)	Civil Construction	1,048.80
b)	Water System	185.00
c)	Utility	80.00
d)	HVAC	300.10
e)	Production Equipments	1,235.60
f)	Secondary packaging	80.00
g)	Mechanical piping	100.00
h)	Warehouse	110.00
i)	Office equipments and Miscellaneous	20.00
	Sub-total	**3,159.50**
	Tax @ 10% on (b) to (h)	209.07
	Freight, Transport & Packing on (b) to (h) @ 2%	41.81
	Contingencies @ 5%	157.98
	TOTAL	**3,568.36**
	Issue related expenses	50.00
	GRAND TOTAL	**3,618.36**

The requirements with regard to civil construction, machineries and equipments / utilities etc. for the proposed project have been assessed internally by the Management of our Company based on their past experience. The costs thereof have been estimated by the management on the basis of market enquiries and no quotations have been called for or received till date and these have not been appraised by any bank or financial institution. The cost of the project is subject to changes in external circumstances or costs.

Means of Finance

The requirement of funds is proposed to be met as under:

	Particulars	₹ In lakhs
a)	Present Rights Issue of Equity Shares	3,500.00
b)	Internal Accruals	118.36
	GRAND TOTAL	3,618.36

In the current financial year 2014-15, based on the certified financial position of the Company for the quarter ended June 30, 2014, our Company has recorded internal accrual of ₹ 238.81 lacs comprising of profit after tax of ₹ 174.22 lacs and depreciation of ₹ 64.59 lacs. The said internal accrual is available for deployment towards the cost of the project, to the extent required.

We propose to meet the entire requirement of funds for the Objects from the Proceeds of the Rights Issue and available internal accruals. Accordingly, the requirement under Regulation 4(2)(g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance is complied.

Working capital requirements

The proceeds of the Rights Issue is not proposed to be used to meet our working capital requirements. We expect to meet our working capital requirements in the future through internal accruals, or availing new lines of credit.

Rationale for the Proposed New Manufacturing Facility

Our Company has already furnished dossiers/ANDAs for more than 20 products for US market upto June 2014. Our company aims to develop more than 100 ANDAs and 20 New Drug Applications including highly complex generic Injectable/ Ophthalmics; NDDS based formulations like Liposomes, Nanoparticles, Microspheres, and Nanotechnology based innovative products for USA, EU, Australia, Canada, South Africa and RoW market in the coming years. The Company aspires to become one of the largest pharmaceutical companies in the sterile products domain both in terms of revenue and number of products. We also aim to contribute significantly to human welfare in terms of our Innovative new products which are under different stages of development.

We intend to manufacture the above speciality products in the new state-of-the art manufacturing facility to be set up within the existing campus. These specialised products cannot be manufactured in the current/ existing lines. Our new manufacturing facilities would be subject to necessary approvals from the relevant Drug regulatory authorities.

As part of the long term strategy of our Company, the product development activity has been stepped-up aggressively during past 2 years under the guidance of our new promoter Gavis Pharma LLC, USA. During the year 2013-14 and as of June 2014, we have submitted dossiers for more than 20 Products. This is proposed to be continued for the next three years and our Company's focus in the coming years would be more on specialised products. Our Company plans to submit more than 100 dossiers in the coming years.

Once the dossiers are approved by the regulatory authorities, the commercial supplies can commence and we expect the volume of business to improve significantly thereafter. The current injectable facility is fully utilised and considering the expected volume of business from the regulated markets, our management has found it advisable to construct a new manufacturing facility with latest technology and systems. After commissioning of the new facility, we can continue to use the existing facility to cater to the domestic market and RoW markets.

Research and Development Capabilities:

We have a team of R&D scientists including formulation and analytical development scientists with vast experience in product development of liquid/sterile injectable, ophthalmics, suspensions for injection/ophthalmic administration, lyophilized powder for injection, liposome, microspheres, etc. We have a state of the art product development lab with lyophilizer, isolator, USP Type IV dissolution Apparatus, rota vap, Malvern zetasizernano, homogenizer, etc.

The item wise break-up of cost of the project is given hereinbelow :

(A) **Civil Construction – ₹ 1,048.80 lakhs**

The proposed facility would be built adjacent to the existing manufacturing facility. There is adequate vacant land with us to construct the said facility. The proposed facility would occupy about 20,000 sq.ft. of land. Our company owns approximately 12.5 acres of land and currently about 6 acre of land is vacant, a portion of which can be used for current expansion.

We propose to build a facility with a 4 tier structure – i.e. ground floor, 1st floor, 2nd floor and 3rd floor. The floor plate of each tier would be approximately 14,500 sq.ft and the total built up area of the new facility would be approximately 60,000 sq.ft.

- Ground floor will house change rooms, centralized raw material stores and centralized dispensing booths.
- First floor will have two liquid vial lines. One line to manufacture lyophilized products and the second liquid vial line to manufacture complex liquid injectables.
- Second floor will accommodate all the services and utilities to cater to manufacturing area on the first floor and on the third floor.
- In the present proposal, no facility will be set up on the third floor. However, at a later stage it is proposed that we will put up a third liquid vial line to manufacture complicated injectable suspension products and one pre-filled syringe (PFS) line to manufacture high value pre-filled syringe injectable products on the third floor. This facility will be set up at a later stage and the cost of the related plant and machineries are not covered in the current project estimates.

Break-up of Civil Construction cost

Our Company is in discussions with certain Civil Contractors but is yet to finalise the Civil Contractor for construction of the building. However, the cost estimates are arrived at by our Engineering Personnel who have requisite knowledge/skills and experience in the Civil Works.

Description	**Amount (₹ In lacs)**
Injectable Block *consisting of 2 vial manufacturing lines (which includes manufacturing, compounding, washing, filling, sealing, collection, and change rooms)*	534.60
Service area 1st level *consisting of Air Handling Units (AHU), utility equipments, water system, mechanical pipings, building management system*	194.40
Clean room partitions SS part	28.00
Clean room partition Non SS	44.80
Clean room ceiling	55.30
Non Clean room ceilings	3.00
Clean room doors Double	10.90
Single doors	7.80
Vision panels	2.40
Covings sealant cutouts etc	10.00
Flooring - *epoxy flooring for production area, granite for office and corridor,*	39.60
Plumbing and storm water systems	25.00
Miscellaneous foundations (equipments and AHUs)	10.00
Utility Block consisting of equipments and AHUs	33.00
Effluent treatment plant accessories drain lines	10.00
Hoist - *equipment to shift raw material, packing materials, and other items required for production activity from different floor levels*	40.00
Total (A)	**1,048.80**

(B) **Water System – ₹ 185 lakhs**

Water is one of the most important and widely used substance / raw material in production, processing and formulation of pharmaceutical products. Different grades of water quality are required depending on the formulation of the pharmaceutical products. Control of quality of water throughout the production, storage and distribution process, including microbiological and chemical quality is of great importance.

Currently our Company has 4 bore-wells. In case of any shortfall from the internal bore wells, we can also source water from outside private sources.

The costing for the system required for circulation of water in the proposed line of manufacturing is given below :

(₹ in Lacs)

Description	Amount	Remarks
Multi Effect Distillation Still (MEDS) (1000 Ltr)	48.00	Equipment used for production of high purity distilled water (water for injection) used in manufacturing products and washing of containers in production process
Water For Injection (WFI) storage tank 300ltr	10.00	
Purified water loop	40.00	
WFI loop system	50.00	
Purified water generation	25.00	
Soft water plant	7.00	
Potable water tank	5.00	
	185.00	

(C) **<u>Utilities – ₹ 80 lakhs</u>**

The requirement of funds towards utilities are given below :

Particulars	(₹ in lakhs)	Remarks
Screw Chillier 155TR	25.00	For removing heat from a liquid through vapour compression – Equipment used for supply of chilled water to air handling units to maintain the room temperatures in production and raw material storage areas
DG Set 600 KVA	40.00	DG Set for the Power requirement of new area.
Non Lubricated Air compress air 200 cfm	10.00	Compressor for generating compressed oil free air.
Nitrogen Storage tank	5.00	Storage of Nitrogen Gas used for Production. Nitrogen (Inert gas) used for purging out air from vessels, containers, vial filling in various stages of production activities
	80.00	

(D) **<u>Heating Ventilation and Air Conditioning (HVAC) System and Accessories – ₹ 300.10 lakhs</u>**

HVAC forms an integral component in a pharmaceutical manufacturing facility important for safety of scientists and technicians and the integrity of the various manufacturing processes. Air-handling Ventilation and Air conditioning system consists of Air Handling Unit, Exhaust Units, Hepa Filters, Ducting, Insulations, etc. HVAC is required to provide clean air (with contamination free and particle free upto a specified limits as per regulatory norms) to the Production Floor Area with required temperature and humidity.

The requirement of funds towards HVAC System is given below:

Description	Nos	Rate (₹ Lacs)	Total (₹ Lacs)
Air Handling Unit	15	7.00	105.00
Manifolds for TFU & AHU	15	0.80	12.00
Fire dampers, Filters in HVAC	15	0.20	3.00
Exhaust Units	4	5.00	20.00
HEPA Modules & HEPA Filters	75	0.30	22.50
Ducting	15	3.84	57.60
Insulation for pipe lines and ducts	15	1.00	15.00
Online particle measurement for filling lines	1	25.00	25.00
Building Management System	1	40.00	40.00
			300.10

(E) **Production Equipments – ₹ 1,235.60 lakhs**

The various equipments for the proposed manufacturing line and the estimated costs are as under :

Description	Nos	Rate (₹ lakhs)	Total (₹ lakhs)	Function
Input Autoclave with pure steam generator	1	35.00	35.00	For sterilization of process equipments and products.
Terminal sterilizer	1	25.00	25.00	Sterilization of Injectable Products
Integrated vial line 130 vials per minute	1	400.00	400.00	Production equipment for washing of vials, filling of solution into vials & sealing of vials after filling.
Lyophiliser 20 Sq mtr	1	600.00	600.00	Equipment used to freeze drying of the product without altering the original product composition. Freeze drying process is used to remove liquid moisture from products by evaporation or sublimation.
Manufacturing vessels (1000 ltr)	1	50.00	50.00	Used in manufacturing operations
Storage vessel	1	8.00	8.00	For storing WIP (Batch)
Stainless Steel Laminar Air Flow (LAF) Unit	5	7.00	35.00	Supply of vertical clean air on manufacturing Line
Dynamic Pass box	3	4.00	12.00	To transfer material & equipment from corridor to clean rooms.
Continuous particle monitoring	Lump sum		15.00	To measure particle in the manufacturing area on continuous basis.

Filtration assembly	1	3.00	3.00	To filter product solution before filling.
Filter Integrity tester	1	3.00	3.00	To test the filters for any damage or integrity.
Cross over benches	Lump sum		5.00	To bifurcate the area between normal usage to clean room area.
Dress storage cabinets	8	0.20	1.60	Used in Change Rooms for storing clean room garments.
Dress storage cabinets	1	10.00	10.00	
Sterilization bin	1	3.00	3.00	To transfer material from clean room to sterilization area.
IPQC lab	Lump sum		6.00	In-process Quality Control Lab
SS hand trolley	Lump sum		3.00	Used in Production floor
SS Pallet	Lump sum		2.50	Used in Production floor
Storage cabinet	Lump sum		2.50	Used in Production floor
Dynamic Dress cabinets for sterile area	4	4.00	16.00	To store the sterile dresses for clean room usage.
			1,235.60	

(F) **<u>Secondary Packaging – ₹ 80 lakhs</u>**

After the filling operations, the products (filled vials/ampoules) are to be inspected, labelled and packed in the prescribed cartons/boxes/shippers and transferred to the warehouse. The following machineries are used for Inspection, Labelling and Packing Operations and their estimated costs are as under :

Description	Nos	Rate (₹ lakhs)	Total (₹ lakhs)
Ampoule and vials line change parts storage cabinets	1	0.50	0.50
Packing line change parts storage cabinets	2	0.30	0.60
Vial Inspection machine	1	2.50	2.50
Manual Inspection hoods	5	0.50	2.50
Vial packing Conveyors	3	0.50	1.50
Labeling machine	1	3.00	3.00
Cartonator semi automatic	2	20.00	40.00
Overprinting machine with Inkjet	2	5.00	10.00
Shrink wrapping m/c	1	2.50	2.50
Pallet shrink wrap machine	1	4.00	4.00
Gum taping machine	3	1.50	4.50
Closed trolley with wheels to transport change parts and storage in tools room.	2	1.50	3.00
Weighing balance	3	0.60	1.80
Miscellaneous			3.60
			80.00

(G) **Mechanical Piping – ₹ 100 lakhs**

Piping is required to supply Compressed Air (GI Pipes), Nitrogen Gas (SS Pipes), LPG (MS Pipes), Raw Water (GI/HDPE Pipes), Steam (MS Pipes), Pure Steam (SS Pipes), WFI & Purified Water (SS Pipes) and Chilled water (MS Pipes) from Utility Area to the respective areas of shop floor for production operations and equipments.

The piping equipments for the proposed project and their costing are estimated as under:

Description	Nos	Rate (₹ lakhs)	Total (₹ lakhs)
SS Air lines with filters in the process areas	2	2.00	4.00
Air Regulating PRV & Lines	1	5.00	5.00
All Field instruments Pressure gauges/Temp etc	2	1.00	2.00
Food grade gaskets and other material	1	1.00	1.00
Air filters Dominic Hunter	10	0.20	2.00
Nitrogen gas distribution piping system	1	6.00	6.00
Steam line PRV with Insulation	1	10.00	10.00
Fabrication of other piping and erection Chilled water	1	25.00	25.00
Fabrication of structures at service floors	2	6.00	12.00
Insulation for the pipe lines	1	10.00	10.00
Painting	1	10.00	10.00
Water system piping and fixtures	1	5.00	5.00
Pendants	6	1.20	7.20
Drainage GMP traps	20	0.04	0.80
			100.00

(H) **Warehouse – ₹ 110 lakhs**

Description	Nos	Rate (₹ lakhs)	Total (₹ lakhs)
Raw Material stores, Racks and Material Handling Equipment	500	0.05	25.00
Packing Material storage racks & handling system	500	0.05	25.00
Dispensing booth in Stores	1	6.00	6.00
Sampling booth	1	6.00	6.00
Air showers		5.00	5.00
COLD room 2-8 Degree C for storing of Materials	1	25.00	25.00
Other Racks			8.00
Miscellaneous			10.00
			110.00

The racks in Raw Material / Packing Material Stores are required for storing the material in a systematic manner.

Dispensing booth is required to dispense the material under GMP Conditions to the production floor.

Sampling booth is required to test the materials before acceptance

Air Showers would be used to restrict the admission of all types of particulate and microbial contamination

Cold Room is proposed for storage of certain grade of products that requires cooling at temperatures ranging from $2^{o}C$ to $8^{o}C$.

(I) **Office and other miscellaneous equipments – ₹ 20 lakhs**

Description	Nos	Rate (₹ lakhs)	Total (₹ lakhs)
Fire extinguishers	20	0.05	1.00
Office furniture	10	0.50	5.00
Computers	10	0.80	8.00
Plant furniture	1	2.00	2.00
Telephones	10	0.10	1.00
Fax copiers etc	1	1.00	1.00
Security accessories	1	2.00	2.00
			20.00

(J) **Contingencies, Tax, Freight, Transport & Packing expenses**

A provision of 10% for tax and 2% for freight and transport has been made on items of cost pertaining to water system, utility, HVAC, production equipments, secondary packaging, mechanical piping and warehouse and 5% for contingencies on all items of cost.

Items of Cost	Tax (@10%) and Freight (@2%)	Contingency (@5%)	Total
Civil Construction	-	52.44	52.44
Water System	22.20	9.25	31.45
Utility	9.60	4.00	13.60
HVAC	36.01	15.01	51.02
Production Equipments	148.27	61.78	210.05
Secondary Packaging	9.60	4.00	13.60
Mechanical Piping	12.00	5.00	17.00
Warehouse	13.20	5.50	18.70
Office Equipments etc	-	1.00	1.00
	250.88	157.98	**408.86**

(K) **Issue Expenses – ₹ 50 lakhs**

Particulars	(₹ Lacs)	% of total estimated issue expenditure	% of Issue Size
Fees of the Intermediaries to the Issue	20.00	40.00%	0.57%
Advertisement, Postage, Printing and Stationery	20.00	40.00%	0.57%
Others (filing fees, stamp duty, contingency etc)	10.00	20.00%	0.29%
	50.00	100.00%	1.43%

Deployment of Funds & Sources of Funds

We have incurred the following expenditure on the project during FY 2014-15 till August 31, 2014 as certified by M/s T.S. Giri & Associates, Chartered Accountants, vide their letter dated September 25, 2014

Expenditure Head	Amount (₹ in Lacs)
Deployment of Funds	
Issue Expenses - Legal & Statutory expenses and Merchant Banker fees	14.05
Total	**14.05**
Sources of Funds	
Internal accruals	14.05
Total	**14.05**

Schedule of Deployment of Funds towards the Object of the Issue is as under :

(₹ in Lacs)

Activities	FY 2014-15	FY 2015-16	Total
Civil Construction	350.00	698.80	1,048.80
Water System	55.50	129.50	185.00
Utilities	24.00	56.00	80.00
HVAC	100.00	200.10	300.10
Production Equipments	370.68	864.92	1,235.60
Secondary Packaging	24.00	56.00	80.00
Mechanical Piping		100.00	100.00
Warehouse		110.00	110.00
Office & Miscellaneous equipments		20.00	20.00
Contingencies		157.98	157.98
Taxes & freight		250.88	250.88
Issue Expenses	50.00	-	50.00
			3,618.36

SCHEDULE OF IMPLEMENTATION OF THE PROPOSED PROJECT

Activity	Date/Expected date of commencement	Date/Expected date of completion
Development of Land	Not applicable	Not applicable
Civil Construction	December 2014	October 2015
Placement of orders for Plant & Machineries / Equipments	December 2014	March 2015
Delivery of Plant & Machineries	May 2015	September 2015
Erection of Plant & Machineries	September 2015	December 2015
Orders for Utilities and Miscellaneous Fixed Assets	January 2016	February 2016
Trial Production	February 2016	February 2016
Commercial Production	March 2016	

We do not intend to utilize the proceeds of the Issue to procure any second hand equipment/ machinery.

The Promoter or the Directors or the Promoter Group entities do not have any interest in the proposed procurement of any equipment/ machinery as stated above or in any of the entities from whom we intend to acquire the plant and machinery or other components of the Project.

Interim Use of Funds

We intend to put to use the funds raised from rights issue towards the objects of the issue as per the schedule of implementation. However, for any interim period pending such utilisation, we may invest the proceeds or part of the proceeds of this Issue in interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration or towards reducing our borrowings from banks / others or giving loans or advances and for such other purposes as the Board of Directors deem fit to be in the best interest of our Company.

Monitoring of utilization of funds

As the issue size is less than ₹ 500 Crores, appointment of monitoring agency is not mandatory as per the provisions of Regulation 16 of SEBI (ICDR) Regulations. The Board of Directors of our Company will monitor the utilization of the Issue proceeds through its Audit Committee comprising of non executive and independent directors who have been entrusted with the responsibility of monitoring the use of Issue proceeds. The Company will disclose the utilization of the proceeds of the issue in the quarterly and annual results in the prescribed format as may be required under the Listing agreement and other applicable regulatory provisions.

No part of the issue proceeds will be paid by the Company as consideration to the Promoter, Directors, key management personnel or companies promoted by the Promoter except in the normal course of business.

There are no material existing or anticipated transactions in relation to utlisation of the issue proceeds or project cost with promoter, directors, key management personnel, associates and group companies.

Other Confirmations

No part of the issue proceeds will be paid by our Company as consideration to the Promoter, Directors, companies promoted by the promoter or key managerial personnel except in the ordinary course of business

In the event we are unable to obtain any of the approvals that are currently pending in relation to the projects described in this section and the non-receipt of such approval makes the project unviable, then our management will decide on the utilization of the Net Proceeds for other objects or other uses in accordance with the policies of our Board and in compliance with the provisions of the Companies Act and other applicable laws.

BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Managers on the basis of assessment of market demand for the Equity Shares offered by way of Rights Issue. The face value of the equity shares is ₹ 10/- and the Issue Price is **[●]** times the face value.

Qualitative Factors

- Our Company is presently under the management control of Gavis Pharma LLC, USA. Gavis Group of companies led by their executive team, have end-to-end expertise in the pharmaceutical business in the US and other regulated markets.
- Our manufacturing facility has been approved by regulatory agencies of various countries, such as USFDA of the U.S.A, ANSM of France, TGA of Australia and Health Canada of Canada.
- We presently manufacture sterile products for leading multinational companies as well as large Indian pharmaceutical companies.
- We have a dedicated team for development of products and for filing the ANDAs. We have already filed more than 20 ANDA for US market in FY 2014-15. We also have a pipeline of about 30 ANDAs and 10 NDAs for filing in US and Europe market in the next one year.
- The proposed facility will help the company achieve significant progress in exports of complex generic injectable/ophthalmic to US and other regulated markets.

For more information, please refer to the Chapter "*Business Overview" beginning* on *page n*o. 72 of this Draft Letter of Offer.

Quantitative Factors

Information presented in this section for period upto March 31, 2014 is derived from our audited restated standalone financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for deciding the price, are as follows:

1. Earning per share (Basic & diluted EPS) - standalone

Year	Basic EPS (₹)	Weights	*Diluted EPS (₹)	Weights
March 31, 2012	(10.26)	3	-	3
March 31, 2013	(25.79)	2	-	2
March 31, 2014	(6.98)	1	-	1
Weighted Average				
June 30, 2014 (not annualised) – *	1.74	NA	1.74	NA

*** *Unaudited financials subjected to limited review by Auditors***

2. Price/ Earning ratio (P/E) in relation to issue price of ₹ [●]

Particulars	P/E at the price of [●]
Based on restated EPS for FY ended March 31, 2014	●

3. Return on Net Worth (RoNW) -

Year	RoNW (%)	Weights
March 31, 2014	-	3
March 31, 2013	-	2
March 31, 2012	-	1
Weighted Average		
June 30, 2014		

4. **Minimum Return on Net Worth Required**

Particulars	Return on Net worth (%)
Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS	●

5. Net Asset Value (NAV) per share - Standalone

Particulars	NAV (₹)
As at March 31st , 2014	35.26
After Issue at issue price	**[●]**
Issue Price per Equity Share	**[●]**

6. Industry P/E*

Particulars	Industry P/E
Highest	**39.10**
Lowest	**3.40**
Average	**21.25**

****Industry P/E specified herein above is based on TTM (Trailing Twelve Months) EPS for the period ended June 30, 2014.***

Source; Capital Market July 21-Aug 3, 2014 edition; classified under "Pharmaceuticals – Bulk Drugs & Formulation"

7. Comparison of accounting ratios with peer group

Our Company is primarily engaged in the business of manufacture and sale of pharmaceutical products. We have chosen the companies which we believe are our peers in the segment in which we operate and for such companies, relevant financial data was available:

Name of the Company	Diluted EPS (₹)	P/E Ratio	RoNW % #	NAV per share ₹) #
Wintac Ltd.*	(3.14)	-	-	35.26
Celestial Biolabs Limited	0.49	60.10	0.99%	49.33
Makers Laboratories Limited	1.21	32.36	2.60%	46.58

*Earning Per Share, Return on Networth and Net Asset Value of our Company are based on the last audited restated financial statements for the Financial Year ended March 31, 2014.

** *Based on the Issue Price to be determined and the basic/diluted EPS of our Company.*

For Peer group companies the EPS figures are based on the standalone audited results for the year ended March 31, 2014 and P/E ratio is based on the consolidated Diluted EPS for the financial year ended March 31, 2014 and Market Price (BSE) as on September 26, 2014

The Face Value of Equity Shares is ₹ 10 and the Issue Price of ₹ **[●]**is **[●]** times of the face value

The Issue Price of ₹ **[●]** is determined by our company in consultation with the Lead Managers and is justified in view of the above qualitative and quantitative parameters.

Prospective investors should also review the entire Letter of Offer, including, in particular the sections titled "Risk Factors", "Business Overview" and "Financial Information" appearing on page nos. 8, 72 and 124 respectively to have a more informed view.

STATEMENT OF TAX BENEFITS

Auditor's Report on Possible Tax Benefits Available to the Company and its Shareholders

To
The Board of Directors,
Wintac Limited

Dear Sirs,

We hereby report that the enclosed Annexure states the possible special tax benefits that may be available to Wintac Limited (the "Company") and to the shareholders of the Company under the provisions of the Income Tax Act, 1961, the Wealth Tax Act, 1957, and other allied tax laws presently prevailing and in force in India.

The contents of this Annexure are based on 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. Several of these benefits are subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to the fulfillment of such conditions.

The benefits discussed in the Annexure are not exhaustive. The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. Investors are advised to consult their own tax consultants with respect to the specific tax implication arising out of their participation in the proposed Rights Issue of equity shares of the Company.

The tax rates and various provisions of the Income Tax Act, 1961 referred to in the Annexure to this report are as prescribed in the Finance Act, 2014 applicable for financial year ended March 31, 2015.

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

i) The Company or its shareholders will continue to obtain these benefits in future; or
ii) The conditions prescribed for availing the benefits have been / would be fulfilled by them.

This report is intended solely for the information and for inclusion in the Draft Letter of Offer to the proposed Rights Issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without obtaining our prior written consent.

For RAO & SWAMI
Chartered Accountants
(FRN No. 003105S)

(H. Anil Kumar)
PARTNER
Membership No.22329
Place: Bangalore
Date: 1st September, 2014

Annexure to the Auditor's Report on Statement of Tax Benefits Available to the Company and Its Shareholders

STATEMENT OF GENERAL TAX BENEFITS

A). BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (the "Act"):

1. To the Company:

Presently the company is not availing any special tax benefit other than the deductions towards revenue expenditure incurred and depreciation on its tangible and intangible assets as available under Chapter IV –D of the Income tax Act, 1961 relating to computation of income under the head "Profits and Gains of Business or Profession".

2. To the Shareholders of the Company

2.1 Resident Shareholders

i) Dividend received from the company is exempt from the tax under section 10(34) of the Act.

ii) Long-term capital gains on transfer of shares on which securities transaction tax is paid will be exempt from tax under section 10(38) of the Act.

iii) Short-term capital gains on transfer of shares on which securities transaction tax is paid will be chargeable to tax @ 15% *(plus applicable surcharge (in the case of companies) & education cess)* as per the provisions of section 111A of the Act.

iv) Deduction under section 54EC of the Income tax Act, 1961 is available to the extent of Long-term capital gain arising from transfer of shares of the company on which securities transaction tax has not been paid is invested within six months of the date of transfer in any specified asset.

v) Deduction under section 54F of the Income Tax Act, 1961 is available for holders being individuals or HUFs in respect of Long-term capital gain arising from transfer of shares of the company on which securities transaction tax has not been paid, in proportion to the net consideration utilized for construction / purchasing a new residential house subject to satisfying the other terms and conditions specified therein.

2.2 Non-Resident Shareholders

i) Dividend received from the company is exempt from tax under section 10(34) of the Act.

ii) Long-term capital gains on transfer of shares on which securities transaction tax is paid will be exempt from tax under section 10(38) of the Act.

iii) Deduction under section 54EC of the Income tax Act, 1961 is available to the extent of Long-term capital gain arising from transfer of shares of the company on which securities transaction tax has not been paid is invested within six months of the date of transfer in any specified asset.

iv) Deduction under section 54F of the Income Tax Act, 1961 is available for holders being individuals or HUFs in respect of Long-term capital gain arising from transfer of shares of the company on which securities transaction tax has not been paid, in proportion to the net consideration utilized for construction / purchasing a new residential house subject to satisfying the other terms and conditions specified therein.

v) In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, will be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.

vi) As per the provisions of Section 115G of the Act, it will not be necessary for a non-resident Indian to furnish his return of income if his only source is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income.

vii) Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under Section 1 39 of the Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would be computed as per normal provisions of the Act.

viii) Under the first proviso to Section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of the shares of the company acquired in convertible foreign exchange (as per exchange control regulation), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

ix) As per section 115H of the act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act 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 subsequently assessment years until such assets are converted into money.

2.3 Mutual Funds

In terms of Section 10(23D) of the Act, mutual funds registered under the Securities and exchange Board of India Act, 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions Specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the company.

2.4 Foreign Institutional Investors (FIIs)

Under section 115AD capital gain arising on transfer of long term capital assets [other than those exempt U/S 10 (38)], being shares and debentures in a company, are taxed @ 10% (plus applicable surcharge and education cess). Such capital gains would be computed without giving effect to the first and second proviso to Section48,. In other words, the benefit of taxation, direct or indirect, as mentioned under the two provisos would be allowed while computing the capital gains.

B). BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (the "Act"):

Shares in company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957 and hence, wealth tax is not leviable on shares held in the company.

C). UNDER THE GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However, as per the provisions of Section 56 of the Act, the receipt of shares, without adequate consideration or inadequate consideration, by an individual or Hindu Undivided family (HUF) shall be chargeable to tax in the hands of such individual or HUF, subject to conditions specified in Section 52(2)(vii) of the Act.

NOTES:

a) At present, the Company does not enjoy any special direct tax benefits.
b) All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by joint holders.
c) In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.
d) In view of the individual mature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.
e) The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

For RAO & SWAMI
Chartered Accountants
(FRN No. 003105S)

(H. Anil Kumar)
PARTNER
Membership No.22329
Place: Bangalore
Date: 1st September, 2014

ABOUT US

INDUSTRY OVERVIEW

The information presented in this section relating to the Pharmaceutical industry has been extracted from statistics and reports from FICCI, India Brand Equity Foundation (IBEF) and publicly available information. This data and the projections of future data has not been prepared or independently verified by us or the Lead Managers or any of their respective affiliates or advisors. The data may have been re-classified by us for the purpose of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

INDUSTRY OVERVIEW *(*Source : India brand Equity Foundation - www.ibef.org*)*

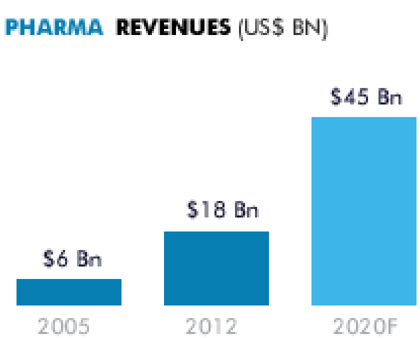
India's pharmaceutical industry accounts for about 1.4 per cent of the global pharma industry in value terms and 10 per cent in volume terms. Among the fastest growing pharma industries in the world, India's pharmaceutical sector is expected to expand at a compound annual growth rate (CAGR) of 12.1 per cent during 2012–2020 and reach US$ 45 billion.

The Indian pharmaceuticals market grew at a CAGR of 17 per cent in 2012. By 2020, the country is expected to be within the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. Currently, Indian drugs are exported to more than 200 countries in the world, with the US as the key market.

The Government of India's expenditure on health increased from US$ 14 billion in 2008 to US$ 23 billion in 2011. The expenditure is projected to expand at a CAGR of 18 per cent during 2008–16 to touch US$ 53 billion, thereby increasing the share of government expenditure towards total healthcare spending from 27.6 per cent to 39.9 per cent during the same period.

Revenue of Indian pharmaceutical industry

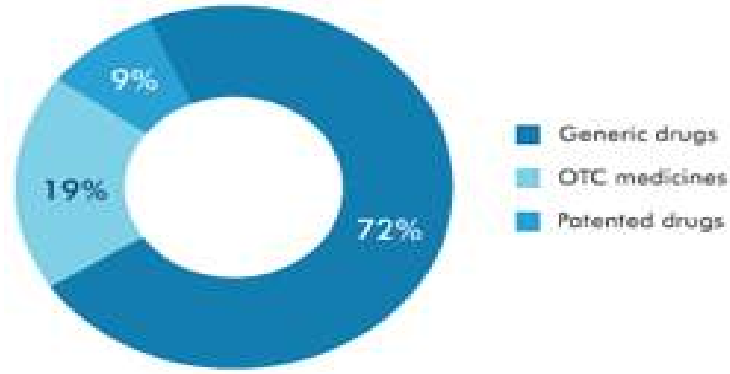
The Indian pharmaceuticals market is expected to grow at a CAGR of 12.1 per cent to reach US$ 45 billion in 2020.



(*Source : India brand Equity Foundation - www.ibef.org*)

Revenue share of Indian pharmaceutical sub-segments

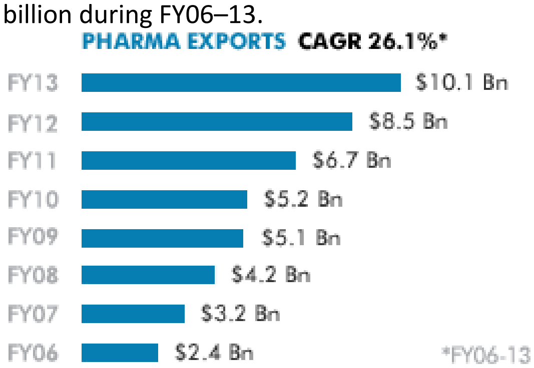
With 72 per cent of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector.



(Source : India brand Equity Foundation - www.ibef.org)

Export data of Indian pharma industry

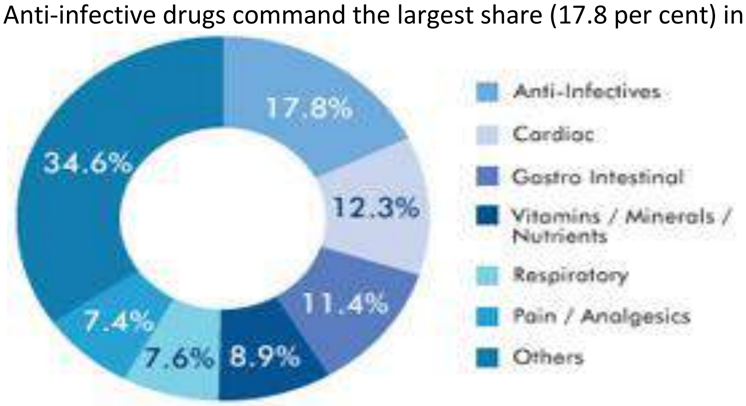
In terms of value, pharmaceutical products exports have increased at a CAGR of 26.1 per cent to US$ 10.1 billion during FY06–13.



(Source : India brand Equity Foundation - www.ibef.org)

Indian pharmaceutical market segments by value

Anti-infective drugs command the largest share (17.8 per cent) in the Indian pharma market.



(Source : India brand Equity Foundation - www.ibef.org)

India is among the top five emerging pharma markets and has grown at an estimated compound annual growth rate (CAGR) of 13 per cent during the period FY 2009–2013. The Indian pharmaceutical market is poised to grow to US$ 55 billion by 2020 from the 2009 levels of US$ 12.6 billion, according to the report titled 'India Pharma 2020' by McKinsey & Co.

A new cluster of countries is contributing to the growth of the pharma industry, resulting in a robust jump in exports of drugs. The country's pharma industry accounts for about 1.4 per cent of the global pharma industry in value terms and 10 per cent in volume terms. Both domestic and export-led demand contributed towards the robust performance of the sector.

An increase in insurance coverage, an ageing population, rising income, greater awareness of personal health and hygiene, easy access to high-quality healthcare facilities and favourable government initiatives are some of the important factors expected to drive the pharma industry in India. The Government of India has unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacturing.

(*Source : India brand Equity Foundation - www.ibef.org*)

Market Size

On improved utilisation of manufacturing facilities, the domestic pharmaceutical market is likely to see high revenue growth and profit margins. Pharmaceutical sales in India are expected to grow by 14.4 per cent to US$ 27 billion in 2016 from US$ 22.6 billion in 2012, according to a report by Deloitte called '2014 Global Life Sciences Outlook'.

India's pharmaceutical exports stood at US$ 14.84 billion in FY 2013–14. The United States (US) is the country's biggest market for pharma exports accounting for about 25 per cent, followed by the United Kingdom (UK). "India has been able to make its name as a quality supplier of affordable medicines across the globe. We are expecting around 12 per cent growth this fiscal (2014–15)," said Mr P V Appaji, Executive Director, Pharmaceutical Export Promotion Council of India (Pharmexcil).

Pharma exports from India will be more than the size of the domestic sales by FY 2015, according to a report by India Ratings & Research. The country provides generic medicines to almost 200 countries. It is responsible for about 40 per cent of the generic and over-the-counter drugs consumed in the US. Indian generics market is expected to grow to US$ 26.1 billion by 2016 from US$ 11.3 billion in 2011.

(*Source : India brand Equity Foundation - www.ibef.org*)

Investments

The allowance of foreign direct investment (FDI) in India's pharma sector was well received by foreign investors. The cumulative drugs and pharmaceuticals sector attracted FDI worth US$ 11,588.42 million in the period April 2000–February 2014, according to data published by Department of Industrial Policy and Promotion (DIPP).

(*Source : India brand Equity Foundation - www.ibef.org*)

Government Initiatives

As per extant policy, FDI up to 100 per cent, under the automatic route, is permitted in the pharmaceuticals sector for Greenfield investment. Hundred per cent FDI is also permitted for investments in existing companies under the government approval route. Further, the Government of India has also put in place mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to address the issue of affordability and availability of medicines.
The government plans to create a special entity in partnership with private firms for a 'Brand India Pharma' campaign with the objective of improving the image of drug exporters. The special purpose vehicle (SPV) will be in operation in the next few weeks, said Mr Rajeev Kher, Commerce Secretary, Government of India.

In a move to simplify the barcode procedures for pharmaceutical companies and to ensure quality, the Government of India has decided to treat mono cartons containing medicines as primary level packaging, as per the Directorate General of Foreign Trade (DGFT).

The Ministry of Chemicals and Fertilisers has unveiled a scheme that will enable pharma units in different clusters across the country to set up common infrastructure facilities with substantial financial assistance from the government.

(*Source : India brand Equity Foundation - www.ibef.org*)

Road Ahead

India Ratings and Research has revised its outlook on the pharmaceuticals sector for FY 2014–15 to positive from stable on the back of increased exports. With the support of Pharmexcil and the government in the form of Brand India Pharma project iPHEX, the sector would continue to grow and meet the healthcare requirements of the developing world. The country will also see the largest number of mergers and acquisitions (M&A) in the pharmaceutical and healthcare sector, according to consulting firm Grant Thornton.

With 70 per cent of India’s population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth.
The non-small cell lung cancer (NSCLC) therapeutics market value in the Asia–Pacific region is expected to grow at a CAGR of 6.3 per cent to touch US$ 2.9 billion by 2019 from US$ 1.8 billion in 2012, according to GBI Research. An aging population and increasing number of NSCLC incident cases will be the main drivers behind this anticipated growth in India.

Exchange rate used INR 1= US$ 0.01667 as on May 08, 2014

(*Source : India brand Equity Foundation - www.ibef.org*)

Advantage India

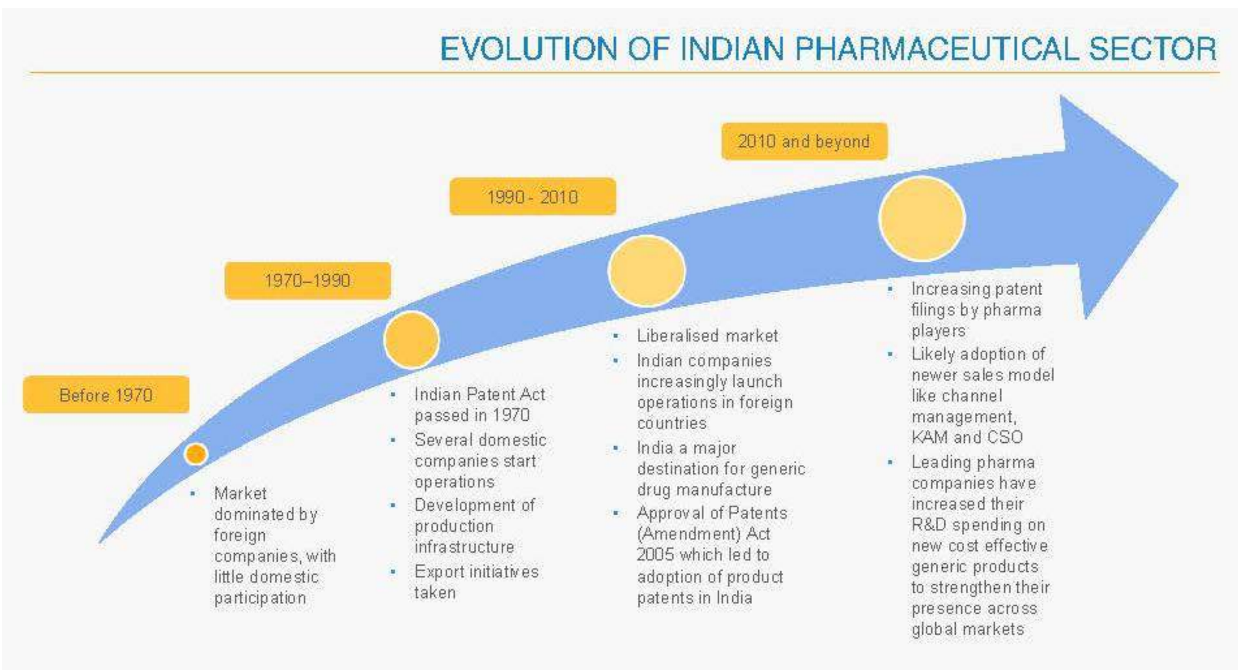
Low cost of production and Research & Development boosts the efficiency of Indian Pharma companies. India's cost of production is approximately 60% lower than that of the US and almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism.

India accounts for 10% of the global pharmaceutical production and has over 60,000 generic brands across 60 therapeutic categories with manufacture of more than 500 different API (Active Pharmaceutical Ingredient)

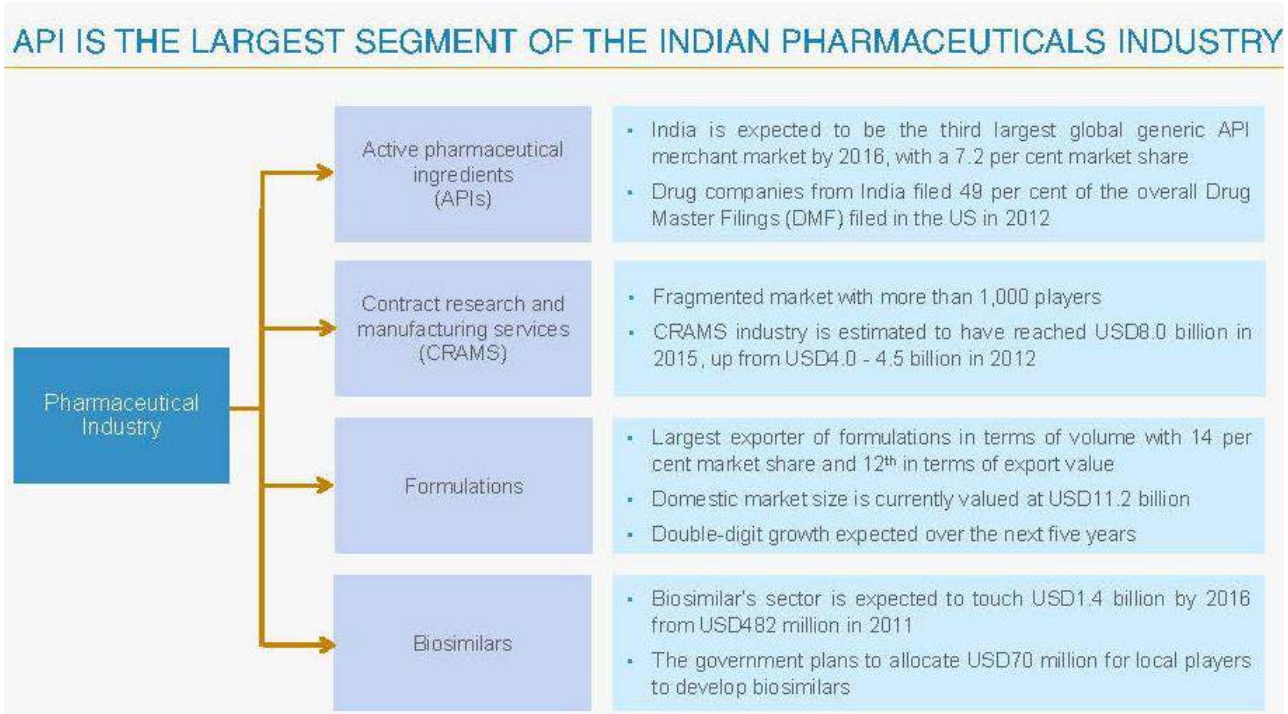
Giving a boost to the Pharma Industry, Government has unveiled "Pharma Vision 2020" aimed at making India a global leader in end-to-end drug manufacturing.

(Source : India brand Equity Foundation - www.ibef.org, Sectoral Presentation (April 2014))

EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR

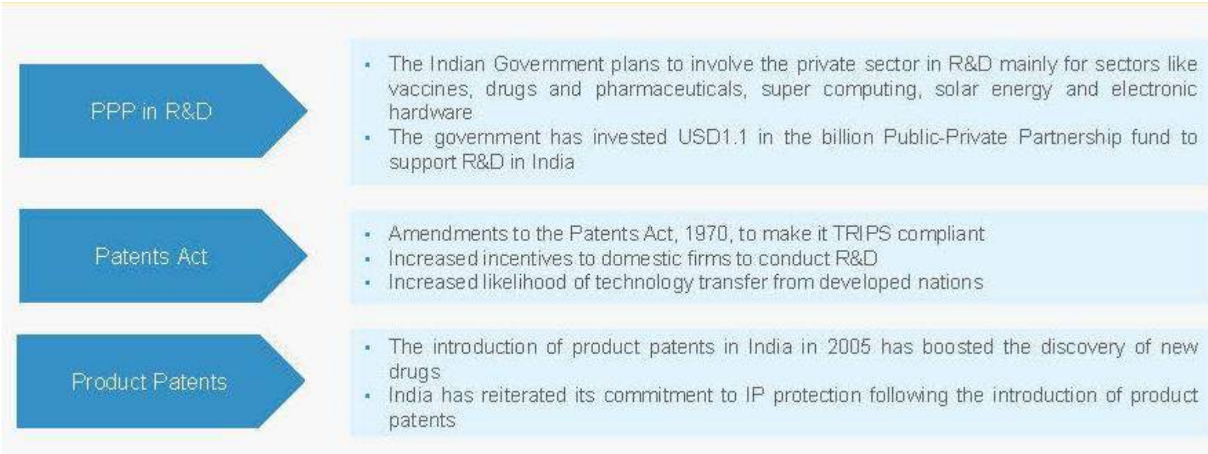


(Source : India brand Equity Foundation - www.ibef.org, Sectoral Presentation (April 2014))

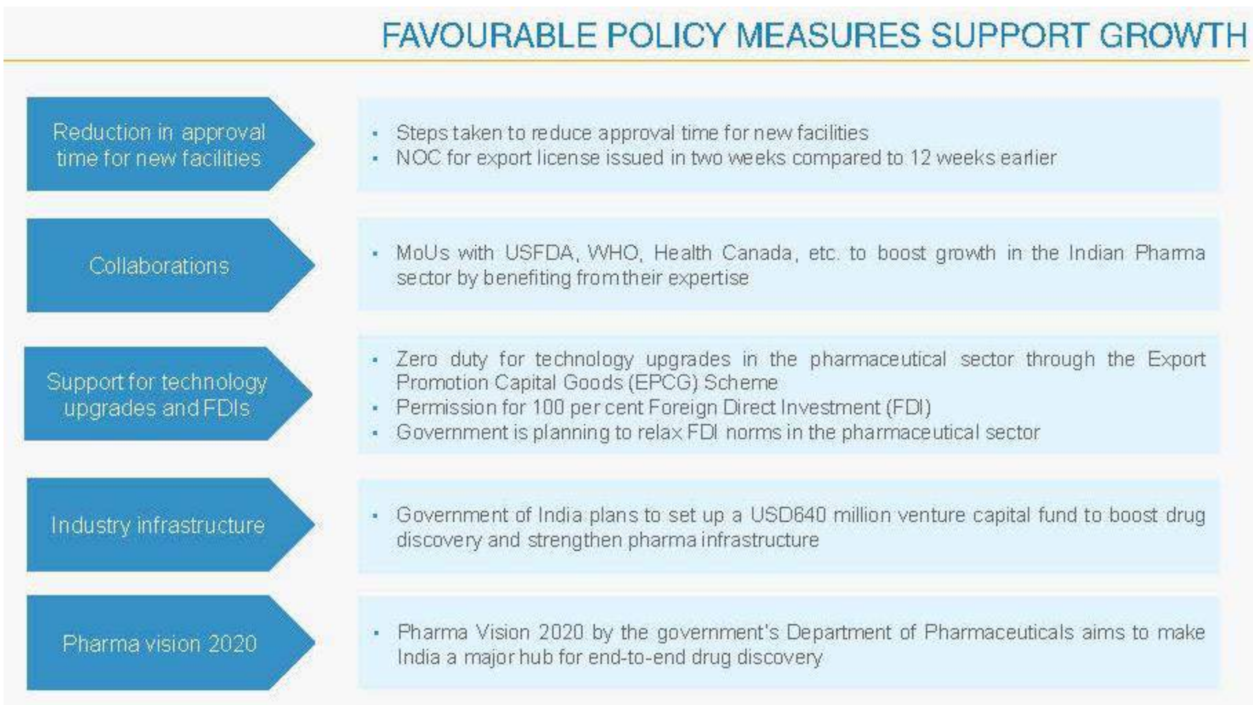


(**Source : India brand Equity Foundation - www.ibef.org, *Sectoral Presentation (April 2014))

<u>NOTABLE TRENDS IN THE INDIAN PHARMACEUTICAL SECTOR</u>



(*Source : India brand Equity Foundation - www.ibef.org, *Sectoral Presentation (April 2014))



(*Source : India brand Equity Foundation - www.ibef.org, *Sectoral Presentation (April 2014))

BUSINESS OVERVIEW

Our Company's business overview

We are a pharmaceutical company based in Bangalore and engaged in development, manufacturing and marketing of quality pharmaceutical products. Our primary business activity comprises of contract manufacturing of pharmaceutical formulations for major pharma companies. Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Haematinics, Vitamins, Anti-ulcerants, Anti-fungal, Anti-histamine, Anti-coagulant and Anti-bacterial formulations.

Our manufacturing unit is located in Boodhihal, in Nelamangala, Bangalore, Karnataka. Drugs Controller Department of Government of Karnataka has certified our unit as GMP unit. We have state-of-the-art manufacturing facilities for injectibles, ophthalmic suspensions and nasal sprays. Over the last few years our plant has been subjected to several international audits and has been acknowledged as a plant meeting the cGMP standards. Our manufacturing facility has been approved by several regulatory agencies including USFDA, ANSM- the regulatory agency of France (for terminally sterilized products and eye drop by asceptic process), TGA – Regulatory agency of Australia and Health Canada of Canada.

We have been in the business of manufacture of injectables for the last 18 years and our customers are multi-national and domestic pharmaceutical companies. We are fairly well established in this area of business and most of our customers have been our long-standing clients mainly on account of our quality standards and competitive pricing. We therefore, at present, do not foresee any significant issues due to competition. In order to achieve substantial growth in turnover and profitability, we have also entered the export arena of regulated markets like USA and Europe where we can expect sizable business growth.

During the financial year 2012-13 GAVIS acquired a controlling equity stake and subsequently became the Promoter of our Company.

The approval of our manufacturing plant by the USFDA and French Regulatory Authorities – ANSM has facilitated the entry of our company into USA and various European countries for offering our facility for contract manufacturing and marketing our products through strategic tie-up with distributors in the respective countries.

Our manufacturing facility was first inspected in the year 2009 by the USFDA authorities and was approved by them. We started commercial supplies to the US market in the year 2011. The re-inspection of the facility by the USFDA was carried out in September 2011 and the FDA issued certain critical observations and consequently issued a warning letter in February 2012. USFDA re-inspected our facility in August 2013 and upon being satisfied about the compliances, revoked the warning letter in April 2014 and confirmed our facility as acceptable.

We have entered into contracts with US based pharmaceutical companies for product development and supply agreements. Under the contract for development activity, we develop the products, prepare dossiers for the customers and the customers file the dossiers in the US and other regulated markets.

Our present manufacturing facility:

We are presently conducting our manufacturing operations at our manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. Here we manufacture sterile Small Volume Parenterals such as Ampoules and Vials, Large Volume Parenterals and Sterile Ophthalmic Preparations

The current installed capacity of our plant is

- ♦ Ampoules - 5.0 million/month
- ♦ Vials - 1.5 million/month
- ♦ Large Volume Parenterals - 0.02 million/month
- ♦ Ophthalmics - 1.4 million/month

We are presently focused mainly on the manufacture of small volume and large volume parenterals and sterile ophthalmic preparations meeting the cGMP standards. We manufacture sterile products (Injectibles and Ophthalmics) for leading multinational companies as well as large Indian Pharmaceutical companies such as:

Sanofi India Limited	-	Mumbai, India
Sanofi-Winthrop Industrie (SWIND)	-	France
Alcon Laboratories (India) Pvt Ltd	-	India
Bayer Pharmaceutical Pvt Ltd	-	India
Lundbeck India Private Limited	-	Bangalore
Micro Labs Limited	-	Bangalore
Medreich Limited	-	Bangalore
Alembic Pharmaceuticals Limited	-	Mumbai
Biocon Limited	-	Bangalore
Mylan Inc	-	USA
Perrigo Labs	-	USA
Whilshire Pharmaceuticals Inc	-	USA
OCuSOFT Inc	-	USA

COMPETITIVE STRENGTHS

(a) **Proven and experienced management team**

Mr. S.T.R. Mady, Chairman and Mr. S. Jayaprakash Mady, Managing Director of our Company have over 40 years and 30 years of experience, respectively, in the field of pharmaceutical manufacturing, marketing and product development. They have been associated with our Company since inception. We believe that our senior management team have adequate experience in the commissioning of and operating manufacturing capacities, managing finance, sales, business development and strategic planning. This combined with the pharmaceutical background and experience of GAVIS in regulated markets, enables us to explore and seize new opportunities and accordingly position ourselves to introduce new products.

(b) **State-of–the-art equipment and technology**

Our Company has invested in modern technology and equipment across all areas of its operations. Our management believes that our Company’s manufacturing technology is on par with its competitors. Additionally, our Company also keeps abreast with the latest developments in technology by attending international fairs & various other seminars & expositions and regular interactions with existing machinery suppliers. Upgradation in machines and training of manpower is always a focus of our Company in order to maintain the technology at par with international standards

(c) **In-house developmental capabilities**

We have the required technical team for the development of products for the regulated markets. The team is headed by Dr. Tathagutta Datta, Chief Scientific Officer who holds Doctorate in Pharmaceutical Sciences and Masters in Pharmaceutical Sciences. He is supported by a qualified team of scientists and pharmacists who have vast experience in the development of products and analytical skills in their respective fields.

We have a well equipped development lab with all the necessary instruments required for the development and analysis of all types of injectable and ophthalmic products. Our company has invested substantial amounts in these equipments. The lab practices and systems are in compliance with the international standards.

(e) **Established Customer Base**

Our customers are associated with us for a very long time due to our proven quality standards and ethical business standards. One of our major customers, Sanofi India Limited is with us since the setting up of our manufacturing plant despite change in their management several times in the last 20 years. The other customers are also associated with us for a long time.

We believe we have earned a fairly good reputation in the international/regulated markets like USA, Europe, etc. However, with the GAVIS acquiring the Promoter Status, our focus is now more on development of products for GAVIS and has reduced the dependence on other customers for product development capacity utilisation.

(f) **Cost effectiveness and location-based advantages:**

Our manufacturing plant is located in Nelamangala on the outskirts of Bangalore. We have been in this industry for more than two decades and are able to attract technical and non-technical manpower. Being located at the outskirts of Bangalore, we also have access to semi-skilled and un-skilled labour. As per the long term strategy, we are now focussing more on the exports market. Cost of input materials and labour, both skilled and unskilled, is lower as compared to the developed markets conferring on us certain location-based advantages. Further number of players in the injectable and ophthalmics segment is relatively less as compared to the other dosage forms of pharmaceutical products, thus providing us with a sectoral advantage also within the pharma industry.

Further, the USFDA has introduced an annual fee for manufacturing units, filing of dossiers (ANDA) which is quite significant. The capitalization of our company following entry of GAVIS as our major stakeholder has placed us in a position of relative advantage in this regard. The non-serious players in the pharma industry in India are discouraged from entering this market segment due to high registration and regulatory costs, thereby limiting competition in the regulated market.

Weaknesses/ Challenges

- Our Company is operating in a competitive environment having presence of strong players in the segment. However, we believe, we have carved out our own space in the market and that the demand is strong enough to absorb the capacities of the existing players.

- Global economic slowdown would affect the market for the products of our Company since our future major revenues are expected to be contributed by exports.

- The maintenance of the manufacturing plant continually compliant with current Good Manufacturing Practices is a challenging task and requires significant financial outlay as well as technical skills in the organisation. The gestation period between the development of products, filing of dossiers and approval of ANDAs is quite substantial and may even take more than 36 months. However, the association with GAVIS has provided us with the required financial strength and the increased volume of business is expected to help us sustain the costs involved besides being able to attract and retain talented technical personnel for ensuring continued GMP compliances.

- The risk of price erosion in the regulated generic market is more due to intense competition. However, we plan to develop products in niche segments/areas where competition is relatively lower.

Business Process

Our business operations can be categorised in to three verticals i.e., (i) Contract Manufacturing of Products for Domestic and Overseas Market, (ii) Development of Products and (iii) Marketing of Oncology Products:

<u>Contract Manufacturing of Products</u>

Potential customer is identified based on referrals, enquiry through e-mail or past relationship. The customer initially shares the list of products to be manufactured and we evaluate the same considering the nature of products, feasibility of manufacturing the said products in our facility, its production capacities, etc. If found feasible to take up the proposal, we apprise the customer of the tentative prices. The customer then conducts an audit of our manufacturing facility and on being convinced about our manufacturing facility and technical team’s capabilities, the customer negotiates the commercial supply prices and other costs associated with it. After the prices are mutually agreed upon, we enter into supply agreements for the manufacture of products. The commercial supply prices are determined considering the volumes (monthly/annual), type of products, technical skills required, etc. Customer then places the Purchase Orders/Rolling forecasts generally on monthly and quarterly basis based on which the production planning is done. The processing activity then starts as per the schedule drawn-up in consultation with the customer. The processing activity may change subject to change in the schedule of the activities of the customer. Quality checks are conducted at various stages of production as per the statutory norms to ensure that the standards set for the product are met with. After the product passes the quality check they are packed and moved to finished goods warehouse and invoice is raised. Products are dispatched to the customers’ specified location and payment is received.

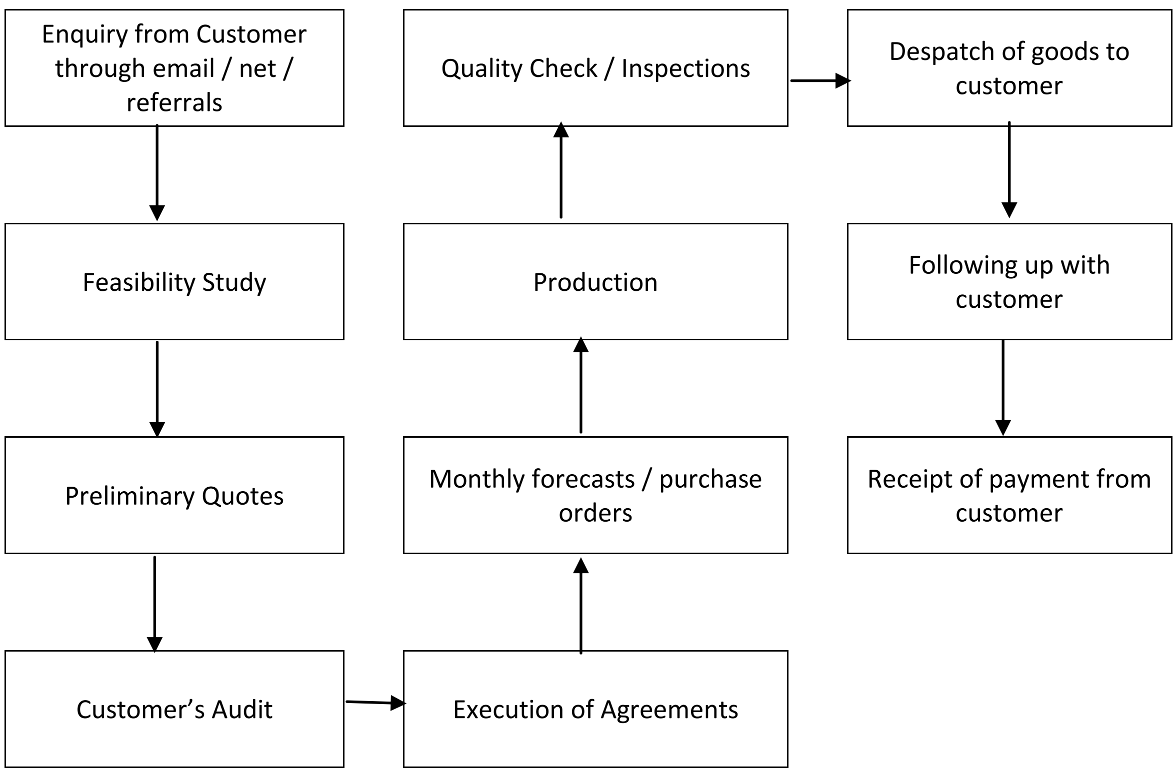
<u>Development of Products</u>

Potential customer is identified based on referrals, enquiry through e-mail or past relationship. The customer initially shares the list of products to be developed and we evaluate the same considering the nature of products, feasibility of developing/manufacturing the said products in our facility. If found feasible to take up the proposal, we communicate the tentative commercial terms to the customer. Thereafter, the customer conducts audit of our manufacturing facility and on being convinced about our manufacturing facility and technical team’s capabilities, the customers negotiate the commercial terms and other costs associated with it. After the prices are mutually agreed upon, we enter into Product Development agreements for the development of products and submission of dossiers. The development activity would be taken up as per the time lines specified in the agreement and the payments are received on completion of various stages of development of the products which are detailed in the Product Development Agreements.

Marketing of Oncology Products

We have a compact team of 14 personnel to market Oncology Products. Manufacturing of the products (approximately 25 Products) is outsourced and finished products are bought from the contract manufacturers. We have tied up with C&A Agents and Distributors in major cities. The field personnel promote the products by visiting hospitals and doctors and we also participate in the tenders from the Institutions/Hospitals. The products are supplied through C&A Agents and Distributors and payments are received as per the credit terms with the Distributors and Hospitals/Institutions. However, the size of this business is very small as compared to total business of the Company.

BUSINESS PROCESS



BUSINESS STRATEGY

Our Company's growth strategies are based on the following factors:

1. Contract Manufacturing Activity for the domestic industry is undergoing a rough phase during the last several years due to (i) intense competition, (ii) increased GMP Requirements, (iii) steep hike in input costs. These factors have impacted the viability of domestic contract manufacturing activity. To mitigate this risk, the Company ventured into contract research and manufacturing services for the overseas market in addition to the Contract Manufacturing activity for the domestic market.

2. As part of our long term strategy, we undertook a major restructuring exercise during the year 2012 and entered into a strategic alliance with GAVIS in the FY 2012-13. The strategic alliance provided for (i) change of management control with additional equity funds infusion to retire all high cost debts and

to meet the working capital and capital expenditure requirements (ii) Technical support for the improvement of GMP compliances, quality standards and development of products and (iii) marketing support in the US market. As part of this strategic alliance we develop the products with the technical and marketing support of GAVIS and provide dossiers for filing the ANDA with the USFDA. We also propose to gradually slow down this activity for other customers and channelize all the resources towards development of products for GAVIS. Accordingly we have developed more than 20 products and GAVIS has filed the ANDAs for the same within a short span of one year, which we feel is a remarkable achievement. We now plan to aggressively continue the development activity in the coming years. We would have exclusive manufacturing rights for the ANDA's developed and after the approval of the ANDA's, we are hopeful of substantial impact on our sales turnover and profitability. We also receive progress payments for the product development work from GAVIS and this supports the working capital requirement for the product development activity. Generally it takes about 24 months to 36 months for the approval of the dossiers from the USFDA.

3. Keeping the competition in mind, we intend to develop moderately complex to highly complex dosage forms of injectable products in the coming years. These include lyophilised products, hormones, prefilled syringes etc. Manufacturing of these types of products requires a specialised set-up and cannot be done in the existing manufacturing facility. Further, keeping in mind the number of products planned for development over next 2 or 3 years, the capacities from the existing manufacturing plant would not be adequate. Therefore, it is proposed to set up a new manufacturing injectable facility which can be used exclusively for the Export Markets. The existing plant would be continued to be used for catering to the requirements of the domestic market.

OUR PRINCIPAL PRODUCTS

Our products are broadly classified under 3 categories

Opthalmic
Anti Glaucoma
Anti-cholinergic
Artificial tear
NSAIDs
Steroids & combination
Anti infective
Anti-allergic
Decongestant

Injectable
NSAIDs
Calcium Supplement
Anti-emetic
Analgesic
Antimalarial
Anesthetic
Antimuscarinic
Diuretic
Cardiovascular
Antihistamine
Iron supplement

Critical Care
Anticancer
Antifungal
Corticosteroid
Cardiovascular
Supportive Therapy

Opthalmic Product Range

ANTI-GLAUCOMA

- Timolol Maleate Eye Drops
- Dorzolamide Eye Drops
- Dorzolamide + Timolol Maleate Eye Drops
- Brimonidine Tartarate Eye Drops
- Latanoprost Eye Drops
- Latanoprost + Timolol Maleate Eye Drop

ANTI-CHOLINERGIC

- Atropine Eye Drops

ARTIFICIAL TEAR

- Povidone Eye Drops
- Hypermellose Eye Drops
- Sodium Carboxymethyl Cellulose Lubricant Eye Drops

NSAIDs

- Diclofenac Eye Drops
- Ketorolac Tromethamine Eye Drops
- Bromfenac Eye Drops

STEROIDS & COMBINATION

- Fluorometholone Eye Drops
- Flurometholone + Tobramycin Eye Drops
- Dexamethasone + Ofloxacin Eye Drops

ANTI-INFECTIVE

- Lomefloxacin Eye Drops
- Moxifloxacin Eye Drops
- Ciprofloxacin Eye Drops
- Ofloxacin Eye Drops
- Azithromycin Eye
- Tobramycin Eye Drops
- Gentamicin Eye Drops
- Chloramphenicol Eye Drops

DECONGESTANT

- Naphazoline HCl Eye Drops

ANTI ALLERGIC

- Olopatadine Eye Drops

NASAL DROP

- Xylometazoline Nasal Spray / Drops
- Oxymetazoline Nasal Drops

Injectable Product Range

NSAIDs

- Diclofenac Injection

CALCIUM SUPPLEMENT

- Calcium with Vitamin B-12 Injection

ANTI-EMETIC

- Ondansetron Injection
- Metoclopramide Injection

ANALGESIC

- Tramadol Injection
- Analgin Injection

ANTIMALARIAL

- Chloroquine Phosphate Injection
- Quinine Resorcine Injection
- Quinine Dihydrochloride Injection

ANAESTHETIC

- Lidocaine Injection
- Lidocaine and Adrenaline Injection
- Bupivacaine Injection

ANTI-INFECTIVE

- Gentamicin Sulphate Injection
- Ofloxacin Injection
- Levofloxacin Injection

ANTI-MUSCARINIC

- Atropine Injection
- Hyoscine Butyl Bromide Injection

DIURETIC

- Furosemide Injection

CARDIOVASCULAR

- Pentoxifylline Injection

ANTI-HISTAMINE
- Pheniramine Maleate Injection

IRON-SUPPLEMENT
- Sodium Ferric Gluconate Complex in Sucrose Injection
- Iron Sucrose Injection

Critical Care Product Range

ANTICANCER
- BETAXEL (Paclitaxel)
- WINTAXEL (Docetaxel)
- ULTRAGEF (Gefitinib)
- DOXOWIN (Doxorubicin)
- EPIWIN (Epirubicin Hydrochloride)
- GEMCARE (Gemcitabine)
- NEOCARB (Carboplatin)
- PELODOX (Pegylated Liposomal Doxorubicin)
- OXYWIN (Oxaliplatin)
- NEOPLAT (Cisplatin)
- CAPCIWIN (Capecitabine)
- TEMOWIN (Temozolamide)

ANTIFUNGAL
- AMFOCARE (Amphotericin B)

CORTICOSTEROID
- METYPRED (Methylprednisolone Sodium Succinate)

CARDIOVASCULAR

- DOBUCARE (Lyophilized Dobutamine Hydrochloride)

SUPPORTIVE THERAPY

- EMITRON (Ondansetron Hydrochloride)
- TRAMAWIN (Tramadol Hydrochloride)
- BOMEZA (Zoledronic Acid)
- NEUGROW (Filgrastim)

Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Vitamins, Anti-histamine, Anti-coagulant and Anti-bacterial formulations, Anesthetics, Ophthalmic (Tears Supplement, Anti bacterial, anti-glaucoma, corticosteroids).

We manufacture the following Ophthalmic Preparations for various pharmaceutical companies:

- Gentamicin
- Atropine
- Diclofenac
- Hypromellose
- Timolol
- Dexamethasone and neomycin
- Ciprofloxacin
- Dorzolamide

We also export majority of the above pharmaceutical preparations under our different brands.

Existing Facilities

We are presently conducting our manufacturing operations at our state-of-the-art manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. We have no other manufacturing facility.

Raw Materials

Before taking up any product for manufacture or development, we ensure that the relevant raw materials are available. However, in most of the cases, the responsibility of providing/supplying the basic raw materials lies with the customers for both contract manufacturing activity and product development activity. Other materials like primary and secondary packing materials, excipients, chemicals are available in the domestic market and we do not foresee any difficulties in procuring these.

Power

The proposed new project (of additional injectable manufacturing facility) is to be located within the existing campus. Currently we have adequate power supply from the Government source (BESCOM) and also have DG Set for supplementing power requirements for running the plant in full capacity. We would obtain additional power sanction required for the new project and would also increase the capacity of own generation by adding new DG Set. The details of existing power and additional power required are as under:

Summary of requirement of Power

Present Load	785 KVA
Additional Load	572 KVA
Total	1,357 KVA
Present sanctioned demand	750 KVA
Present Transformer capacity	750 KVA
Present main panel capacity	1,00 AMPS
Current capacity usage	650 to 800 AMPS
Present DG capacity (2 X 600 KVA)	1,200 KVA

Water

Currently we have 4 bore-wells. We can also source water from other private sources if there is any shortfall in supply from our internal bore-wells. The daily requirements of water are furnished hereunder :

(in litres)

Particulars	Present requirement	Requirement after the implementation of new project
Raw water	**1,50,000**	**2,30,769**
DISTRIBUTION DETAILS		
RO Water	80,000	1,20,000
Purified Water	30,000	45,000
WFI Water	15,000	25,000
Soft Water	35,000	55,000
Circulation Water	4,000	6,000
Chilled Water	4,000	6,000
Canteen	36,000	42,000

Effluent Treatment and Waste Management

The manufacturing operations do not generate any hazardous waste. However, we have necessary effluent treatment plant for treating the effluents generated from the operations.

Manpower

We have adequate manpower resources for all the required categories including skilled and semi skilled, workers, administrative and supervisory staff, qualified professionals, highly skilled technical staff etc.

Marketing & Distribution

- Manufacturing Operations & Product Development activity: We do not require a marketing & distribution set-up for our present manufacturing and product development operations. The Business Development Manager under the supervision of the Managing Director co-ordinates with the customers/prospective customers for the existing business and/or new business.
- Oncology Division- We have a small marketing and distribution team of 14 personnel and are working in major cities.

COMPETITION

There is competition in the contract manufacturing and product development activity both in domestic and in the international pharmaceutical market. However, the market size is quite substantial and we have certain strengths in terms of our plant capabilities, technical skills and cost effective operations which enable us to retain our existing customers besides attracting new customers. Further, our strategic alliance with GAVIS has opened up newer opportunities in more products and more markets**.** As such, we believe that we are well-positioned to withstand competition and grow our business operations.

NEW PROJECT

Rationale for the New Project:

Our Company has already furnished dossiers/ANDAs for more than 20 products for US market upto June 2014. Our company aims to develop more than 100 ANDAs and 20 New Drug Applications including highly complex generic Injectable/ Ophthalmics; Novel Drug Delivery System (NDDS) based formulations like Liposomes, Nanoparticles, Microspheres, and Nanotechnology based innovative products for USA, EU, Australia, Canada, South Africa and RoW market in the coming years. The Company aspires to become one of the largest pharmaceutical companies in the sterile products domain both in terms of revenue and number of products. We also aim to contribute significantly to human welfare in terms of our Innovative new products which are under different stages of development.

We intend to manufacture the above speciality products in the new state-of-the art manufacturing facility to be set up within the existing campus. These specialised products cannot be manufactured in the current/ existing lines. Our new manufacturing facilities would be subject to necessary approvals from the relevant Drug regulatory authorities.

As part of the long term strategy of our Company, the product development activity has been stepped-up aggressively during past 2 years under the guidance of our new promoter Gavis Pharma LLC, USA. During the year 2013-14 and as of June 2014, we have submitted dossiers for more than 20 Products. This is proposed to be continued for the next three years and our Company's focus in the coming years would be more on specialised products. Our Company plans to submit more than 100 dossiers in the coming years.

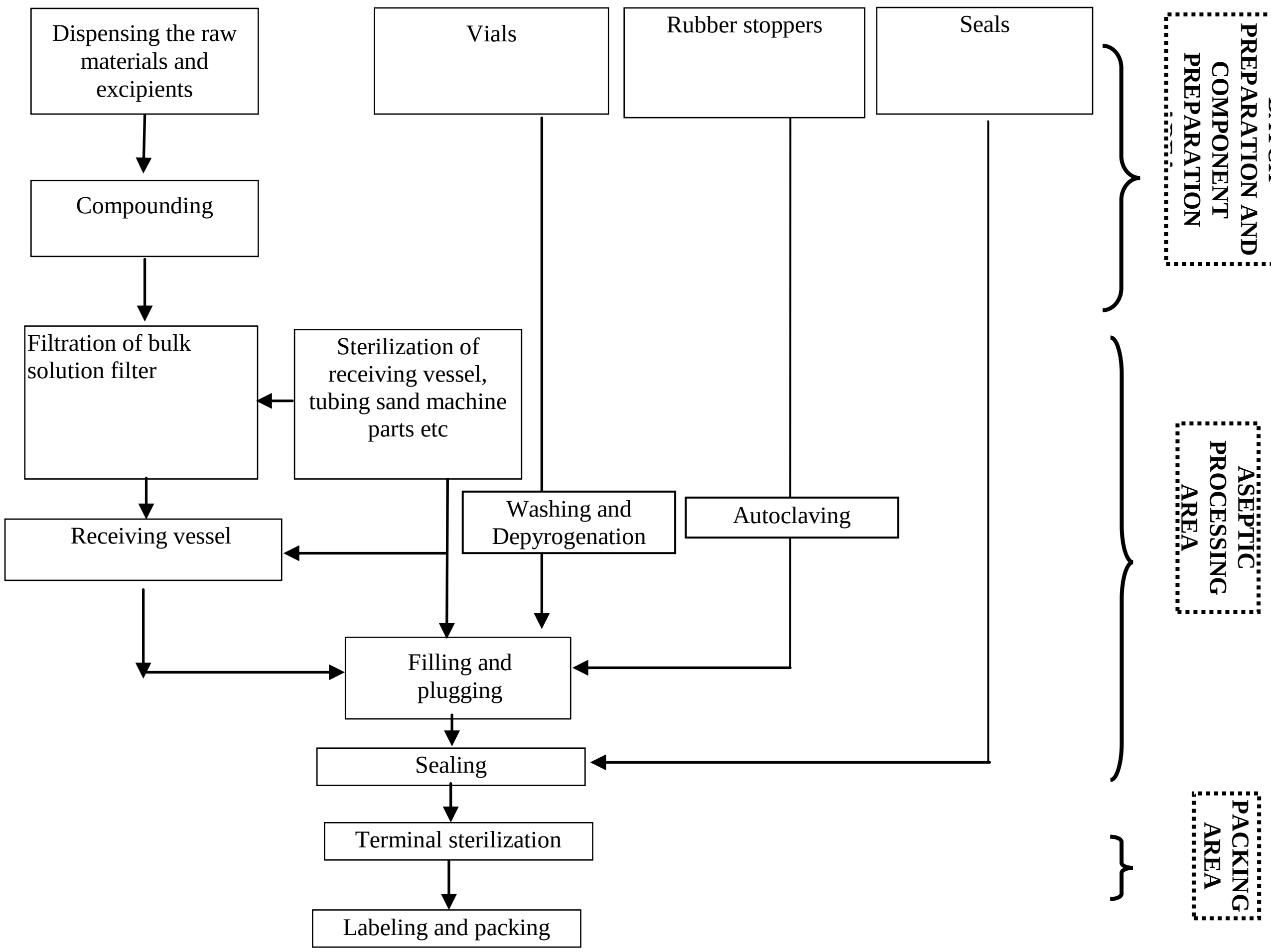
Once the dossiers are approved by the regulatory authorities, the commercial supplies can commence and we expect the volume of business to improve significantly thereafter. The current injectable facility is fully utilised and considering the expected volume of business from the regulated markets, our management has found it advisable to construct a new manufacturing facility with latest technology and systems. After commissioning of the new facility, we can continue to use the existing facility to cater to the domestic market and RoW markets.

For details of Plant & Machineries and other costs for the new project, please refer to page 46 under the Chapter "Objects of the Issue". Based on the manufacturing experience of our Company of over 20 years, the management has estimated the cost of the project, including the plant & machineries and no quotations have been called for at present. Orders for 100% of the Plant & Machineries are yet to be placed and the same would be done as described in the Schedule of Implementation.

MANUFACTURING PROCESS

The Manufacturing Process for the new line of activities are given hereinbelow :

Terminally Sterilized Injectables

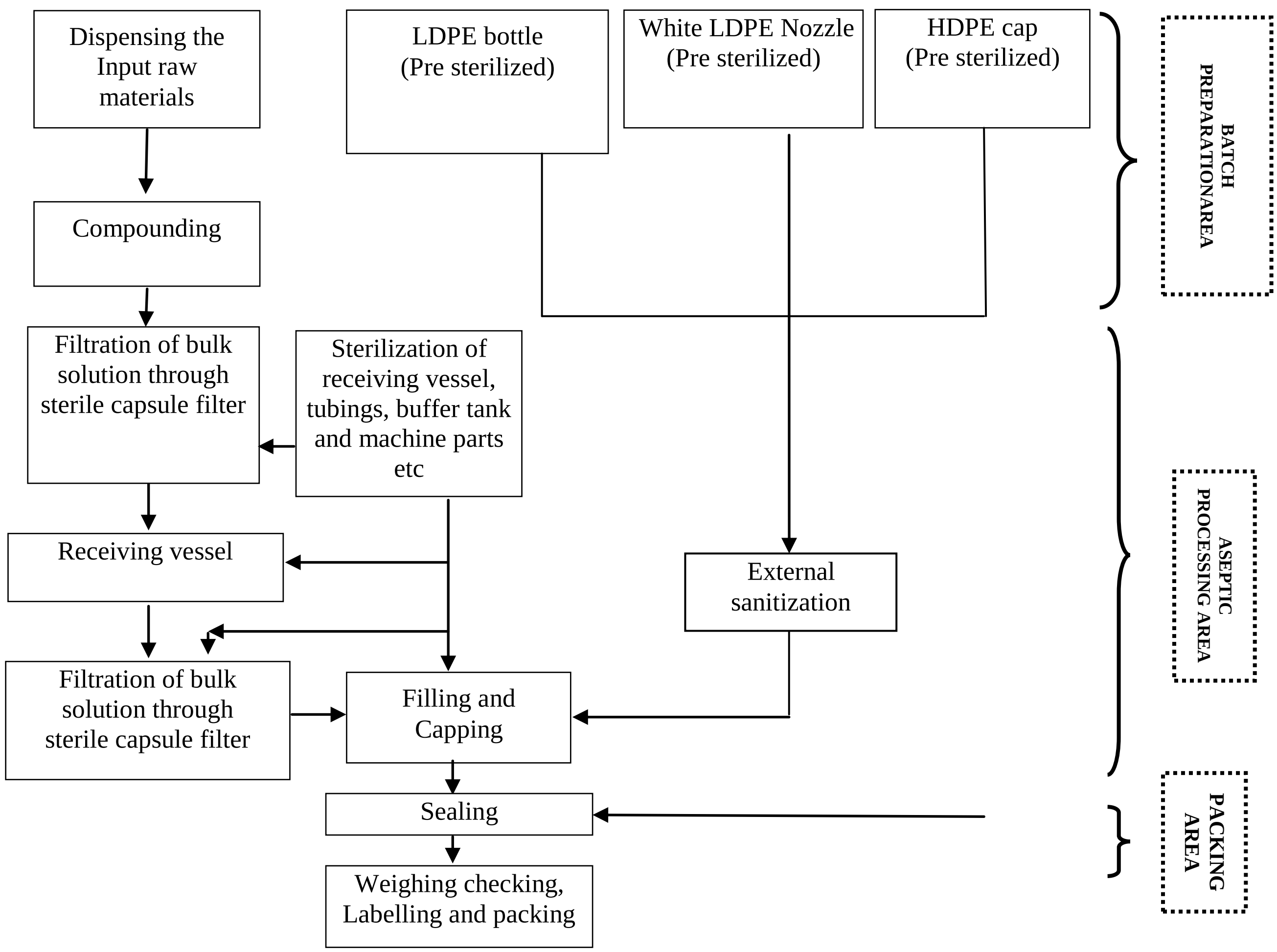


Description of the manufacturing process and facility

Injectable are compounded, sterile filtered, filled, stoppered, sealed, labelled and packaged in accordance with appropriate batch record and Standard Operating Procedures (SOPs).

- **Dispensing:** All the raw materials, primary packing materials and accessories are dispensed from ware house to production.
- **Compounding:** All the dispensed raw materials are dissolved in appropriate solvents to prepare bulk solution of the drug product.
- **Filtration:** The compounded bulk solution is sterilized by filtration through sterilization grade filters and transferred to filling.
- **Sterilization of Components & Accessories:** Container closures and other filling accessories are sterilized by Depyrogenation or moist heat sterilization whichever is appropriate and transferred to filling.
- **Filling:** The sterile bulk solution is filled into sterilized vials, stoppered and sealed. In-process checks are carried out during the process to assure consistency of the process.
- **Terminal Sterilization:** All the filled vials are terminally sterilization as per the procedure.
- **Labelling & Packing:** All the containers are labelled and packed into appropriate cartons.

Ophthalmic



Description of the manufacturing process and facility

Ophthalmic solutions are compounded, sterile filtered, filled, nozzled, capped, labelled and packaged in accordance with appropriate batch record and Standard Operating Procedures (SOPs). Ophthalmic solutions are filled in HDPE bottle, nozzledwith LDPE nozzle and capped with HDPE cap.

- **Dispensing:** All the raw materials, primary packing materials and accessories are dispensed from ware house to production.
- **Compounding**: All the dispensed raw materials are dissolved in appropriate solvents to prepare bulk solution of the drug product.
- **Filtration:** The compounded bulk solution is sterilized by filtration through sterilization grade filters and transferred to filling.
- **Sterilization of Components & Accessories:** Container closures and other filling accessories are sterilized by Depyrogenation or moist heat sterilization whichever is appropriate and transferred to filling.
- **Filling:** The sterile bulk solution is filled into steriledcontainers, nozzled and capped. In-process checks are carries out during the process to assure consistency of the process.
- **Weight Checking:** All the filled containers are checked for weight.
- **Labelling & Packing:** All the containers are labelled and packed into appropriate cartons.

Future Prospects

Based on the current business model of product development and supplies to overseas regulated markets under the guidance of our promoter Gavis Pharma LLC, and upon the implementation of the proposed project, our Company expects to register reasonable all round growth in future.

Estimated utilisation of capacity for our existing and proposed products :

Existing

	Installed Capacity	Average capacity utilisation
Ampoule	5.0 Million/month	4.0 Million/month
Vials	1.5 Million/month	1.2 Million/month
LVP	0.02 Million/month	0.01 Million/month
Ophthalmic	1.4 Million/month	0.8 Million/month

Additional Proposed

	Installed Capacity	Average estimated capacity utilisation
Vials (Lyophlizer)	0.3 Million/month	0.2 Million/month
Vials	1.0 Million/month	0.5 Million/month
Prefilled Syringes	0.2 Million/month	0.10 Million/month
Ointments	1.25 Million/month	1.20 Million/month

EXPORT OBLIGATIONS– We have no export obligations**.**

INSURANCE

We believe, we maintain adequate insurance policies for our moveable and immoveable properties. Following are the details of insurance policies purchased by us:

<table>
<tr><th>Sr. No.</th><th>Name of the Company</th><th>Policy No</th><th>Items covered</th><th>Maturity</th><th>Sum Insured (₹ in Lacs)</th></tr>
<tr><td>1</td><td rowspan="3">Oriental Insurance Co. Ltd.</td><td>421800/48/2014/2318</td><td>Stocks</td><td>27-12-2014</td><td>550.00</td></tr>
<tr><td>2</td><td>421800/48/2014/2319</td><td>Cash in transit</td><td>27-12-2014</td><td>1,500.00</td></tr>
<tr><td>3</td><td>421800/11/2014/169</td><td>Stock;
Plant & Machineries and Building</td><td>27-12-2014</td><td>3,075.00</td></tr>
</table>

INTELLECTUAL PROPERTY

Our Company has been using the logo being which is owned by the Company. However it is not registered as a trademark.

Medispec Pharmaceuticals Pvt. Ltd. (MPPL) have assigned us the proprietary and legal rights in respect of eight trademarks vide a Deed of Assignment dated January 7, 2014. These are registered / pending for registration in the name of MPPL and we are yet to get the same transferred in our name. Besides the above, we also use certain other trademarks for which registration / application for registration in our name are pending.

PROPERTY

IMMOVABLE PROPERTY

Our Company occupies certain properties on leasehold, licence and on ownership basis. They are as follows: -

Details of the Property	Used for
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 54/1 admeasuring 3 acres and 21 guntas	Plant and Registered Office (Owned)
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 54/2 admeasuring 33 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 56 admeasuring 2 acres and 9 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/1 admeasuring 1 acre and 17 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/2 admeasuring 1 acre and 13 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/4 admeasuring 32 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/4 admeasuring 30 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/5 admeasuring 30 guntas	
Industrial Land at Boodhihal, Kasaba Hobli, Nelamangala, Bangalore, bearing Survey No. 62/5 admeasuring 35 guntas	
Plot measuring 8750 Sq.Ft at Site No.9, Katha No.710, 711 & 712 in Survey No.88 situated at Kasavanahalli Village, Doddakannelli Village Panchayat, Varthur Hobli, Bangalore south Taluk.	Residential plot (Owned)
Leased Property of Three Residential Apartments No.B601, K-1608 and K-806 all situated at Brigade Gateway Apartment Complex, Malleshwaram, Bangalore-560 055.	Used for residential purposes for the Sr.Executives of the Company. (Leased/Rented)

KEY INDUSTRY REGULATIONS AND POLICIES

The regulations set out hereinbelow and their descriptions are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice. Taxation statutes such as the IT Act, Central Sales Tax Act, 1956 and applicable local sales tax statutes and other miscellaneous regulations apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

We are a pharmaceutical company engaged in development, manufacturing and marketing of quality pharmaceutical products and is governed by a number of central and state legislations that regulate its business. Further our Company is subject to and affected by certain foreign laws, particularly laws relating to intellectual property. Applicable laws of jurisdiction outside India have not been set out or detailed herein. 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 so without such independent verification and based on the contents hereinbelow would do so at his / her / its sole risk and without recourse to our Company or the Lead Manager or any other person or entity whatsoever.

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

***The Drugs and Cosmetics Act, 1940* (the "DCA")**

The DCA regulates the import, manufacture, distribution and sale of drugs and cosmetics in India as well as aspects relating to labelling, packing and testing. The DCA also provides the procedure for testing and licensing of new drugs. The DCA also prohibits the import of certain categories of drugs and cosmetics. It further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

Under the DCA, the Government may, by notification in the official gazette, regulate or prohibit the manufacture, sale or distribution of a drug, if it is satisfied 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. Penalties in terms of fine and imprisonment are prescribed under the DCA for contravention of its provisions. The Central Government has also notified the Drugs and Cosmetics Rules in 1945 (the "DC Rules") to give effect to the provisions of the DCA. The DC Rules lay down the process for obtaining various approvals and licenses as required under the DCA, including licenses required for new drugs and imported drugs. It also lays down guidelines for good manufacturing practices and requirements of premises, plants and equipments for pharmaceutical products. It provides for general requirements for, including, location and surrounding of the factory building, maintenance of water systems, waste disposal mechanisms, warehousing, sanitation in manufacturing premises, health, clothing and sanitation of workers etc.

Essential Commodities Act, 1955 ("the ECA")

The ECA gives powers to the Central Government, to control production, supply and distribution of, trade and commerce in certain essential commodities for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices or for securing any essential commodity for the defence of India or the efficient conduct of military operations. Using the powers under it, various ministries/departments of the Central 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 also issued various control orders to regulate various aspects of trading in essential commodities such as food grains, edible oils, pulses kerosene, sugar and drugs. Penalties in terms of fine and imprisonment are prescribed under the ECA for contravention of its provisions.

The Drugs (Price Control) Order, 2013 (the "DPCO")

The DPCO was issued by the Central Government under Section 3 of the ECA and in supersession of the 146 Drugs (Prices Control) Order, 1995, thereby giving effect to the 2012 Policy. The DPCO, inter alia, provides that the Central Government may issue directions to the manufacturers of active pharmaceutical ingredients or bulk drugs and formulations to increase production or sell such active pharmaceutical ingredient or bulk drug to such manufacturer of formulations and direct the formulators to sell the formulations to institutions, hospitals or any agency, procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, method of implementation of prices fixed by Government and penalties for contravention of its provisions. The Government has the power under the DPCO to recover amounts charged in excess of the notified price from the manufacturer, importer or distributor and the said amounts are to be deposited in the Drugs Prices Equalization Account. The DPCO prescribes certain instances in which case the provision of the DPCO will not be applicable. 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. Recently, the National Pharmaceutical Pricing Authority ("NPPA") has notified the ceiling price for 151 drugs under the DPCO.

The Narcotic Drugs and Psychotropic Substances Act, 1985 (the "Narcotic Act")

The Narcotic Act sets out the statutory framework for drug law enforcement in India. It prohibits cultivation, production, manufacture, possession, sale, purchase, transportation, warehousing, consumption, inter-state movement, trans-shipment and import and export of narcotic drugs and psychotropic substances, except for medical or scientific purposes. It also controls and regulates selected chemicals, commonly known as precursors, which can be used in the illicit manufacture of narcotic drugs and psychotropic substances. Offences under the Narcotic Act are essentially related to violations of the various prohibitions imposed under it, punishable by both imprisonment and monetary fines. The Narcotic Act was amended in 1989 to mandate death penalty for second offences relating to contraventions involving more than certain quantities of specified narcotic drugs and psychotropic substances.

The Poisons Act, 1919 (the "Poisons Act")

The Poisons Act regulates the import, possession and sale of poisons. It empowers the State Government to frame rules for regulation of possession for sale and sale of poisons. It also empowers the Central Government to prohibit the import of any specified poison into India across any customs frontier defined by the Central Government and also regulates the grant of license. Any contravention of the provisions of the Poisons Act may be punished with imprisonment or fine or both.

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. 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.

Indian Patent Regulation

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

The Patents (Amendment) Act, 2005 passed by Indian Parliament on March 17, 2005, has made certain changes to the Patents Act, 1970 (the "**Patents Act**"). 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 the Section 3 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 of 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.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (the "**CLRA Act**") regulates the employment of contract labour in certain establishments, provides for its abolition in certain circumstances. It applies:

- to every establishment which does not carry on intermittent / casual work in which 20 or more workmen are / were employed on any day of the preceding 12 months as contract labour ("***Establishment***");

- to every contractor who employs, or who employed on any day of the preceding 12 months, 20 or more workmen.

Every Establishment must, within the specified period, apply to the registering officer for registration of the Establishment and obtain a certificate of registration containing such particulars as may be prescribed.

Further, a contractor can only undertake or execute any work through contract labour under and in accordance with a licence issued in that behalf by the licensing officer. The license may contain conditions including, in particular, conditions as to hours or work, fixation of wages and other essential amenities in respect of contract labour. The license will be valid for the period specified therein.

Every contractor is duty-bound to provide and maintain supply of drinking water, canteens, rest-rooms latrines and urinals, washing facilities, first- aid box in the prescribed manner for contract labour employed in connection with the work of an Establishment to which the Act applies. If such amenities are not provided by the contractor within the prescribed time, such amenities shall be provided by the principal employer of the Establishment. Contractor shall be responsible for payment of wages to each worker employed by him as contract labour within the prescribed period and in case he fails to do so, the principal employer of the Establishment will be so responsible. Every principal employer and contractor is required to maintain the prescribed records in respect of the contract labour employed.

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("*Act*") and the schemes formulated thereunder ("*Schemes*")

This Act provides for the institution of provident funds, family pension funds and deposit linked insurance fund for the employees in the factories and other establishments. Accordingly, the following schemes are formulated for the benefit of such employees:

(i) *The Employees Provident Fund Scheme*: as per this Scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.

(ii) *The Employees Pension Scheme*: Employees' Pension Scheme is Pension Scheme for survivors, old aged and disabled persons. This Scheme derives its financial resource by partial diversion from the Provident Fund contribution, the rate being 8.33%. Thus, a part of contribution representing 8.33 per cent of the employee's pay shall be remitted by the employer to the Employees' Pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the Employees' Pension Fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the Act. The Central Government shall also contribute at the rate of 1.16 per cent of the pay of the members of the Employees' Pension Scheme and credit the contribution to the Employees' Pension Fund.

(iii) *The Employees Deposit Linked Insurance Scheme*: As per this Scheme, the contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under Section 6C(4) of the Act, to the Insurance Fund within 15 days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the appropriate authority constituted under the Act.

Further, the employer is required to maintain records and submit periodic returns with regard to the implementation of the Act and Schemes.

The Factories Act, 1948

The Factories Act, 1948 (the "**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The Factories Act defines a 'factory' to cover any premises, which employs ten or more workers and in which manufacturing processes are carried on with the aid of power, and to cover any premises, where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories. The Factories Act also provides for the mechanisms for safety of certain equipment used in factories, procedures for periodic examination of equipment such as pressure vessels and lifting tackles, regulation of working conditions within the factories and includes specific provisions applicable to women and children employed in factories.

The Indian Boilers Act, 1923

The Indian Boilers Act, 1923 (the "**Boilers Act**") states that the owner of any boiler (as defined therein), which is wholly or partly under pressure when is shut off, shall under the provisions of the Boilers Act, apply to the Inspector appointed thereunder to have the boiler registered which shall be accompanied by prescribed fee. The certificate for use of a registered boiler is issued pursuant to such application, for a period not exceeding twelve months, provided that a certificate in respect of an economiser or of an unfired boiler which forms an integral part of a processing plant in which steam is generated solely by the use of oil, asphalt or bitumen as a heating medium may be issued for a period not exceeding twenty-four months in accordance with the regulations made under Boilers Act. On the expiry of the term or due to any structural alteration, addition or renewal to the boiler, the owner of the boiler shall renew the certificate by providing the Inspector all reasonable facilities for the examination and all such information as may reasonably be required of him to have the boiler properly prepared and ready for examination in the prescribed manner.

The Water (Prevention and Control of Pollution) Act, 1974 ("*Act*")

The Act provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of Boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. The Act defines "*pollution*" as such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.

Accordingly, the previous consent of the Board constituted under the Act must be obtained, for establishing or taking steps to establish operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land. Such previous consent is required for bringing into use any new or altered outlet for the discharge of sewage or for the new discharge of sewage. If at any place where any industry, operation or process, or any treatment and disposal system or any extension or addition thereto is being carried on, due to accident or other unforeseen act or event, any poisonous, noxious or pollution matter is being discharged, or is likely to be discharged into a stream or well or sewer or on land and, as a result of such discharge, the water in any stream or well is being polluted, or is likely to be polluted, then the person in charge of such place shall forthwith intimate the occurrence of such accident, act or event to the Board constituted under the Act and such other authorities or agencies as may be prescribed.

The Air (Prevention and Control of Pollution) Act, 1981 ("*Act*")

The Act provides for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes of Boards for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith.

The Act envisages establishing a Central Board as well as State Pollution Control Boards in each State. The Central Board constituted under Water (Prevention and Control of Pollution) Act, 1974, shall, without prejudice to its powers and functions under this Act, shall also exercise the powers and perform the functions of the Central Board under the Prevention and Control of Air Pollution. Similarly if in any State, the State Government has constituted for that State, a State Board for the Prevention and Control of Water Pollution, then such State Board shall be deemed to be the State Board for the Prevention and Control of Air Pollution and exercise the powers and perform the functions of the State Board for the Prevention and Control of Air Pollution also.

As per the Act, no person operating any industrial plant, in any air pollution control area (so declared under Section 19 of the Act) shall discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the Board constituted under the Act. Further, no person shall, without the previous consent of the Board constituted under the Act, establish or operate any industrial plant in an air pollution control area.

The Act further prescribes certain compliances with regard to the reporting and prevention of accidents. Thus, where in any area the emission of any air pollutant into the atmosphere in excess of the standards laid down by the Board constituted under the Act occurs or is apprehended to occur due to accident or other unforeseen act or event, the person in charge of the premises from where such emission occurs or is apprehended to occur shall forthwith intimate the fact of such occurrence or the apprehension of such occurrence to such Board and to such authorities or agencies as may be prescribed by the Act

The Environment (Protection) Act, 1986 ("Act")

The Act provides for the protection and improvement of environment and for matters connected therewith and is in pursuance of India's participation in the United Nations Conference on the Human Environment held at Stockholm in June, 1972.

In keeping with its mandate, the Act provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed.

Foreign Ownership

Under the Consolidated FDI Policy dated April 5, 2013 (the "FDI Policy"), foreign direct investment upto 100% is permitted under approval route in our Company. Separately, the FDI Policy allows foreign direct nvestment upto 100% under automatic route in Greenfield projects/companies.

The Customs Act, 1962

The Customs Act, 1962 (the "Customs Act") is to consolidate and amend the laws related to customs. The Custom 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

Foreign Investment

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India 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 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 foreign direct investment, ("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.

Other Laws

Our Company must also comply at all times with the provisions of various other laws, rules and regulations including The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989, The Chemical Accidents (Emergency Planning Preparedness and Response) Rules, 1996, The Bio-Medical Waste (Management and Handling) Rules, 1998, The Public Liability Insurance Act, 1991, The Legal Metrology Act, 2009, The Explosives Act, 1884 and The Explosive Rules, 1983, Importer Exporter Code along with the Foreign Trade (Development & Regulation) Act, 1992, Indian Boiler Regulations, 1950, The Bombay Prohibition Act, 1949, The Petroleum Act, 1934, The Maharashtra State Tax on Profession, Trades, Callings and Employment Act, 1975, labour laws including The Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employee State Insurance Act, 1948.

HISTORY & OTHER CORPORATE MATTERS

Our Company was originally incorporated on August 23, 1990 with the Registrar of Companies, Karnataka at Bangalore as a private limited company under the name of Recon Pharma Private Limited. Pursuant to a special resolution passed under Section 21 of the Companies Act, the name of the company was changed to Recon Private Limited and a fresh certificate of incorporation consequent to change of name was issued on March 1, 1993. Thereafter, our company was converted into a public limited company and consequently the name of our company was changed to Recon Limited and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka on March 5, 1993. Subsequently, the name of our company was further changed to the present name of Wintac Limited and fresh Certificate of Incorporation, consequent to change of name was issued by the Registrar of Companies, Karnataka at Bangalore on July 10, 2000.

Changes in our Registered Office

The changes in the registered office of our Company are provided below:

Date of Change	Change in the address of our Registered Office
21.08.2013	Change in registered office of our Company from No 16/2, O V H Road Basavangudi, Banglore to No. 54/1, NH – 4, Near 39th Mile Stone, Boodhihal, Nelamangala, Bangalore - 562 123

The change in our registered office was made for business viability and cost effectiveness.

Our Company is not operating under any injunction or restraining order.

Awards and recognitions

Our manufacturing plant has obtained approvals/accreditations from pharma regulatory authorities as under :

USFDA	-	U.S.A.
ANSM	-	France
TGA	-	Australia
Health Canada	-	Canada

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

We discontinued the manufacture of capsule business but this will not have any significant material impact on our operations as manufacture of capsule business constituted a small portion of our turnover and we are utilising the same area for manufacture of injectable products. Save for this, there have been no changes in the activities of our Company during the last five years preceding the date of this Draft Letter of Offer, which may have a material adverse effect on our profits or loss, including discontinuance of any of our lines of business, loss of agencies or markets and similar factors.

Background of our Company

Our company was formed with the main object of, inter alia, taking over as a going concern the business of manufacture of drugs intermediaries, formulated drugs, chemicals and cosmetics then carried on by the partnership firm RECON PHARMA together with all its assets, liabilities and facilities such as licences, power and to continue to carry on the business of manufacture of drugs, chemicals and cosmetics carried on by the said firm.

Recon Pharma, was a partnership firm comprising partners, Mr. S. Jayaprakash Mady, Ms. Meenakshi Mady, Ms. Ratnakala Mady and Ms. Roopa Nagaraj and was engaged in manufacturing and marketing formulations from its unit based in Koramangala, Bangalore. In 1993, the business of Recon Pharma was taken over by our company and in the same year we implemented backward integration programme to manufacture bulk drug viz., Pefloxacin Mesylate mainly for captive consumption. This project was located at Jigani Industrial Area, Bangalore. We gradually increased our product range resulting in increase in business by acquiring certain Trade Marks. We also set up an exclusive Research & Development Centre at Banerghatta Road, Bangalore.

In the year 1997, we set up a facility at Boodhihal, Neelamangala, Bangalore for manufacture of sterile injectable product and capsules. Over the years, the facility was expanded and upgraded by construction of two new facilities for manufacture of ophthalmic products..

Between 1997 and 2000, we went through a rather difficult phase in our operations due to competitive pressures and rising interest costs on debts incurred for our expansion programmes. In order to retire our high-cost debts, we sold off our brands (including the name "Recon"), trademarks, technical know-how and distribution set-up in respect of our formulations business to Zydus Cadilla Healthcare Ltd., for ₹ 40 crores. We also signed a non-compete agreement with them, undertaking not to compete in the formulations business for a period of three years.

In the year 2001, we sold our bulk drug unit at Jigani Industrial Estate and R & D Centre at Banerghatta Road, Bangalore, to M/s. Hikal Limited for a consideration of ₹ 6.91 crores and the proceeds thereof were utilized to retire high cost debts.

We had set up agrochemical business in our company in the year 1992-93. During FY 1997-98 we transferred this business to a wholly owned subsidiary company Recon Agrotech Limited (RAL). RAL was engaged in the business of manufacturing and marketing of pesticides (powder and liquids) and micro nutrients. However RAL suffered huge losses between 1998 and 2000 owing to drought in Karnataka and Andhra Pradesh, the States where it operated. We had provided corporate guarantee to RAL's bankers to the tune of ₹ 500 lacs. As RAL could not service the working capital facilities with Bankers, our corporate guarantee was invoked. After writing off ₹ 500 lacs in our books during the year 2000, still ₹ 300.78 lakhs is outstanding and due from the said Recon Agrotech Limited. We have made a provision as doubtful debt in the books against these receivables. In the year 2001 we divested our entire shareholding in RAL in favour of Mr. A. Suresh and RAL ceased to be the subsidiary of Wintac. The disinvestment resulted in investment loss of ₹ 355 lacs to our company.

Since 1995-96 we also hold approx. 47.37% shareholding in Medispec Pharmaceuticals Private Limited (MPPL), where the balance shareholding is held by Tech India Ventures Inc, USA.

MPPL was earlier marketing nutritional products and oncology/speciality injectables. Tech India Ventures Inc., despite being the majority shareholders, was not involved in the management of the business of MPPL from the beginning. MPPL suspended its operations during the year 2000 and sold its nutritional brands. However, it had not sold its oncology/specialty injectibles brands. Around this time, in 2000 we were under a non-compete clause following sale of our brands and marketing set up of our formulation business and were restricted from the marketing activities of formulation products for a period of three years. In order to keep abreast with the market during the non-compete period and as a long term strategy to revive the marketing operations, the Company decided to market the Oncology products and speciality injectibles of MPPL in the year 2001 as these products were not within the scope of the non-compete clause. Presently, MPPL does not have any business operations.

During this process of reviving the marketing operations, Company invested funds in MPPL towards working capital and sales promotional expenses. The current outstanding amount payable by MPPL to Wintac is approx. ₹ 848.92 lakhs for which full provision has been made in the books of accounts.

In recent times, we have consolidated our strengths in manufacture of injectibles and ophthalmic suspensions and focused on serving as a manufacturing base for quality pharma companies based in India and abroad.

Pursuant to Special resolution passed at the EGM of our Company held on December 20, 2012, the Shareholders approved allotment of 40,00,000 Equity Shares (representing 39.90% of the enhanced Equity Share Capital) of ₹ 10/- each for cash at a price of ₹ 100/- per Equity Share on preferential basis to Gavis Pharma LLC. A Share Subscription Agreement was also entered into on January 25, 2013 alongwith supplemental agreement thereto dated January 30, 2013 between our Company, Gavis Pharma LLC and erstwhile Promoters of our Company in this regard. In compliance of SEBI SAST Regulations, 2011, Gavis Pharma LLC alongwith Kali Capital LP, being persons acting in concert (PAC) made an open offer to the shareholders of our company to acquire 26,06,303 Equity Shares (representing 26% of the enhanced Equity Share Capital) of ₹ 10/- each at a price of ₹ 101.07, thereby complying with the provisions of Regulations 3(1) and 4 of SEBI SAST Regulations. The Open Offer was made during May 2013 and all the offer related formalities were completed by June 2013.

Post Open Offer, Gavis Pharma LLC became our Promoter with management control. Their present shareholding in our company is 55,12,098 Equity Shares representing 54.99% of the Equity Share Capital.

For details of our present Promoter, please refer Section titled “Our Promoter and Promoter Group Entities” appearing on page 112 of this Draft Letter of Offer.

Our present manufacturing facility:

We are presently conducting our manufacturing operations at our state-of-the-art manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. Here Company manufactures sterile products like Small Volume Parenterals such as Ampoules and Vials, Large Volume Parenterals and Sterile Opthalmic Preparations.

For further details, please refer Chapter "Business Overview" beginning on page 72 of this Draft Letter of Offer

Approvals from overseas Regulatory Agencies:

Over the last few years our plant has been subjected to several international audits and has been acknowledged as a plant meeting the cGMP standards.

Our manufacturing facility has been approved by regulatory agencies of various countries such as:

USFDA	-	U.S.A.
ANSM	-	France
TGA	-	Australia
Health Canada	-	Canada

The approval of our manufacturing plant by the French Regulatory Authorities (ANSM) and USFDA will facilitate the entry of our company into the regulated markets of various European countries as well as the United States. These approvals also enable us to offer our manufacturing facilities for contract manufacturing for reputed pharma companies of Europe and U.S., besides creating opportunities for us to market our own products through strategic tie-up with distributors in these countries.

PRODUCTS:

Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Vitamins, Anti-histamine, Anti-coagulant and Anti-bacterial formulations, Anesthetics, Ophthalmic (Tears Supplement, Anti bacterial, anti-glucoma, cortico steriods).

Product Development:

The Company has signed product development agreement with Overseas Pharmaceutical Companies. As per the terms of the Agreement, the Company develop the products and furnishes data/information in the form of Dossiers to the Customers who in turn file the same with the Regulatory Authorities. After the approval of the Dossiers, the commercial supplies can be made. The company normally enters into commercial supply agreements with the customers to market the products after the approval of the dossiers.

MAJOR EVENTS IN COMPANY'S BUSINESS OPERATIONS

1990	Recon Pharma Private Limited was incorporated under the Act to take over the business of the partnership firm Recon Pharma.
1993	We changed our name to Recon Private Limited on 1st March. Our Company subsequently got converted into a Public Limited Company on 3rd March and received fresh Certificate of Incorporation on 5th March.
	We implemented the backward integration to manufacture bulk drug viz., Pefloxacin Mesylate mainly for captive consumption of the Pharma division at Jigani Industrial Estate, Bangalore
	We entered the Capital Market in December with a public issue of 10 lakh Equity shares of ₹ 10/- each at a premium of ₹ 90 per share and our Equity Shares were listed on BSE Limited and Bangalore Stock Exchange Limited.
	Set up joint venture company with Tech India Ventures Inc. in the form of Medispec Pharmaceuticals Pvt. Ltd.
1996/97	Formed Recon Agrotech Limited as a subsidiary of our company for agrochemical business
1997	We set up manufacturing facility for sterile injectibles and ophthalmic suspensions at Neelamangala Taluk, Bangalore Dist.
	We set up R & D centre at Bannerghata Road, Bangalore.
2000	Recon Limited sold the entire Marketing Brands/Trade Marks of Pharmaceutical Formulations alongwith marketing and distribution network to Zydus Cadila Healthcare for Rs 40 crore. With the sale of Brands, Recon Limited changed its name as "Wintac Limited".
2001	Sold the Bulk Drug unit alongwith R&D Unit to Hikal Limited for a total consideration of ₹ 6.90 crores. Sold off the subsidiary Recon Agrotech Limited.
2005	Companies Manufacturing facility at Nelamangala gets the approval of French Regulatory Authority. Preferential allotment of 5,50,000 (13.75%) equity shares of ₹ 10 each at a price of ₹ 30 per share to Synergia Consultants Pvt. Ltd.
2006	We entered into supply agreements with couple of US based pharmaceutical companies for marketing products in US Market. The agreement covers product development, submission of dossiers and commercial supplies after the approval of ANDA. Company to develop products and submit dossiers to Customers to file ANDA with US Regulatory Authority, USFDA. The Company to receive technical knowhow fee from the Customers for submission of dossiers.
2007	Customer files the first ANDA with USFDA
2008	Customer files two more ANDA's with USFDA
2009	USFDA authorities Inspects the Manufacturing facility and approves the facility. Enters into agreement with two more US based pharmaceutical companies for the development and supply of products to US market.
2010	USFDA approves the first ANDA for Ondensetron Injection 20ml.
2011	Issue of 15,12,967 Equity Shares of ₹ 10/- each at a price of ₹ 33/- per Equity Share on Rights basis to the shareholders of our Company
	Re-inspection of the Manufacturing Facility by the USFDA Authorities.

2012	USFDA Issues Warning Letter on certain GMP Issues and production/supply of Products to US Market is suspended.
2013	Company enters into a strategic alliance with Gavis Pharma, LLC, USA and GAVIS acquires a controlling stake in the Company through preferential allotment of shares (40%) and Open Offer route (15%). GAVIS becomes the Promoter of the Company.
	Shifting of Registered Office from No 16/2, O V H Road Basavangudi, Banglore to the present one
2013	Re-Inspection of the Manufacturing Facility by the USFDA Authorities.
2014	USFDA approves the Manufacturing Facility thus, vacating the warning letter issued during the year 2012.
	Company aggressively pursuing Development of Products for US Market in association with Gavis Pharma, USA and files dossiers for 20 Products.
	Company sought voluntary delisting from Bangalore Stock Exchange Limited which was approved and the Company's Shares have been delisted from Bangalore Stock Exchange Limited with effect from September 18, 2014

Main Objects of our Company

(A) The main objects of the company to be pursued by the company on its incoporation are:

1. To take over as a going concern the business of manufacture of drugs intermediaries, formulated drugs, chemicals and cosmetics presently carried on by the partnership firm RECON PHARMA together with all its assets, liabilities and facilities such as licences, power and telephone enjoyed by the said concern and to continue to carry on the business of manufacture of drugs, chemicals and cosmetics carried on by the said firm.

2. To carry on the business of manufacturers, producers, processors, formulators, importers, distributors, stockists, buyers, sellers, and dealers in proprietary medicines, common medical preparations, vitamin preparations, elixirs, drops, tonics, other liquid drugs and medicines, injections, tablets, capsules, lotions, ointments, medical preparations containing anti-biotics, creams and powders.

3. To carry on the business of preparing for sale or otherwise the formulae for the manufacture of pharmaceutical drugs, medicines, injectables, capsules, tablets, lotions, patent and proprietary medicines, common medical preparations, biological and non-biological pharmaceuticals tablets, capsules, tranquilisers, vitamins and tonic preparations and to establish research and quality control laboratories.

4. To manufacture, produce, formulate, prepare, refine, blend, pack, repack, import, export, distribute, buy, sell and deal in all kinds of Ayurvedic, Unani and Homeopathic preparations, injectables, transfusions, tablets, capsules, ointments, oral fluids, intravenous liquids, compounds and suspensions.

Subsidiaries

The Company has no subsidiaries.

Shareholders Agreements

There are no subsisting shareholders agreement as on date.

A Power of Attorney has been executed on July 16, 2014 by Mr. S. Jayaprakash Mady in favour of Mr. Karuppannan P. Murali for the purpose of renouncing upto 9,11,000 Equity Shares out of Mr. Mady's entitlement in the present Rights Issue in favour of Gavis Pharma LLC and for subscribing to the un-renounced part of Mr. Mady's entitlement of Equity Shares in the Rights Issue of our Company.

Other Agreements

Our company has entered into a Master Development Agreement April 3, 2013 with Gavis Pharma LLC for development and sale of pharma products.

We have entered into a Memorandum of Understanding on the 30th of January 2013 with Shri B. P. Thyagaraj, a key managerial personnel of our Company and Gavis Pharma LLC, our promoter, providing for acquisition of Land admeasuring 2 acres and 2 guntas at Survey no.55/1 & 62/3 at Boodhihal, Kasaba Hobli, Neelamangla, Bangalore for a consideration of ₹ 2.20 crores.

In the year 2005, we have leased out 2 acres of our land for 10 years on a monthly rental of ₹ 44,000/- to Bangalore Pharmaceutical & Research Laboratories Pvt. Ltd., a Company in which our Directors, Mr. S.T.R. Mady and Mr. S. Jayaparakash Mady are interested.

Except as disclosed herein, there are no material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and/or entered into more than two years before the date of this Letter of Offer.

Strategic Partners

Our Company has not entered into any arrangements with any strategic partners.

Financial Partners

Our Company does not have any financial partners.

OUR MANAGEMENT

Board of Directors

Under our Company's Articles of Association, the number of Directors of our Company cannot be less than three or more than 12. At present there are 4 Directors.

The Board of Directors is comprised of the following persons:

Name, address and other particulars	Other Directorships
Mr. S. T. Raghavendra Mady S/o Late Thamaiah Mady "Tapovan", 45th Cross, 17th Main, J.P. Nagar Bangalore – 560 078. **Age** : 78 years **Designation** : Chairman **Educational Qualification** : B.Sc., B. Pharma **Date of Appointment** : 04-02-1993 **Term** : Liable to retire by rotation **Occupation** : Industrialist **Experience** : Over 40 years in pharma industry **DIN** : 00065918 **PAN** : ADGPR2285M	***Director*** 1. Bangalore Pharmaceutical & Research Laboratory Pvt Ltd 2. Shastha Pharma Laboratories Pvt Ltd, 3. Valtech Services Private Limited ***Partner*** 1. Gururaj & Company 2. Hari & Company 3. Mady & Company
Mr. Jayaprakash Mady S/o Late S.Sadananda Mady "Shree Hari Nivasa", 45/2, 45th Cross, J.P. Nagar, II Phase Bangalore – 560 078. **Age** : 51 years **Designation** : Managing Director **Educational Qualification** : B. Pharma **Date of Appointment** : 04-02-1993 **Term** : Not Liable to retire by rotation **Occupation** : Industrialist **Experience** : Over 30 years in pharma industry **DIN** : 00240744 **PAN** : AAMPM0960H	***Director*** 1. Shastha Pharma Laboratories Pvt Ltd, ***Partner*** 1. Gururaj & Company 2. Hari & Company 3. Mady & Company
Mr. B.R. Arun Eashwar S/o.N.Balasubramaniam 14, 4th Street, Sheriff Colony, Town Extension Tirupur 641604 **Age** : 31 years **Designation** : Director **Educational Qualification** : MS (Economics & Finance) **Date of Appointment** : 31-01-2013 **Term** : Independent Director **Occupation** : Industrialist **Experience** : Over 5 years in Textile Industry **DIN** : 01914872 **PAN** : AIRPA8986G	***Director*** 1. Q3 India Software Pvt. Ltd 2. Balu Spinning Mills Pvt Ltd 3. Balu Wind Power Private Limited 4. BSM Wind Energy Private Limited 5. Roopa Cotton Mills Private Limited

Mr. R.A. Thirumoorti S/o .S.Ramaswamy 14, DMR Garden, P N Road, Tirupur-641602. **Age** : 41 years **Designation** : Director **Educational Qualification** : BBA **Date of Appointment** : 11-07-2013 **Term** : Independent Director **Occupation** :Industrialist **Experience** : Over 10years in Textile Industry **DIN** : 02157286 **PAN** : ADOPT6802C	Director 1. Add Clothings India Pvt. Ltd. 2. Canaren India Private Limited

None of the above mentioned Directors are on the RBI List of wilful defaulters. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of the senior management.

Nature of Family Relationship between any of Directors:

Mr. S.T.R. Mady is the uncle of Mr. S. Jayaprakash Mady. Mr. R.A. Thirumoorti is the brother-in-law of Mr. Arun Eashwar. Save for this, none of our Directors are related to one another.

Brief Biographies of our Directors

Mr. S.T.R. Mady, is the Chairman of our Company. He is also Chairman of Bangalore Pharmaceutical & Research Laboratory Pvt. Ltd. and is on the Board of Shastha Pharma Laboratories Pvt Ltd. Mr. S.T.R. Mady is a Pharmacy Graduate. He has over four decades of experience in the field of Pharmaceutical manufacturing, marketing and product development. He is proficient in Tablet technology and Liquid Orals. He is actively associated with various philanthropic organisations viz. :

- Ananda Balaga (Past President)
- Dr. Mady Foundation (Founder and Managing Trustee) – a Charitable Trust for needy in the field of Health and Education
- BTM Charitable Trust (Managing Trustee)

Mr. S Jayaprakash Mady, is the Managing Director of our Company. He is on the Board of Shastha Pharma Laboratory Pvt Ltd besides being a Partner in M/s Hari & Company; M/s Mady & Company and M/s Gururaj & Company. Aged 51 years, Mr. S.J. Mady is a qualified Bachelor in Pharmacy. He has over 30 years of varied experience in the field of Pharmaceuticals and is associated with our Company since inception when our Company was known as Recon Pharma Private Limited.

Mr. S. Jayaprakash Mady has made significant contribution in the growth and evolution of our Company. He was instrumental in transforming our company from a family-oriented business to a medium-sized, professionally managed organisation.

Mr. Jayaprakash Mady looks after the day-to-day management of our company, under the superintendence, control and guidance of the Board of Directors.

Mr. B.R. Arun Eashwar, aged 31 years, has done his Masters in Economics and Finance. He is associated with our company since January 2013.He is Managing Director in Q3 India Software Private Limited. As an independent director of our company, he provides valuable inputs and guidance to our management on financial aspects of our operations.

Mr. R. A. Thirumoorti, aged 41 years, holds degree in Bachelor of Business Management. He has about 20 years of experience in the field of Apparel Designing and textiles. As an independent director of our company, he provides valuable guidance on business and commercial activities of the company. Mr. Thirumoorti has been a Director on Canaren India Private Limited which fall under defaulters status in the Ministry of Corporate Affairs (MCA) website.

Confirmation from Directors

None of our directors hold or have held Directorships, in companies which are/were suspended from being traded on the Bombay Stock Exchange Limited/National Stock Exchange of India Limited during the past 5 years.

None of our directors hold or have held Directorships, in companies which are/were delisted from the Stock Exchanges in India.

Arrangements / understanding for appointment of directors

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.

Details of Service Contracts

Except the Managing Director who is entitled to statutory benefits upon termination of his employment in our Company, no other Director is entitled to any benefit upon cessation of their directorship with our Company.

Terms and Conditions of appointment of our Managing Director

Other than as described below, there are no service contracts between our Company and any of our Directors or pursuant to which any remuneration is received by any of our Directors.

<u>Mr. S. Jayaprakash Mady</u>

Mr. Jayaprakash Mady, one of our original Directors under our Articles, was appointed as Managing Director of our Company for a period of 3 years, by Resolutions of our Board and Shareholders dated 31.01.2013 and 21.08.2013, respectively, and an employment contract dated 31.01.2013. The current main terms and conditions governing the appointment of Mr. S. Jayaprakash Mady under this employment contract are as under:

Particulars	Annual Remuneration (₹ lakhs)
Basic Salary	20.40
Gratuity	Nil
Conveyance and travel reimbursement	At actuals for official purposes.
Medical reimbursement	Nil
Company rent accommodation	3.60
Total	24.00

The Non-executive Directors do not receive any remuneration or commission except for the sitting fee for Board Meetings.

Shareholding of Directors in our Company

Sl. No.	Name of Director	No. of Equity Shares	Number of options
1	Mr. S.T. Raghavendra Mady	4,07,750	Nil
2	Mr. S. Jayaprakash Mady	9,16,056	Nil
3	B.R. Arun Eashwar	620	Nil
4	R.A. Thirumoorti	Nil	Nil

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Except as stated above in this Draft Letter of Offer and in "Related Party Transactions" under "Financial Statements" on page 124, our Directors, have no interest in any property acquired by us within two years of the date of filing of the Draft Letter of Offer with SEBI. For more information, see "Our Management" and "Financial Statements" on pages 102 and 124, respectively.

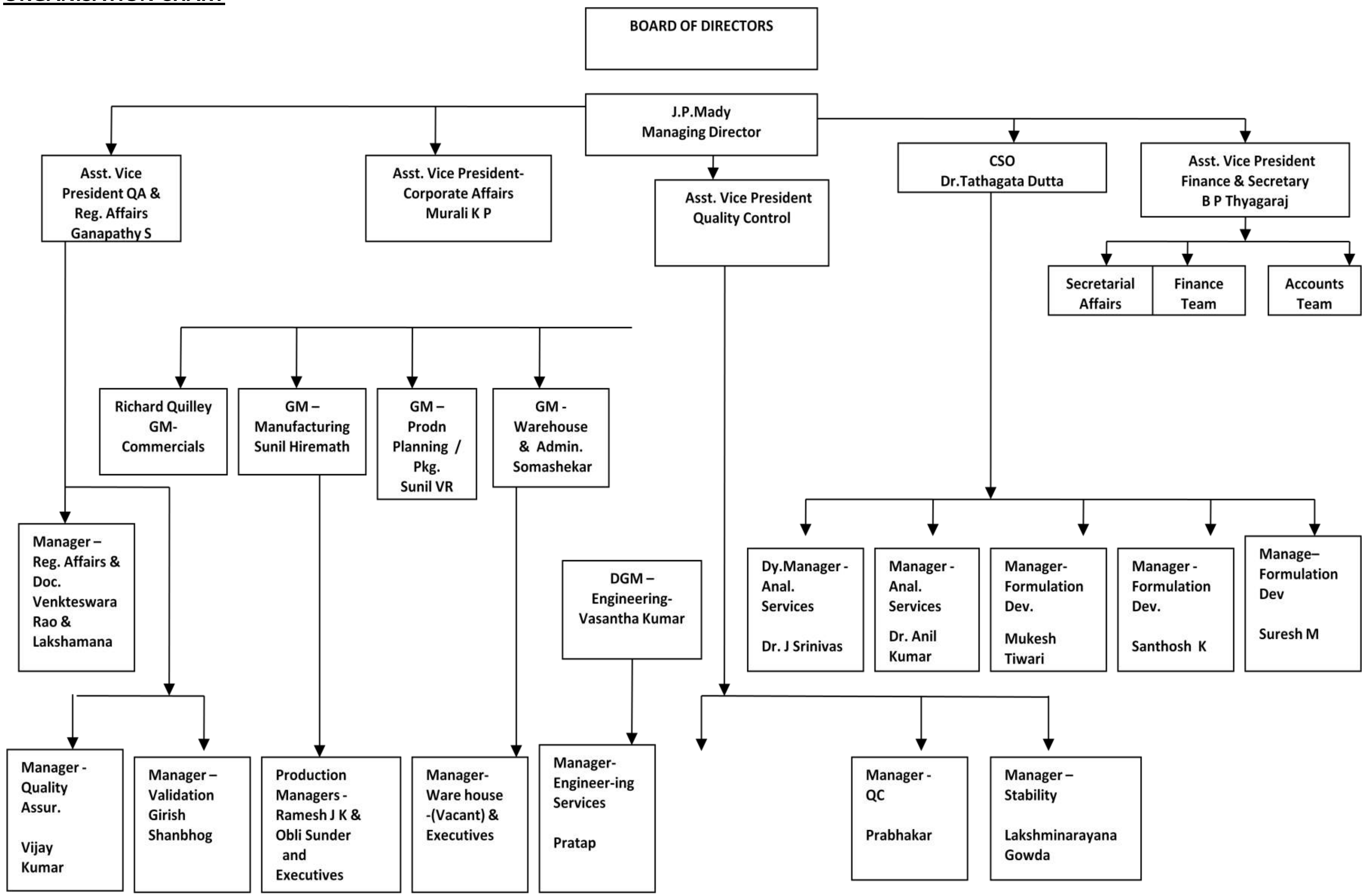
Changes in the Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Tobby Simon	06.12.2012	26.12.2012	Personal
K.P.Murali	01.02.2013	12.07.2013	Personal
Dr.K.Nagarajan	01.04.2000	01.02.2013	Personal
Dr.C.Prakash	28.12.2000	01.02.2013	Personal
Dr. K. Paranjothy	06.12.2012	23.08.2014	Personal

Borrowing Powers of the Directors in our Company

The borrowing powers of our Directors are as specified in the Companies Act and Articles of Association of our Company.

ORGANISATION CHART



CORPORATE GOVERNANCE

We have complied with the applicable provisions of the corporate governance code in accordance with Clause 49 of the Equity Listing Agreement. Currently, the Board has five Directors. Further, one-third of the Board is comprised of Independent Directors and we are currently in compliance with the requirements of corporate governance as set forth in terms of Clause 49 of the Equity Listing Agreements, particularly those relating to the composition of the board of directors, constitution of committees including the audit committee and shareholder/investor grievance committee.

Our Company undertakes to take all further steps necessary to comply with all the requirements of Clause 49 of the Equity Listing Agreement as may be applicable from time to time.

(a) Audit Committee

Our Audit Committee was constituted by a Board resolution dated 18.07.2002. Currently our Audit Committee comprises the following members:

1. Mr. Arun Eashwar, Chairman
2. Mr.R.A.Thirumoorthi; and
3. Mr.S.T.R.Mady

The terms of reference of the Audit Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

(a) Overseeing our financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
(b) Recommending to the Board regarding the fixation of the audit fee;
(c) Approving of payment of statutory auditors for any other services rendered by them;
(d) Reviewing with the management the half yearly and annual financial statements before submission to the Board;
(e) Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
(f) Reviewing the adequacy of internal audit function, 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;
(g) Discussing with internal auditors regarding any significant findings and follow up thereon;
(h) 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;
(i) Discussing with external auditors before the audit commences, nature and scope of the audit, as well as have post audit discussion to ascertain any area of concern;
(j) Reviewing our financial and risk management policies;
(k) Looking into the reason for substantial defaults in payments to depositors, debenture holders, shareholders and creditors;
(l) Reviewing the functioning of the whistle blowing mechanism, in case the same is formulated;
(m) 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 utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, if any, monitoring the utilisation of proceeds of public or rights issue and making appropriate recommendations to the board to take up steps in this matter;

(n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
(o) Reviewing the financial statements, in particular, the investments made by the unlisted subsidiary companies of the Company.

Mr. B.P.Thyagaraj, Asst.Vice President (Finance) & Secretary is the Secretary of the Audit Committee. The Audit Committee is required to meet at least four times in a year, including once before the finalisation of annual accounts and once in every six months. The quorum for the meetings of the Audit Committee is two members or one-third of the total number of members, whichever is higher, provided that at least two independent members are present.

(b) Share Transfer & Investor Grievance Committee

Our Share Transfer & Investor Grievance Committee was constituted by a Board resolution dated 18.07.2002. Currently, the Shareholders/Investor Grievance Committee comprises the following members:

1. Mr. R.A.Thirumoorthi(Chairman);
2. Mr.S.T.R.Mady
3. Mr.Arun Eashwar

The terms of reference of the Share Transfer & Grievance Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

(a) Redressal of investors' complaints;
(b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(c) Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
(d) Non-receipt of declared dividends, balance sheets of the Company, etc; and
(e) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

Mr.B.P.Thyagaraj, Asst.Vice President (Finance) & Secretaryis the Secretary of the Share Transfer & Investor Grievance Committee. The Share Transfer & Investor Grievance Committee shall, among other things, oversee the redressal of shareholders' or investors' complaints or grievances pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with or without legal representation) of shares and other miscellaneous complaints.

The Share Transfer & Investor Grievance Committee is required to meet periodically, as it deems fit. The quorum for the Share Transfer & Investor Grievance Committee is the presence of one-third of the total number of members or two directors, whichever is higher.

(c) Compensation Committee

Our Compensation Committee was constituted by a Board resolution dated 18.07.2002. Currently, the Compensation Committee comprises the following members:

1. Mr. R.A.Thirumoorthi (Chairman);
2. Mr.Arun Eashwar

The terms of reference of the Compensation Committee are in accordance with the Companies Act and the Listing Agreement as amended from time to time and include the following:

(a) Reviewing, assessing and recommending the appointment of Executive/Non-Executive Directors and Senior Employees;
(b) Reviewing the remuneration packages of Executive/Non-Executive Directors and Senior Employees;
(c) Recommending payment of compensation in accordance with the provisions of the Companies Act;
(d) Considering and recommending grant of Employees Stock Options under ESOP 2009, and administration and superintendence of the same; and
(e) Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

Two members shall be the quorum for the Compensation Committee.

Key Managerial Personnel

All of our key managerial employees are our permanent employees. The details of our Key Management Personnel are provided below :

Name and other details	Qualification	Overall experience	Area of experience in our Company
Dr.Tathagata Dutta Age: 39 Years Joining Date: 10.07.2014	Ph.D (Pharmaceutical Sciences), Master In Pharmaceutical Sciences	10 Years in the areas of Research & Development of Pharmaceutical Products.	Joined R&D Department as Chief Scientific Officer about two months ago.
Mr. S. Ganapathy Age : 51 Years Joining Date : 10.02.2006	B.Sc	29 years in the areas of Overall QA Dept., Regulatory and Analytical Services.	QA, Analytical Services & Regulatory.
Mr. B.P. Thyagaraj Age : 50 Years Joining Date : 26.02.2001	B.Com., ACS	18 years of varied experience in the Finance, Secretarial and Legal Functions.	Associated with our Company since last 14 years and looks after the Finance, Secretarial and Legal functions of our Company
Mr. Murali K.P. Age : 43 Joining Date : 12.07.2013	BBA	22 Years of experience in the areas of Sales, Purchase, Marketing and overall management of business.	Associated with the Company for the last 1 year taking care of Purchase, Projects and overall Administration.
Mr. V.R. Sunil Age : 56 Joining Date : 01.10.1998	B.Pharm	32 years of wide experience in the areas of QC, Production Planning, Technical services.	17 years of Experience in the Company in QC, Production Planning and Technical services.
Mr. Richard Quilley Age : 47 Joining Date : 01.04.1995	B.Com	28 Years of experience in Commercial Activities, Purchase and Supply chain.	Associated with the Company for the past 20 Years handling Indirect Taxation, Commercial Services, Supply Chain and Business Development areas.

Mr. V.S. Somashekar Age : 55 Joining Date : 03.09.1992	B.Com, PGDIM	35 Years in areas of Accounts, Finance, Administration, Warehouse, HR, Central Excise, Regulatory and Statutory Compliance.	Associated with the Company for the past 22 years in the areas of Administration, HR, Warehouse, Central Excise, Regulatory, etc.
Mr. Sunil Hiremath Age : 50 Joining Date : 12.07.2007	B.Sc, D.Pharma	24 Years of varied experience in handling Production, QC, QA, Maintenance, etc.	7 Years of experience in the Company in Production, Planning and Packing activities.
Mr. Vasantha Kumar Age : 56 Joining Date : 16.09.2013	B.Sc, B.E.(Mechanical)	26 Years of wide experience in Engineering Services	Associated with the Company for the last one year for Overall Engineering Activities.

Changes in the Key Management Personnel

The changes in our Key Management Personnel in the last three years are provided below.

Name of KMP	Date of joining	Date of leaving	Reason for change
Dr. Shiv Kamat	01.02.2006	18.01.2014	Personal
Dr. D. Joshi	11.06.2009	30.09.2013	Personal
Mr. Nagabhushan	20.12.2007	20.08.2013	Personal

None of our Key Management Personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

None of the Key Management Personnel are related to each other or with any of the Directors or Promoter of our Company.

Details of compensation paid to KMP during the FY 2013-14 :

Name of KMP	Gross Salary (₹ lacs)	Remarks
Dr.Tathagatta Datta	-	Joined in July 2014
Mr. S. Ganapathy	15.70	
Mr. B.P. Thyagaraj	22.49	
Mr. Murali K.P.	8.66	Part of the year from July 2013
Mr. V. R. Sunil	12.67	
Mr. Richard Quilley	11.46	
Mr. V.S. Somashekar	9.76	
Mr. Sunil Hiremath	11.11	
Mr. Vasantha Kumar	6.39	Part of the year from September 2013

Bonus or profit sharing plans – There are no bonus or profit sharing plans at present for any employee.

Payment or benefit to officers of the issuer

No non-salary related payment or benefit is paid or given within the two preceding years or intended to be paid or given to any officer of employee of our Company except in respect of the MOU for acquisition of land from one of the KMP details of which are given under the “Other Agreements” appearing in the Chapter “History” on page 101 of this Draft Letter of Offer.

Shareholding of Key Managerial Personnel in our Company

Sl. No.	Name of KMP	No. of Equity Shares
1	Mr. B.P. Thyagaraj	5,282
2	Mr. Murali K.P.	3,270
3	Mr. Richard Quilley	300
4	Mr. V.S. Somashekar	200

OUR PROMOTER AND PROMOTER GROUP ENTITIES

OUR PROMOTER

Our Company was originally promoted by Mr. S. Jayaprakash Mady and his associates.

Pursuant to Special resolution passed at the EGM of our Company held on December 20, 2012, the Shareholders of our Company approved allotment of 40,00,000 Equity Shares (representing 39.90% of the then enhanced Equity Share Capital) of ₹ 10/- each for cash at a price of ₹ 100/- per Equity Share on preferential basis to M/s Gavis Pharma LLC. In compliance of SEBI SAST Regulations, 2011, Gavis Pharma LLC alongwith Kali Capital LP, being persons acting in concert (PAC) made an open offer to the shareholders of our company to acquire 26,06,303 Equity Shares (representing 26% of the then enhanced Equity Share Capital) of ₹ 10/- each at a price of ₹ 101.07, thereby complying with the provisions of Regulations 3(1) and 4 of SEBI SAST Regulations. The Open Offer was made during May 2013 and all the offer related formalities were completed by June 2013.

Consequent to the Open Offer in compliance with the SEBI SAST Regulations, Gavis Pharma LLC gained control of our Management and are presently promoter of our Company.

As on date of this Letter of Offer, Kali Capital LP does not hold any Equity Shares in our company. Gavis Pharma LLC currently holds 55,12,098 Equity Shares representing 54.99% of the paid-up equity capital and will continue to hold a majority of our post-issue paid-up share capital.

Gavis Pharma LLC

Gavis Pharma LLC, is engaged in the business of formulation, development, manufacturing, packaging, sales, marketing and distribution of first-class pharmaceuticals. It was incorporated on June 22, 2007 pursuant to Delaware Limited Liability Company Act, having initial registered office at 2711, Centerville Road, Suite 400, Wilmington, Delaware 19808 and principal office located at 475, Bernardsville Road, Mendham, New Jersey 07945, United States of America (USA); Tel : +1 908603-6002; Fax.; +1 908603-6060: e-mail: ars@gavispharma.com.

GAVIS works with other companies that are looking to develop drugs for production, marketing, distribution and warehousing. GAVIS launched its first product in May 2009 and distributes its products from a 150,000 square foot state-of-the-art warehouse facility in Somerset, New Jersey. Gavis has distribution licence in all States of US and Puerto Rico and produces the majority of its products in-house in addition to partnering with pharmaceuticals companies worldwide to synergize development, manufacturing, and marketing capabilities.

GAVIS is part of the Subramanian group of Companies and is led by Dr. Veerappan Subramanian Ph.D. Subramanian group of companies form a conglomerate with pharmaceutical industry know-how, relationships, access to sizeable capital and significant pharmaceutical research, development, manufacturing and marketing expertise. Dr. Veerappan Subramanian founded Kali Laboratories Inc. in 1997 and over a period of seven years, it developed and manufactured over 60 generic drug products. Dr. Veerappan Subramanian sold Kali Laboratories Inc. in 2004. Between 2004 and 2008 Dr. Veerappan Subramanian established several entities as part of the Subramanian group of Companies engaged in generic pharmaceutical research, development and manufacturing; pharmaceutical sales, marketing and distribution; investments; real estate and charitable purposes and continues to engage in such activities.

Gavis Pharma LLC and Kali Capital LP belong to Subramanian group of Companies based in New Jersey U.S.A. Subramanian 2007 Irrevocable Trust is the sole shareholder and promoter of GAVIS Pharma LLC. Dr. Govindammal Subramanian is the trustee of the said trust and Ms. Anu Subramanian and Mr. Ilango Subramanian are the equal beneficiaries of the Trust.

Subramanian 2007 Irrevocable Trust is the sole shareholder and promoter of GAVIS Pharma LLC. Dr. Govindammal Subramanian is the trustee of the said trust and Ms. Anu Subramanian and Mr. Ilango Subramanian are the equal beneficiaries of the Trust.

Board of Directors

The Board of Directors of Gavis Pharma LLC are Dr. Veerappan Subramanian and Ms. Anu Subramanian.

Financial Performance

The financial information of Gavis Pharma LLC, as certified by Mr. James A. Toto, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC02487400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; email: James.Toto@WeiserMazars.com, as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Income from operations	-	-	50.00	2,734.45	-	-
Other Income	-	0.26	0.02	1.31	-	-
Total Income	-	0.26	50.02	2,735.76	-	-
Total Expenditure	15.01	927.36	0.01	0.39	0.22	12.21
PBIDT	(15.01)	(927.10)	50.01	2,735.37	(0.22)	(12.21)
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
PBT	(15.01)	(927.10)	50.01	2,735.37	(0.22)	(12.21)
Tax	-	-	-	-	-	-
PAT	(15.01)	(927.10)	50.01	2,735.37	(0.22)	(12.21)
Paid-up Share Capital	0.74	45.71	0.74	40.47	0.74	40.17
Reserves & Surplus	34.80	2,149.61	49.81	2,723.82	(0.21)	(11.47)
Secured Loans	-	-	-	-	-	-
Unsecured Loans	66.00	4,077.11	-	-	-	-
Total	**101.54**	**6,272.43**	**50.55**	**2,764.29**	**0.53**	**28.70**
Net Fixed Assets	-	-	-	-	-	-
Investments	106.37	6,570.80	-	-	-	-
Net Current Assets	(4.83)	(298.37)	50.55	2,764.29	0.53	28.70
	101.54	**6,272.43**	**50.55**	**2,764.29**	**0.53**	**28.70**
Other Financial Data						
Dividend	-	-	-	-	-	-
EPS (in $ / ₹)	-	-	67.59	3,696.44	-	-

Conversion Rate (USD to INR)
December 31, 2013 - 61.7744
December 31, 2012 - 54.6890
December 31, 2011 - 54.2859

The bank account number and company registration number of Gavis Pharma LLC the address of Delaware, Division of Corporations and the PAN of Gavis Pharma LLC have been submitted to the Stock Exchanges at the time of the filing of the Draft Letter of Offer with them.

Natural persons behind the Promoter

Dr. Veerappan Subramanian
Ms. Anu Subramanian
Dr. Govindammal Subramanian
Mr. Ilango Subramanian

Dr. Veerappan Subramanian

Dr. Veerappan Subramanian has extensive experience in building and managing generic pharmaceutical companies as well as several decades worth of experience in hands on research, development and manufacturing of various types of generic drug products. He is experienced in developing early-stage companies and guiding mature companies through turbulent regulatory and commercial issues.

Educational Qualifications

Ph. D. in Pharmaceuticals- Rutgers University, New Jersey U.S.A.
M.S. in Pharmaceuticals- Birla Institute of Technology & Science, Pilani, India
B.S. in Pharmacy, Madurai Medical College, Madurai , India

Passport Number	:	438937501
DIN	:	01754234
PAN	:	CXNPS4729L
Driving Licence Number	:	S90357638205501

Brief on past experiences

Dr. Veerappan Subramanian has over 40 years of experience in the pharmaceutical industry and has developed and commercialized more than 200 specialty drug products. Prior to founding GAVIS, Veerappan founded Kali Laboratories, Inc. in 1997. He grew Kali from a developmental company to a full-service pharmaceutical company, which he sold to Par Pharmaceutical, Inc. in 2004. Dr. Veerappan continued to serve as Executive Vice President of Par until 2006, helping to transition Kali Labs into Par. Prior to founding Kali Labs, Dr. Veerappan was Vice President of Scientific Affairs at IVAX/Zenith Laboratories from 1990 until 1996. He joined Zenith as part of the executive team responsible for revitalizing and developing the company, which was ultimately sold to IVAX in 1994. From 1984 to 1990, Dr. Veerappan was Director of Product Development and Technical Services at Purepac Pharmaceuticals where he developed and commercialized over 50 specialty pharmaceutical drug products. Dr. Veerappan worked at Johnson & Johnson as a Senior Scientist from 1978 to 1980 and as a Senior Scientist for Richard Vicks from 1981 to 1984. From 1973 to 1975, Dr. Veerappan worked in India for a division of Squibb. Dr. Veerappan has both a Bachelors and a Masters degree in Pharmacy. In 1981, he received his Ph.D. in Pharmacy from Rutgers University in New Jersey. He is a registered pharmacist in New York and New Jersey

Dr. Veerappan Subramanian founded Novel Laboratories Inc during 2006 which is owned and controlled by the Subramanian family.

Ms. Anu Subramanian

Ms. Anu Subramanian has been general counsel of Novel Laboratories, Inc. for five years. She has extensive experience in all legal and regulatory issues in connection with the research, development and manufacturing pharmaceutical company. She has also worked with Berkowitz, Lichtstein, Kuritsky, Giasullo & Gross, LLC, West Orange, New Jersey, as an Associates specialized in Trusts & Estate Planning and Taxation of Lifetime and post-death gifting. Ms. Anu Subramanian is the daughter of Dr. Veerappan Subramanian.

Educational Qualifications

Juris Doctor, *cum laude* - Washington College of Law, Washington U.S.A.
Bachelor of Arts in Political Science with Honors – University of Michigan, Michigan, U.S.A.

Passport Number	:	488152865
DIN	:	01754233
PAN	:	N/A
Driving Licence Number	:	S90350557953802

Ms. Anu Subramanian is one of the beneficiaries of the Subramanian 2007 Irrevocable Trust, which is the sole shareholder and promoter of Gavis Pharma LLC.

Dr. Govindammal Subramanian

Trustee of Subramanian 2007 Irrevocable Trust. She is the mother of Ilango and Anu Subramanian and wife of Dr. Veerappan Subramanian.

Dr. Govindammal is a physician specialising in Paediatrics. She holds both Bachelors Degree as well as a Medical Degree. In addition to being a practicing physician, she also consults for Novel Laboratories in the area of medical affairs.

Passport Number	:	214904423
DIN	:	N/A
PAN	:	N/A
Driving Licence Number	:	S90353006156531

Mr. Ilango Subramanian

*One of the beneficiaries of the Subramanian 2007 Irrevocable Trust, which is the sole shareholder and promoter of Gavis Pharma LLC. Mr. Ilango is the s*on of Dr. Veerappan Subramanian and Dr. Govindammal Subramanian and brother of Anu Subramanian.

Ilango Subramanian is a licensed pharmacist and is a doctor of pharmacy. He has done his graduation from the prestigious Rutgers school of Pharmacy. He is currently pursuing for his Masters in Business Administration from New York University, NY, USA and is a Business Development Manager at GAVIS Pharmaceuticals. Mr. Ilango has experience in sourcing, developing and completing a variety of business transactions in the pharmaceutical sector, including those pertaining to product development, marketing and manufacturing

Passport Number	:	488286171
DIN	:	N/A
PAN	:	N/A
Driving Licence Number	:	S90353588201852

OUR PROMOTER GROUP ENTITIES

1. Kali Capital LP
2. Novel Clinical Research Private Limited
3. Novel Laboratories Inc
4. VGS Foundation Inc
5. VGS Holdings Inc
6. Gavis Pharmaceuticals LLC
7. Subramanian 2007 Irrevocable Trust

1. Kali Capital LP

Kali Capital LP, the PAC, is a Limited Liability Partnership firm incorporated on April 27, 2005 pursuant to Delaware Revised Uniform Limited Partnership Act (USA) having its mailing address at 475, Bernardsville Road, Mendham, New Jersey; Tel : +1 908-821-777; Fax.; +1 908-603-6060: e-mail: vss@kalicapital.com.

Kali Capital LP is Subramanian family's investment entity. Kali Capital LP was formed to acquire assets, and to acquire and invest in stocks, bonds, notes, or carry on a trade or business, form all types of business entities or trust to make profits, increase wealth, and provide means for the Partners to manage and preserve the assets. It invests in private and public ventures.

Kali Management LLC, a Delaware Limited Liability Company having the address of 8 Anthony Avenue Edison, New Jersey is a "General Partner" of KALI; Dr. Veerappan Subramanian, Dr. Govindammal Subramanian, and Mr. Ilango Subramanian having their common address at 475 Bernardsville Road, Mendham – 07945, New Jersey, USA and Ms. Anu Subramanian having her address at 20 Livingston Avenue, Unit 1104, New Brunswick – 08901, New Jersey, USA all individuals are "Limited Partners" of KALI

Kali Capital LP is owned in the following manner:

Name	Status	% of Ownership
Dr. Veerappan Subramanian	Limited Partner	13.61%
Dr. Govindammal Subramanian	Limited Partner	13.61%
Ms. Anu Subramanian	Limited Partner	36.34%
Mr. Ilango Subramanian	Limited Partner	36.36%
Kali Management LLC	General Partner	0.10%

Financial Performance

The financial information of Kali Capital LP, as certified by Mr. James A. Toto, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC02487400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; email: James.Toto@WeiserMazars.com, as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Income from activities	47.35	2,568.11	115.72	6,328.61	23.17	1,258.02
Total Expenditure	5.78	357.09	3.35	183.46	5.23	284.13
Unrealised Gain /(Loss)	149.18	9,215.44	(13.83)	(756.11)	(16.69)	(905.99)
Other Expenses	0.99	60.88	0.38	20.83	0.58	31.28
Net Income	189.76	11,365.58	98.16	5,368.21	0.67	36.62
Net Worth	1,298.26	80,199.28	1,140.53	62,374.71	1,049.18	56,955.50

Conversion Rate (USD to INR)

December 31, 2013 - 61.7744

December 31, 2012 - 54.6890

December 31, 2011 - 54.2859

2. Novel Clinical Research Private Limited (NCRPL)

Incorporated on December 6, 2012 with the Registrar of Companies, Karnataka, Bangalore.

Promoters : Anu Subramanian and Novel Laboratories Inc

NCRPL is incorporated with the main objective of performing the administrative function of placing and managing clinical studies for drug products developed by Novel Laboratories Inc. placed at various independent clinical research organisations in India.

The Board of Directors are :

Dr. Veerappan Subramanian
Ms. Anu Subramanian
Dr. Paranjothy Kanni

Dr. Kanni has over 40 years of experience in pharmaceutical industries in formulation development, quality assurance and quality control and production, as well as in academia.

NCRPL manages all studies placed at Indian Contract Research organisation by Novel Laboratories Inc. NCRPL does so exclusively for Novel Laboratories and its affiliates.

Financial Highlights (for the period from 06/12/2012 to 31/12/2014)

(₹ in lakhs)

Particulars	31/12/2013*
Revenue from operations	14.20
PBT	(0.63)
Tax	(0.18)
PAT	(0.45)
Share Capital	1.00
Reserves & Surplus	(0.45)

* being the first Financial Year

Novel Laboratories Inc holds 9,999 Equity Shares of NCRPL representing 99.99% of its paid-up capital. The balance of 1 Equity Share is held by Ms. Anu Subramanian.

NCRPL manages all studies placed at Indian Contract Research organisation by Novel Laboratories Inc. NCRPL does so exclusively for Novel Laboratories and its affiliates.

3. Novel Laboratories Inc

Novel Laboratories Inc was founded in December 2006 under the State of Delaware. It is a generic pharmaceutical research and development and manufacturing company, specialising in development and commercialisation of difficult to develop generic drug products for the US market. Novel Laboratories Inc currently manufactures 20 solid dosage (tablets, capsules and powders for solution) products for the US market and has 17 approved products and 38 submissions for approval with US FDA. The Company also has a robust pipeline of 50 products (solid dosage, semi-solid and liquid products), many of which are first to market opportunities.

The Board of Directors are :

Dr. Veerappan Subramanian
Dr. Govindammal Subramanian
Ms. Anu Subramanian
Mr. Ilango Subramanian

The entire capital of Novel Laboratories Inc is owned by Kali Capital LP. Novel Laboratories Inc has an exclusive marketing arrangement with Gavis Pharmaceuticals LLC.

Financial Performance

The financial information of Novel Laboratories Inc, as certified by Mr. Nicholas J. Fedele, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC03714400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Income from activities	539.93	33,353.70	516.64	28,254.59	375.69	20,394.43
Cost of Goods Sold	268.06	16,559.06	281.09	15,372.29	162.69	8,831.83
R & D Expenses	166.80	10,304.04	115.54	6,319.03	92.47	5,019.70
Selling &General Expenses	17.83	1,101.72	39.07	2,136.99	21.26	1,154.19
Operating Income	87.24	5,388.88	80.94	4,426.28	99.27	5,388.71
PAT	61.17	4,149.43	60.30	3,298.03	98.19	5,330.11
Net Worth	113.72	7,024.76	46.55	2,545.53	(13.76)	(746.95)

4. VGS Foundation Inc

VGS Foundation Inc was formed during June 2007. It is the Subramanian Family's charitable arm founded exclusively for charitable, religious, scientific and educational purposes. The Management team comprises of Dr. Veerappan Subramanian and Dr. Govindammal Subramanian.

VGS Foundation provides aid to the Claudine Society of India, an organization which houses and educates children orphaned due to AIDS.

Financial Performance

The financial information of VGS Foundation, Inc, as certified by Mr. Nicholas J. Fedele, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC03714400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Total Income	0.07	4.56	0.01	0.41	0.02	1.03
PBIDT	(0.37)	(22.72)	(0.30)	(16.43)	(0.59)	(32.22)
PBT	(0.37)	(22.72)	(0.30)	(16.43)	(0.59)	(32.22)
PAT	(0.37)	(22.74)	(0.30)	(16.45)	(0.59)	(32.23)
Net Worth	0.03	1.76	0.43	23.38	0.69	37.59

5. VGS Holdings Inc

Formed in March 1998, VGS Holdings Inc is a real estate investment company that owns and operates state-of-the-art pharmaceutical research and development and manufacturing facility with a capacity to produce over 2 billion units per annum. VGS Holding Inc is currently constructing an additional 80,000 sq. Feet of pharmaceuticals research, development and manufacturing facility in Somerset, NJ, USA.

The Board of Directors are :

Dr. Veerappan Subramanian
Dr. Govindammal Subramanian
Ms. Anu Subramanian
Mr. Ilango Subramanian

VGS Holdings Inc is managed by Dr. Veerappan Subramanian.

Ms. Anu Subramanian and Mr. Ilango Subramanian each hold 49.50% shareholding while Dr. Veerappan Subramanian and Dr. Govindammal Subramanian each hold 0.50% shareholding in GVL Holdings Inc.

VGS Holdings leases space to Novel Laboratories Inc.

Financial Performance

The financial information of VGS Holdings, Inc, as certified by Mr. Nicholas J. Fedele, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC03714400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Total Income	3.10	191.50	3.00	164.07	2.42	131.48
PBIDT	2.05	126.59	1.28	69.86	1.75	94.95
PBT	1.03	63.71	(0.29)	(15.88)	(0.51)	(27.51)
PAT	1.02	63.37	(0.30)	(16.32)	(0.52)	(28.32)
Net Worth	0.06	3.62	(0.97)	(52.90)	(0.67)	(36.31)

6. Gavis Pharmaceuticals LLC

Established in June 2007, Gavis Pharmaceuticals LLC is a pharmaceutical sales, marketing and distribution company which currently markets 18 products to all major trade in the US market. This Company markets products from Novel Laboratories, as well as other pharmaceutical companies.

Subramanian 2007 Irrevocable Trust is the sole shareholder of Gavis Pharmaceuticals LLC. Dr. Govindammal Subramanian is the trustee of the said trust and Ms. Anu Subramanian and Mr. Ilango Subramanian are the equal beneficiaries of the Trust.

The Board of Directors are :

Dr. Veerappan Subramanian
Dr. Govindammal Subramanian
Ms. Anu Subramanian
Mr. Ilango Subramanian

Gavis Pharmaceuticals LLC is the exclusive marketer for all the products of Novel Laboratories Inc.

Financial Performance

The financial information of Gavis Pharmaceuticals LLC as certified by Mr. Nicholas J. Fedele, Partner, M/s Weiser Mazars LLP, Certified Public Accountant, having their office at 399 Thornall Street – Edison, New Jersey - 08837, (CPA License No. 20CC03714400; Firm EIN. 13-1459550), Tel no. +1 732-549 2800, Fax no. +1 732 549 2898; as are under :

(all figures in lakhs)

	Year 2013		Year 2012		Year 2011	
	USD	INR	USD	INR	USD	INR
Total Income	485.55	29,994.31	304.49	16,652.30	177.79	9,651.59
Cost of Goods Sold	196.13	12,116.26	171.93	9,402.67	101.62	5,516.73
R & D Expenses	154.81	9,563.17	52.02	2,845.11	59.51	3,230.82
Selling & General Expenses	52.86	3,265.41	34.07	1,863.51	25.81	1,401.13
Operating Income	81.75	5,049.47	46.47	2,541.01	(9.15)	(497.09)
PAT	81.72	5,048.27	46.45	2,540.54	(9.32)	(506.33)
Net Worth	79.55	4,914.21	25.05	1,370.23	(21.40)	(1,161.69)

7. Subramanian 2007 Irrevocable Trust

Form in June 2007, Dr. Govindammal Subramanian is the Trustee of this Trust with Ms. Anu Subramanian and Mr. Ilango Subramanian as equal beneficiaries.

The Trust is an investment and asset preservation vehicle. It was set up to hold interests in Gavis Pharmaceuticals LLC and associated ventures for the equal benefit of Ms. Anu Subramanian and Mr. Ilango Subramanian.

Listed Group Entities

None of our Group Entities or companies under the same management has its shares listed on any stock exchange in India or overseas.

Public or Rights Issues

None of our Promoter or Group Entities has made any public or rights issues during the last three years in India.

Group Entities with Negative Net Worth

None of our Group Entities has had negative net worth in the preceding three years.

Loss making Group Entities

None of our Group Entities has incurred any losses during the preceding 3 years.

Change in Control or Management

There has been no change in the control or management of our Promoter during the three years immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

Disassociation by the Promoter in the last three years

Our Promoter has not disassociated themselves from any company or firm during the three years immediately preceding the date of filing of the Draft Letter of Offer with the SEBI.

Payment of benefits to the Promoter during the last two years

Except as stated in "***Financial Statements***" on page 124, there has been no payment of benefits to our Promoter during the two years preceding the date of filing of the Draft Letter of Offer with SEBI.

Interests of our Promoter and Group Entities

Except for the Shareholding in our Company and the dividends that may be received on such shareholding and any benefits that may accrue pursuant to the master development agreement with our Company (details of which are appearing on page 101 under the Section "History" in this Draft Letter of Offer), none of our Promoter or Group Entities has any interest in our Company.

Except as disclosed in "***Financial Statements***" on page 124, our Promoter and Group Entities have no interest in any property acquired by our Company during the two years preceding the date of filing of the Draft Letter of Offer with SEBI, or proposed to be acquired by our Company.

Also see "***Financial Statements***"and "***History and other Corporate Matters***" and "***Risk Factors***" on pages 124, 95 and 8 respectively.

Common Pursuits

Novel Laboratories Inc and Gavis Pharmaceuticals LLC conduct business in the pharmaceutical industry. Novel Laboratories Inc develops products that are completely different dosage forms than the products developed at Wintac Limited. Our Company develops injectable and sterile products such as eye drops and the like. Novel Laboratories Inc on the other hand develops orally dosed products such as tablets, powders and oral solutions.

Gavis Pharmaceuticals LLC is a marketing company which markets products in the US and does not develop any products.

Other Confirmations

None of our Group Entities has become a sick company within the meaning of the Sick Industrial Companies Act, 1985, no winding up proceedings have been initiated against them, and no application has been made in respect of any of them, to the Registrar of Companies for striking off their names.

Additionally, none of our Group Entities has become defunct in the five years preceding the filing of this Draft Letter of Offer.

Our Company does not have any business interests with our Group Entities, Subsidiaries or associate companies except in the ordinary course of business which are held on arms length basis.

There have been no sales and purchases between Group Entities, Subsidiaries and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company except as disclosed in "***Financial Statements***" on page 124.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend.

FINANCIAL INFORMATION
Financial Information of Our Company
Auditors' Report

To,
The Board of Directors
Wintac Limited
54/1, Boodhihal, Nelamangala,
Bangalore-562123

Dear Sirs,

We have examined the attached restated financial information of Wintac Limited ("the Company") as approved by the Board of Directors of the Company, prepared in terms of the requirements of Section 26 (1) (b) of the Companies Act,2013 ('the Act'), read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time (the 'SEBI Regulations'), the Guidance note on "Reports in Company's Prospectus (Revised)" issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable ('Guidance Note') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 16th August 2014 in connection with the proposed Right's Issue of Equity Shares of the Company .

This information has been extracted by the Management from the financial statements for the years ended 31 March 2010, 2011, 2012, 2013 and 2014 which have been audited by us.

1. In accordance with the requirements of Section 26 (1) (b) of the Act, the SEBI Regulations and the terms of our engagement agreed with you, we further report that:

   a) The Restated Balance Sheet as at 31 March 2010, 2011, 2012, 2013 and 2014 examined by us, as set out in Annexure I to this report read with the significant accounting policies in Annexure IV are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Financial Statements enclosed as Annexure V(1) and (2) to this report.

   b) The Restated Statement of Profit and Loss of the Company for the years ended 31 March 2010, 2011, 2012, 2013 and 2014 are as set out in Annexure II to this report read with the significant accounting policies in Annexure IV are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Standalone Financial Statements enclosed as Annexure V(1) and (2) to this report.

   c) The Restated Statement of Cash Flows of the Company for the years ended 31 March, 2010, 2011, 2012, 2013 and 2014 are as set out in Annexure III to this report read with the significant accounting policies in Annexure IV are after making such adjustments and regrouping as in our opinion were appropriate and more fully described in the Notes to the Restated Standalone Financial Statements enclosed as Annexure V(1) and (2) to this report.

2. Based on the above, we are of the opinion that the Restated Standalone Financial Statements:

   i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years / period to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods;

ii) have been made after incorporating adjustments for prior period and other material amounts in the respective financial years / period to which they relate; and

iii) do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Standalone Financial Statements and do not contain any qualifications requiring adjustments.

3. We have also examined the following financial information as set out in the Annexures prepared by the management and approved by the Board of Directors relating to the Company for the years ended 31 March 2010, 2011, 2012, 2013 and 2014.

i) Statement containing details of long-term and short-term borrowings, as restated, in Notes 3 and 5 of Annexure IV(2),
ii) Statement of trade receivables, as restated, in Note 15 of Annexure V(2),
iii) Statement of details of Other Income in Annexure VI,
iv) Statement of current and non-current liabilities and long-term and short-term provisions, as restated, in Notes 4,6,7 and 8 of Annexure V(2),
v) Statement containing disclosure of Related Parties and transaction as required by Accounting Standard -18 in Note 28.1 of Annexure V(2),
vi) Statement of accounting and other ratios in Annexure VII,
vii) Capitalization statement as at 31st March 2014, in Annexure VIII,
viii) Statement of tax shelter, in Annexure IX ,
ix) Statement of dividends paid in Annexure X.

4. The Company has no quoted investments. Hence disclosure of book value and market value thereof does not arise.

In our opinion, the above financial information contained in Annexures I to X of this report read along with the significant accounting policies (Refer Annexure IV) and Notes to the Restated Standalone Financial Statements (Refer Annexure V(1) and V(2)) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with Section 26 (1) (b) of the Act and the SEBI Regulations.

5. The report should not in any way be construed as a re-issuance or re-dating of the previous audit report issued by us.

6. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

7. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our consent in writing.

***for* RAO & SWAMI**
Chartered Accountants
F R N: 003105 S

H. Anil Kumar
Partner
M No.: 022329
Bangalore
Date: 1st September, 2014

Statement of Assets & Liabilities

(₹ in Lacs)

	As at				
	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Equity & Liabilities					
Shareholders' Funds					
(a) Share Capital	1,002.98	1,202.98	802.98	754.45	754.45
(b) Reserves & Surplus	2,531.84	3,195.66	1,304.34	1,489.76	1,114.90
Non Current Liabilities					
(a) Long term borrowings	38.80	97.26	795.08	720.88	301.22
(b) Other Long Term Liabilities	1.00	3.38	4.38	4.38	-
Current Liabilities					
(a) Short term borrowings	-	124.75	798.47	1,000.95	783.80
(b) Trade payable	790.99	650.86	603.16	646.33	262.92
(c) Other current liabilities	762.22	736.38	869.38	822.76	825.55
(d) Short term provisions	37.93	18.79	53.90	47.65	36.08
Total	**5,165.77**	**6,030.07**	**5,231.69**	**5,487.16**	**4,078.92**
Non Current Assets					
(a) Fixed Assets	2,989.28	2,453.58	2,631.79	2,472.61	2,085.11
(b) Non-current investments	-	-	90.00	90.00	90.00
(c) Deferred tax Asset (net)	258.03	310.46	252.23	282.86	-
(d) Long term loans and advances	187.69	185.43	1,027.18	1,028.69	906.84
(e) Other non-current assets	227.73	139.74	124.63	61.15	35.16
Current Assets					
(a) Inventories	619.15	464.23	489.98	558.49	269.79
(b) Trade receivables	574.95	327.45	385.49	712.09	506.39
(c) Cash and bank balances	60.93	1,783.67	132.36	141.04	74.55
(d) Short term loans and advances	95.02	64.58	50.59	76.98	98.58
(e) Other current assets	152.99	300.93	47.44	63.24	12.50
Total	**5,165.77**	**6,030.07**	**5,231.69**	**5,487.16**	**4,078.92**

NOTE

1. Significant Accounting Policies for the restated financial statements are given in Annexure V(1)

2. Details to the above balances along with Notes as per Revised Schedule VI of the Companies Act, 1956, to the restated Balance Sheet as at 31st March,2014, the last of the dates upto which the accounts have been made up , are given in Annexure-V(2). Particulars of Contingent liabilities as at 31-03-2014 are given in Note 19 in the said Annexure-V(2)

ANNEXURE - II

Statement of Profit & Loss

(₹ in Lacs)

	For the year ended March 31				
	2014	2013	2012	2011	2010
INCOME					
Revenue from Operations	3,088.81	2,089.52	2,438.00	2,680.17	2,054.95
Other Income	59.18	31.24	20.21	9.94	66.59
Changes in Inventories of Finished Goods and WIP	132.81	(12.01)	(89.77)	80.82	12.87
Total	**3,280.08**	**2,108.74**	**2,368.43**	**2,770.94**	**2,134.41**
EXPENDITURE					
Cost of Materials Consumed	1,238.29	606.75	725.67	880.99	524.49
Purchase of Finished Goods	78.78	76.20	125.08	62.69	72.73
Employee expenses and benefits	959.50	796.21	747.87	645.12	528.75
Other Expenses	1,045.19	888.43	768.47	583.17	589.53
Finance costs	32.59	281.57	300.44	250.16	174.84
Depreciation and Amortisation Expense	187.97	194.11	196.12	171.22	145.61
Total	**3,542.32**	**2,843.26**	**2,863.65**	**2,593.36**	**2,035.94**
Adjusted Profit before tax and extraordinary Item	(262.24)	(734.52)	(495.21)	177.58	98.46
Exceptional Items	349.16	1,032.38	1.20	87.98	-
Extraordinary Items	-	-	-	-	--
Profit/ (Loss) before Tax	(611.40)	(1,766.90)	(496.41)	89.60	98.46
Provision for Tax					
Current Tax	-	-	-	(2.39)	-
Deferred Tax Liability \(Asset)	52.42	(58.23)	30.64	-	-
Profit after Tax	(663.82)	(1,708.67)	(527.05)	91.99	98.46

NOTE

1. Significant Accounting Policies for the restated financial statements are given in Annexure V(1)

2. Details to the above balances along with Notes as per Revised Schedule VI of the Companies Act, 1956, are given in Annexure-V(2).

ANNEXURE – III

Statement of Standalone Cash Flow

(₹ in Lacs)

	For the year ended March 31				
	2014	2013	2012	2011	2010
Cash flows from Operating Activities					
Net profit (loss) before tax	**(611.40)**	**(1,766.90)**	**(496.41)**	**89.60**	**98.46**
Adjustments for:					
Depreciation	187.97	194.11	196.12	171.22	145.61
Provisions/ Write offs under exceptional items	(27.10)	1,032.38	-	(4.89)	-
Interest expenses	32.59	281.57	300.44	250.16	174.84
Interest Received	(48.57)	(23.12)	(14.50)	(4.66)	(4.85)
(Profit)/loss on Sale of Fixed Asset	0.73	-	(0.43)	0.44	6.25
Operating Profit before Working Capital Changes	**(465.77)**	**(281.96)**	**(14.78)**	**501.87**	**420.31**
Adjustments for:					
Trade & Other Receivable	(392.11)	(53.55)	343.47	(247.30)	(71.74)
Inventories	(154.92)	25.75	68.51	(288.70)	14.65
Deferred Sales Tax	-	-	-	(9.56)	(47.86)
Trade & Other Payable	367.46	29.77	43.38	361.78	(84.74)
Cash Generated from Operations	**(645.34)**	**(279.99)**	**440.57**	**318.09**	**230.61**
Income taxes paid	-	-	-	-	0.12
Cash flow before extraordinary item	(645.34)	(279.99)	440.57	318.09	230.49
Net Cash from Operating Activities	**(645.34)**	**(279.99)**	**440.57**	**318.09**	**230.49**
Cash flows from Investing Activities					
Purchase of Fixed Assets	(717.70)	(211.15)	(398.49)	(589.13)	(151.92)
Sale of Fixed Assets	2.30	-	0.43	9.97	2.88
Advance to Medispec Pharmaceuticals P Ltd	(38.26)	(14.74)	31.53	(21.13)	(70.18)
Other Loans	-	132.85	(45.00)	(67.85)	(20.00)
Interest Received	48.57	23.12	14.50	4.66	4.85
Net cash from Investing Activities	**(705.09)**	**(69.92)**	**(397.03)**	**(663.48)**	**(234.37)**
Cash flows from Financing Activities					
Proceeds from Issue of Share Capital	-	4,000.00	490.16	-	-
Redemption of Preference Share	-	(200.00)	(100.00)	-	-
Increase/(Decrease) in Borrowings	(339.51)	(1,515.85)	(143.48)	662.10	188.78
Interest paid	(32.80)	(282.94)	(298.90)	(250.22)	(174.84)
Net cash used in Financing Activities	**(372.31)**	**2001.22**	**(52.22)**	**411.88**	**13.94**
Net Increase in Cash and Cash Equivalents	**(1722.74)**	**1651.31**	**(8.68)**	**66.49**	**10.07**
(+) Cash & cash equivalents at the beginning of the period	1,783.67	132.36	141.04	74.55	64.48
Cash and Cash Equivalents at the end of the Period	**60.93**	**1,783.67**	**132.36**	**141.04**	**74.55**

ANNEXURE – IV

SIGNIFICANT ACCOUNTING POLICIES

a) Fixed assets are stated at acquisition cost which comprises of purchase price, import duties, levies and any directly attributable cost of bringing the asset to its working condition for its intended use and also include an appropriate share of expenditure (including cost of trial runs and finance charges) during construction / installation. Income (if any) from trial runs is reduced from the Project Cost. Fixed Assets required for Research & Development are capitalized and depreciated in the like manner as other fixed assets of the company. Intangible assets are likewise stated at acquisition cost.

   Machinery Spares of the nature of capital spares/insurance spares are capitalized separately at the time of their purchase whether procured at the time of purchase of concerned fixed asset or subsequently, and are allocated on a systematic basis over a period not exceeding the useful life of the principal item i.e. the fixed asset to which they relate . When the related fixed asset is either discarded or sold, the written down value less disposal value, if any of the capital spares/insurance spares is written off.

b) Depreciation on tangible assets is provided on straight-line method at the rates as prescribed in Schedule XIV to the Companies Act, 1956. Intangible assets are amortized over their useful life as estimated by the management in accordance with AS-26. Depreciation on assets whose actual cost do not exceed ₹ 5000/- is depreciated at the rate of 100%.

c) Current investments are carried at lower of cost or fair value. Long-term investments are carried at cost (except where in the opinion of the Directors, there is a decline in value, other than temporary, in which case appropriate provision is made for such reduction in value).

d) Inventories are valued at lower of cost and net realisable value. Stock of stores are valued at cost. Cost is determined on First in First Out Basis [#].

e) Expenses incurred at premises taken on lease by the company on modification / partitions etc to meet the company's requirements are expensed under repairs. Extensions / Additions are capitalised

f) Prepaid expenses, which in the opinion of the management are not material in nature, are not carried forward and are generally absorbed in the year in which they are incurred.

g) Transactions during the year in foreign currencies are recorded at the rate prevailing on the transaction date. Net exchange difference arising on settlement of monetary items or on reporting the monetary items at the closing rate are recognized as income or expense.

h) All revenues, cost, assets and liabilities are recognised on accrual basis. Income from contract manufacturing charges is recognized based on despatch. Revenue from formulation development contracts are recognized on proportionate completion basis.[##] Excise duty payable on uncleared finished goods is accounted when they fall due by clearance from the factory

\# *Reversion to FIFO method from weighted average cost method followed in the audited accounts for year ended 31-03-2014. See Note 2 in Annexure V(1)*

\## *Mode or recognising revenue from formulation development contracts added to the Accounting Policy forming part of the annual accounts for the year ended 31-03-2014 for completeness and clarity.*

i) Sales include excise duty and are net of discount and value added tax/sales tax.

j) Employee Benefits

   i. Employee Benefits are recognised, measured and disclosed as per Accounting Standard -15 (Revised 2005) – "Employee Benefits".
   ii. The company relies on the actuarial valuation made by LIC using Projected Unit Credit Method for measurement of obligation towards Post-Employment Benefits under Defined

Benefit Plans such as Gratuity. Actuarial gains or losses are recognised in the Profit & Loss Account.

iii. Long term benefits such as earned leave are determined based on the actual leave accumulated at the end of the year.

iv. Termination Benefits are expensed in the year of termination of employment.

v. The benefits are after taking into consideration actuarial gains or losses.

k) Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the profit and loss account of the year in which they are incurred.

l) Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income tax law and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and corresponding deferred tax liability or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets.

m) Provision is recognized for losses arising from claims, litigations, assessments, fines, penalties, etc., when it is probable that a liability has been incurred and the amount can be reasonably ascertained / estimated.

n) The basic earnings (loss) per share is computed by dividing the net profit or loss after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. This is further adjusted for the effect of all dilutive potential equity shares for calculating diluted earnings per share.

o) Disclosure of related party relationships are made when control exists or where there have been related party transactions. For this purpose, transactions which are carried out on the same terms and conditions as applicable to the general public, such as acceptance of Fixed Deposits and payment of interest thereon, are not considered as related party transactions.

p) Leases:
Assets acquired under finance leases are capitalized at the fair value of the leased asset at the inception of the lease and included within fixed assets. Such assets are depreciated as per the depreciation policy for such assets stated in Note 1(b) above.

q) Impairment of Assets
As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

i. the provision for impairment loss, if any, required; or

ii. the reversal, if any, required of impairment loss recognized in previous periods.

NOTES TO THE RESTATEMENT OF FINANCIAL INFORMATION

(` in lacs)

Particulars	For the year ended				
	31-03-2014	**31-03-2013**	**31-03-2012**	**31-03-2011**	**31-03-2010**
Net Profit/(Loss) after Tax as per audited Statement of Profit & Loss	**(699.44)**	**(1,720.15)**	**(538.33)**	**78.13**	**113.80**
Adjustments on Account of:					
a) Restatement of contract Revenue (Refer Note 1)	41.06	(4.98)	17.14	13.62	(23.91)
b) Restatement of Inventory (Refer Note 2)	(5.44)				
c) Reclassification of Prior Period Items (Refer Note 3)	-	16.46	(5.86)	0.24	8.57
Net Profit/(Loss) after Tax as restated	**(663.82)**	**(1,708.67)**	**(527.05)**	**91.99**	**98.46**

Notes to the restatement of Statement of Profit & Loss :

1) The company was following the proportionate completion method of reporting contract manufacturing charges for the years ended 31st March 2010, 2011, 2012 and 2013. With effect from financial year 2013-14, the company has shifted to completed contract method of reporting income from contract manufacturing. Accordingly, the profit and loss statement of years ended 31st March 2010, 2011, 2012 and 2013 have been restated to recognize income from contract manufacturing on completed contract basis.

2) Inventory for the years ended 31st March 2010, 2011, 2012 and 2013 have been valued at lowest of cost and net realizable value, cost determined on First in First out (FIFO) basis. The company had shifted to new ERP System with effect from October 1st 2013 which was to value inventory on moving weighted average basis and inventory for the year ended 31.3.2014 has been valued on that basis. However the closing inventory was valued at weighted average of standard cost which is not in terms of AS-2 “Valuation of Inventories “ and was qualified in the audit report for that year. Accordingly, for the purpose of this report, the inventory for the year ended 31.3.2014 has also been valued on FIFO basis as in the earlier years and as such the figures are comparable.

3) Prior period items reported in each year have been reallocated to the respective periods.

4) All the qualifications in the audit reports of the last five years[1] have been addressed in the restated Financial Statements except for certain disclosures required by AS-15 (Employee Benefits) which could not be furnished for the year ended 31-03-2014 in Note 25 (c) of Annexure-V(2) as LIC has still not furnished the necessary information. This has been stated in Explanatory Note 3 in the said Note.

---

[1] **Summary of Auditor's Qualification on the Financial Statements for the past five financial years and action taken by the Management / response of the Management.**

Particulars of Qualifications		Action Taken by the Management / Response of the Management
1.	**The auditors in their reports for the years ended 31st March 2010 and 2011 had drawn the attention of the members to the following representations made by the Management in the Financial Statements and expressed their inability to express an opinion on the same :**	
a)	As company had long term interest in the joint venture company Medispec Pharmaceuticals (P) Ltd., provision for diminution in value of investments of Rs. 90 lakhs, though its networth had completely eroded/was not considered necessary .	Balance is now fully provided.
b)	As company expected to recover amount due from said joint venture company from its future operations, provision for amount due from the said joint venture company was not considered necessary.	Balance is now fully provided for.
c)	There were long outstanding balances under Sundry Debtors and Loans and Advances .	Balance is now fully provided for.
2.	The auditors in their report for the year ended 31-03-2014 have made the following observations	
a)	That in their opinion they have obtained all the information and explanations which to the best of their knowledge and belief were necessary for the purpose of their audit, except certain documentation in support of acquisition of trademarks from the joint venture company, referred to in Note 9.2 b) (of Note 9C Annexure V(2) in restated Financial statements), such as report of independent valuer and consent of other stakeholders, which in their opinion was necessary	The Management is of the opinion that the documentation which has not been obtained would not adversely affect the company. However the Company has initiated steps to obtain the necessary documentation called for by the auditors.
b)	That in their opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement (for the year ended 31-03-2014) comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 except with reference to not furnishing required disclosures as required by AS-15 (Employee Benefits) for the current year in Note 25.1 c), for the reasons stated in Explanatory Note 3 therein; and valuation of inventory on standard cost basis as referred to in Note 28.10 a) which is not in accordance with AS-2 (Valuation of Inventories);	The necessary information was required to be furnished by Life Insurance Corporation of India (LIC) with whom the company has taken the insurance policy for providing Gratuity Provisions for the employees. In view of certain statutory changes in the said policy, LIC had not provided the required information as required under AS-15 and expressed their inability to provide the same before the closure of our books for the current year. However, necessary provision as advised by LIC has been made in the books of accounts. Consequent to changeover to new ERP System, the finished goods was valued at Standard Cost method. The inventory valuation method has since been changed to Actual cost of Goods or Net Realisable value (whichever is lower) method as required under AS-2. However, the difference in the valuation of finished goods between the two valuation methods is not material.

5) In respect of the qualification made in the audit report of 31-03-2014 that the transfer of Trademarks from a joint venture company is not found to be supported by certain documentation (see Note 9B.2 of Annexure V(2)), no adjustment is found to be required in view of Management response (See footnote below)

6) The above adjustments do not have any tax impact in view of brought forward losses.

7) Reconciliation of opening balance of Loss as on 1-4-2009 as reported under opening balance of Profit & Loss in Note 2 of Annexure V(2) with the audited Balance Sheet as at 31-03-2009

Particulars	*(₹ in Lacs)*
Surplus (Loss) as on 31-03-2009 as per Audited balance sheet	(488.06)
Add:	
Adjustment for conversion cost (Refer Note1 above))	(42.93)
Adjustment for Prior Period items(Refer Note3 above)	(19.41)
Restated Balance of Loss as on 1-4-2009	(550.40)

ANNEXURE V(2)

DETAILS AND NOTES TO THE RESTATED FINANCIAL STATEMENTS

(Details have been given in this Annexure to the balances reported in the restated Balance Sheets per Annexure-I and restated Statement of Profit & Loss per Annexure-II, for all the five financial years ended 31st March 2010, 2011, 2012, 2013 and 2014, for the information of the readers. Notes as per Revised Schedule VI of the Companies Act, 1956 have been given In terms of Paragraph 2 of sub-item (B) of Item (IX) of Part A of Schedule VIII to the ICDR Regulations, 2009 in respect of the Balance Sheet as at 31st March, 2014 being the latest date to which the Balance Sheet has been drawn up and in respect of the Profit & Loss Account, for all the five financial years)

Note- 1 (₹ in Lacs)

	For the year ended March 31				
	2014	2013	2012	2011	2010
Equity shares of ₹ 10/- each					
Authorized					
- No. of Shares (in Lacs)	120.00				
- Value of Shares (₹ in Lacs)	1,200.00				
Issued, Subscribed & Fully Paid up					
- No. of Shares (in Lacs)	100.24				
- Value of Shares (₹ in Lacs)	1,002.42	1,002.42	602.42	453.89	455.00
Allotment Money Due (From Directors: Nil)	-	-	-	-	(0.55)
Forfeited Shares (₹ in Lacs)	0.56	0.56	0.56	0.56	-
Preference Share of ₹ 100/- each					
Authorized					
- No. of Shares (in Lacs)	3.00				
- Value of Shares (₹ in Lacs)	300.00				
Issued, Subscribed & Fully Paid up					
- No. of Shares (in Lacs)	-				
- Value of Shares (₹ in Lacs)	-	200.00	200.00	300.00	300.00
Total	**1,002.98**	**1,202.98**	**802.98**	**754.45**	**754.45**
a) Reconciliation of Number of Shares (in Lacs)					
i) Equity shares					
- Shares outstanding at the Beginning of the Year	1,002.42				
- Shares issued during the year	-				
- Shares forfeited during the year	-				
- Shares outstanding at the end of the Year	1,002.42				
ii) Preference Shares					
- Shares outstanding at the Beginning of the Year	200.00				
- Shares issued during the year					
- Shares forfeited during the year	200.00				
- Shares outstanding at the end of the Year	-				
b) Details of Shareholders holding more than 5% of the Shares					
A. EQUITY SHARES					
GAVIS Pharmaceuticals LLC, USA					
- No. of Shares (in lacs)	55.12				
- % of Holding	54.99%				
Bangalore Pharmaceutical & Research Laboratory P Ltd					
- No. of Shares (in lacs)	12.13				
- % of Holding	12.10%				
Mr. S Jayaprakash Mady					
- No. of Shares (in lacs)	9.16				
- % of Holding	9.14%				
Mrs. Kripa Mady					
- No. of Shares (in lacs)	6.71				
- % of Holding	6.69%				

1.6 Rights, Preferences and Restrictions
Equity shares are on par with each other both with regard to payment of dividend and voting rights.

Note – 2

(₹ in Lacs)

Reserves & Surplus	For the year ended March 31				
	2014	2013	2012	2011	2010
Profit & Loss					
Opening Balance	(2,312.81)	(604.14)	(77.08)	(451.94)	(550.40)
Profit/(Loss) for Year (Re-stated)	(663.82)	(1,708.67)	(527.05)	91.99	98.46
Deferred Tax Adjustment	-	-	-	282.87	-
Closing Balance	(2,976.63)	(2,312.81)	(604.13)	(77.08)	(451.94)
Security Premium	5,098.63	5,098.63	1,498.63	1,157.01	1,157.01
General Reserves	409.84	409.84	409.84	409.84	409.84
Total	**2,531.84**	**3,195.66**	**1,304.34**	**1,489.76**	**1,114.90**

Note – 3

(₹ in Lacs)

Long Term Borrowings	For the year ended March 31				
	2014	2013	2012	2011	2010
Secured					
Term Loan from Banks	-	-	560.12	527.12	280.76
From Others					
Vehicle Loans	-	-	12.77	22.44	20.46
	-	-	572.89	549.56	301.22
Unsecured					
Term Loan from					
Non Banking Financial Companies			13.12	-	-
Deposits					-
Inter Corporate Deposit			25.00	-	-
Fixed Deposits: (Refer Notes 3.1 to 3.4)	38.80	97.26	184.07	171.32	
	38.80	97.26	222.19	171.32	-
Total	**38.80**	**97.26**	**795.08**	**720.88**	**301.22**

3.1 Loans outstanding as on 31-03-2014 viz. Fixed Deposits are repayable on respective due dates. All the Fixed Deposits are due for repayment in financial year 2015-16.

3.2 There are no defaults /continuing defaults in repayment of principal amount of the Deposits or interest.

3.3 Aggregate amount of above loans (i.e Fixed Deposits) guaranteed by the directors - Nil

3.4 Includes deposits accepted from related parties in their personal capacity on the same terms as from others as to repayment and interest (11%). Balance of such deposits as on 31-03-2014 ₹ 24.85 lacs.

Note – 4

(₹ in Lacs)

Long Term Liabilities	For the year ended March 31				
	2014	2013	2012	2011	2010
Security Deposits	1.00	3.38	4.38	4.38	-
Total	**1.00**	**3.38**	**4.38**	**4.38**	**-**

Note – 5

(₹ in Lacs)

Short Term Liabilities	For the year ended March 31				
	2014	2013	2012	2011	2010
Secured					
Repayable on Demand					
- From Banks	-	-	663.10	573.64	366.03
- Overdraft Secured by FD	-	-	-	6.17	
Unsecured					
Loans and advances from related parties	-	-	39.12	410.89	393.10
Other Loans	-	-	-	-	9.57
Deposits					
Inter Corporate Deposit	-	15.60	46.25	6.50	15.10
Fixed Deposits	-	109.15	50.00	3.75	-
Total	**-**	**124.75**	**798.47**	**1,000.95**	**783.80**

Note – 6

(₹ in Lacs)

Trade Payables	For the year ended March 31				
	2014	2013	2012	2011	2010
Trade Payables	790.99	650.86	603.16	646.33	262.92
There is no information reportable under the Micro, Small, & Medium Enterprises Development (MSMED) Act, 2006					
Total	**790.99**	**650.86**	**603.16**	**646.33**	**262.92**

Note – 7

(₹ in Lacs)

Other Current Liabilities	For the year ended March 31				
	2014	2013	2012	2011	2010
Current Maturities of Long-term Debts	57.96	159.99	345.56	306.22	338.92
Interest accrued but not due on borrowings	-	0.21	1.18	0.03	0.09
Interest accrued and due on borrowings	-	-	0.41	-	-
Unpaid matured deposits and interest accrued	-	54.27	13.00	67.55	-
Other Payables					
- Due to Directors	-	-	0.01	0.43	-
- Customer Advances / Credit Balances	288.28	281.37	253.21	233.27	197.85
- Statutory Liabilities	44.70	66.87	94.96	69.99	82.30
- Security Deposits	2.88	2.50	2.50	2.50	2.00
- Others (See Note 7.2 below)	368.40	171.17	158.55	142.76	204.39
Total	**762.22**	**736.38**	**869.38**	**822.76**	**825.55**

7.1 Amounts due to be credited to the Investor Education and Protection Fund as on 31-03-2014 ₹ Nil (Nil)

7.2 Current Maturities of long term debts include Fixed Deposits from related parties (₹ 20.70 lacs as on 31-03-2014) accepted on the same terms and conditions as in the case of other deposits at the same rate of interest (11% p.a.)

7.3 Others include employee dues and accrued liabilities.

Note – 8

(₹ in Lacs)

Short Term Provisions	For the year ended March 31				
	2014	2013	2012	2011	2010
Provision for Employee Benefits					
Gratuity	15.07	-	36.28	32.86	24.74
Earned Leave	22.86	18.79	17.62	14.78	11.34
Total	**37.93**	**18.79**	**53.90**	**47.65**	**36.08**
(Disclosures pursuant to AS-15 are given in Note 25)					

Note – 9

A. Fixed Assets

(₹ in Lacs)

Particulars	For the year ended March 31				
	2014	2013	2012	2011	2010
Fixed Assets					
Gross Block	4,741.52	3,800.42	4,109.40	3,831.02	3,341.10
Less: Depreciation	1,752.24	1,556.82	1,627.95	1,431.82	1,263.92
Net Block	2,989.28	2,243.60	2,481.45	2,399.20	2,077.18
Less: Revaluation Reserve	-	-	-	-	-
Net Block after adjustment of revaluation reserve	2,989.28	2,243.60	2,481.45	2,399.20	2,077.18
Capital WIP	-	209.98	150.34	73.41	7.93
Total	**2,989.28**	**2,453.58**	**2,631.79**	**2,472.61**	**2,085.11**

9B DETAILS TO FIXED ASSETS AS AT 31-03-2014

(₹ in Lacs)

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1 April 2013	Additions	Other Adjustments (Refer Note 9B.5)	Disposals	Balance as at 31st March 2014	Balance as at 1 April 2013	Depreciation charged for the year	Other Adjustments (Refer Note 9B.5)	Depreciation withdrawn for the year	Balance as at 31st March 2014	Balance as at 31st March 2014	Balance as at 31st March 2013
a. TANGIBLE ASSETS												
Land	44.14	-	-	-	44.14	-	-	-	-	-	44.14	44.14
Buildings	1055.49	194.24	-	-	1249.73	432.09	35.63	-	-	467.72	782.01	623.40
Plant and Equipment	2254.21	672.88	-367.94	-	2559.14	908.18	101.33	-73.91	-	935.60	1623.55	1346.03
Furniture and Fixtures	31.12	42.97	-	-	74.08	9.90	2.72	-	-	12.62	61.46	21.22
Vehicles	80.07	0.62	16.43	12.02	85.11	32.39	7.84	16.43	8.99	47.68	37.43	47.68
Office equipment	14.96	17.98	-	-	32.94	5.03	1.25	-	-	6.28	26.66	9.93
Garden	20.73	-	-	-	20.73	-	-	-	-	-	20.73	20.73
R & D Equipments	37.25	-	367.94	-	405.19	16.97	19.25	73.91	-	110.12	295.07	20.28
Library	4.50	-	-	-	4.50	1.36	0.21	-	-	1.58	2.93	3.14
Total	3542.47	928.69	16.43	12.02	4475.57	1405.93	168.23	16.43	8.99	1581.60	2893.97	2136.54
b. INTANGIBLE ASSETS												
Brands /trademarks	28.77	2.00	-	-	30.77	28.53	0.09	-	-	28.62	2.14	0.24
Computer software	34.52	6.00	-	-	40.52	18.17	6.08	-	-	24.25	16.27	16.35
Technical Knowhow	59.00	-	-	-	59.00	59.00	-	-	-	59.00	-	-
Accreditation	135.67	-	-	-	135.67	45.20	13.57	-	-	58.76	76.90	90.47
Total	**257.96**	**8.00**	**-**	**-**	**265.96**	**150.90**	**19.74**	**-**	**-**	**170.64**	**95.32**	**107.06**
TOTAL a+b	**3,800.42**	**936.69**	**16.43**	**12.02**	**4,741.53**	**1,556.82**	**187.97**	**16.43**	**8.99**	**1,752.24**	**2,989.29**	**2,243.60**

9B 1.1 Land - There is a dispute on title of the land at Sarjarpur Road, Original Cost, ₹ 671,438. There has been a claimant to the said land who was successful in transferring the Khata to his name and the Company has filed a Writ Petition in the Hon'ble High Court of Karnataka which is pending disposal.

9B 1.2 Portion of vacant factory land at Bhudihal Village, Nelamangala Taluk measuring 82,000 Sqt has been given on lease to Bangalore Pharmaceuticals & Research Laboratories Pvt. Ltd.

9B 2 Trademarks

a) Trademarks are under transfer to the company for which necessary applications have been made in respect of trademarks acquired in earlier years
b) In respect of trademarks acquired at a value of ₹ 2,00,000 during the year, from joint venture company Medispec Pharmaceuticals Pvt Ltd, the auditors have observed in their report that the consent of the other stakeholders and report of independent valuer has not been furnished

9B 3 Vehicle - Gross Block includes: Motor Car original cost ₹ 1,329,372/- standing in the name of the Managing Director.

9B 4 Application Software is amortised over a period of six years.

9B 5 Other Adjustments represents
a) Reclassification of certain equipment acquired for product development cost ₹ 3,69,74,398 and accumulated depreciation ₹ 73,90,810 as R & D Equipments.
b) Restoration of certain vehicles cost ₹ 16,43,400 and accumulated depreciation ₹ 16,43,400 which were wrongly withdrawn in the previous year.

Note – 10

(₹ in Lacs)

Non Current Investments	As at 31st March				
	2014	2013	2012	2011	2010
Trade Investments, Unquoted, at Cost					
Medispec Pharmaceuticals Pvt Ltd (Joint Venture)	90.00	90.00	90.00	90.00	90.00
(9,00,000 Equity Shares of FV of ₹ 10/-)					
Less: Provision for diminution in value	90.00	90.00	-	-	-
Total of Unquoted Investments	**-**	**-**	**90.00**	**90.00**	**90.00**

Note – 11

(₹ in Lacs)

Deferred Tax Asset	As at 31st March				
	2014	2013	2012	2011	2010
A. Deferred Tax Asset					
1. Carry Forward Depreciation	526.39	549.86	484.79	407.40	-
2. Carry Forward R&D Expenditure	-	3.03	5.33	5.33	-
3. Expenditure not allowed as a deduction under tax laws pending actual payment	22.40	21.90	37.32	29.91	-
B. Deferred Tax Liability					
Difference between Book Depreciation and Tax Depreciation	290.75	264.33	275.22	159.78	
C. Net Deferred Tax Asset	**258.03**	**310.46**	**252.23**	**282.86**	**-**

11.1 Deferred tax asset was initially recognised as on 31-03-2011

11.2 The assessment of deferred tax asset is provisional and is subject to adjustments on company filing its income tax return, assessment of the returned income, outcome of appeals, etc

11.3 In light of the Company since retaining the regulatory approval for sales to US markets, regulatory approvals available for export to European markets and the current valuation of the company, the Management is virtually certain that the company will be able to earn taxable income in subsequent years to absorb net deferred tax asset comprising carry forward depreciation and carry forward research and development expenditure.

Note – 12

(₹ in Lacs)

Long Term Loans & Advances	As at 31st March				
	2014	2013	2012	2011	2010
Loans And Advances					
(Unsecured, Considered Good)					
Capital Advances	150.08	152.28	43.18	20.00	21.30
Security Deposits	37.32	27.46	31.15	31.22	32.94
Loans and Advances to Related Parties (Medispec Pharmaceuticals Private Limited- Associate)	0.00	0.00	795.92	827.45	806.32
Other Advances	0.30	5.69	156.93	150.02	46.28
(a)	187.70	185.43	1,027.18	1,028.69	906.84
(Unsecured, Considered Doubtful)					
Loans and Advances to Related Parties (Medispec Pharmaceuticals Private Limited- Associate)	848.92	810.66	0.00	0.00	0.00
Other Advances	300.78	300.79	283.00	283.00	319.00
(b)	1,149.70	1,111.45	283.00	283.00	319.00
Total (a) + (b)	**1,337.40**	**1,296.88**	**1,310.18**	**1,311.69**	**1,225.84**
Less : Provision for doubtful advances	1,149.71	1,111.45	283.00	283.00	319.00
Total	**187.69**	**185.43**	**1,027.18**	**1,028.69**	**906.84**

Note – 13

(₹ in Lacs)

Other Non Current Assets	As at 31st March				
	2014	2013	2012	2011	2010
UNSECURED CONSIDERED GOOD					
Taxes Refundable	227.73	139.74	124.63	61.15	35.16
Total	**227.73**	**139.74**	**124.63**	**61.15**	**35.16**

13.1 Taxes Refundable includes payments made/ refunds adjusted to pending demands and interest thereon which are under appeal as detailed in Note 19.1

Note – 14

(₹ in Lacs)

Other Non Current Assets	As at 31st March				
	2014	2013	2012	2011	2010
Raw Materials and components	212.04	149.44	181.29	183.38	39.36
Packing Materials and components	163.67	144.95	146.97	116.30	86.18
Work-in-progress	40.57	30.08	47.82	158.77	48.57
Finished goods (Including Purchased)	126.85	52.17	46.44	25.27	54.64
Stores and spares	28.39	39.96	43.26	74.77	41.04
Packing Materials in bonded warehouse	47.63	47.63	24.20	0.00	0.00
Total	**619.15**	**464.23**	**489.98**	**558.49**	**269.79**

14.1 Includes materials purchased for overseas market for supply against orders on hand, not processed pending receipt of regulatory approvals

Raw Materials and components - 101.87
Packing Materials and components - 26.75
Packing Materials in bonded warehouse - 47.64

As the approval has since been received the Company expects the orders to be revived and the material to be used in the manufacturing process.

14.2 Inventory is valued at lower of cost and net realisable value as per Accounting Policy d) Annexure IV.

Note – 15

(₹ in Lacs)

Trade Receivables	As at 31st March				
	2014	2013	2012	2011	2010
Outstanding for More than six months					
Unsecured, Considered Good					
-Promoters/promoter group/relative of directors/ related to issuer					
-Others	8.82	31.69	97.08	93.51	134.98
Unsecured, Considered doubtful	-	-	-	-	-
Total (A)	**8.82**	**31.69**	**97.08**	**93.51**	**134.98**
Others					
Unsecured, Considered Good					
-Promoters/promoter group/relative of directors/ related to issuer					
-Others	566.13	295.76	288.41	618.58	371.41
Unsecured, Considered doubtful	-	-	-	-	-
Total (B)	**566.13**	**295.76**	**288.41**	**618.58**	**371.41**
Total (A) +(B)	**574.95**	**327.45**	**385.49**	**712.09**	**506.39**

Note – 16

(₹ in Lacs)

Cash & Bank Balance	As at 31st March				
	2014	2013	2012	2011	2010
Balances with Banks					
In Deposit Accounts	34.38	1,768.08	97.55	119.86	62.31
In Current Accounts	26.36	15.46	34.77	20.60	9.89
Cash on Hand	0.19	0.12	0.04	0.58	2.34
Total	**60.93**	**1,783.67**	**132.36**	**141.04**	**74.55**

16.1 Balances with Banks in Deposit Accounts as on 31-03-2014 includes ₹ 3.06 pledged as margin towards bank guarantees

16.2 Bank deposits with more than 12 months maturity - Nil (Nil)

16.3 Balances in 4 current accounts with banks which have not been operated during the year ended 31-03-14 aggregating to 2.16 for which statements of account and confirmations have not been received

Note – 17

(₹ in Lacs)

Short Term Loans & Advances	As at 31st March				
	2014	2013	2012	2011	2010
Other Loans & Advances Recoverable in cash or kind					
Unsecured, considered good	95.02	64.58	50.59	76.98	98.58
Total	**95.02**	**64.58**	**50.59**	**76.98**	**98.58**
* Includes loans to staff, advances to suppliers, etc					

Note – 18

(₹ in Lacs)

Other Current Assets	As at 31st March				
	2014	2013	2012	2011	2010
Redemption Money paid to Preference Shareholder	-	200.00	-	-	
Prepaid Expenses	78.95	60.68	8.26	20.19	5.24
Input Tax Credits (Refer Note 18.1)	74.04	37.54	39.18	43.05	7.26
Gratuity fund (Funded Status)	-	2.71	-	-	
Total	**152.99**	**300.93**	**47.44**	**63.24**	**12.50**

18.1 Input tax credits in respect of Cenvat, Service tax and Vat balances are under reconciliation.

Note 19- Contingent Liabilities and Commitments

19.1) Claims against the company not acknowledged as debt as on 31.03.2014

NATURE OF CASE	FORUM WHERE CASE IS BEING ADJUDICATED	VALUE INVOLVED/ POTENTIAL LIABILITY	AMOUNT PAID	AMOUNT NOT PAID	REMARKS
CLAIMS TOWARDS TAXES		*₹ in Lacs*	*₹ in Lacs*	*₹ in Lacs*	
COMPANY IN APPEAL					
CENTRAL EXCISE					
1 Valuation of Physicians Samples for the period Jan2005 to December 2006	CESTAT, BANGALORE	44.95 (with interest as applicable) Penalty equal amount	-	44.95 (with interest as applicable) Penalty equal amount	
2 Penalty under Rules 209 A of the Central Excise Rules	CESTAT, AHMEDABAD	2.00	-	2.00	
3 Claim of duty on removal of exempted products	CESTAT, BANGALORE	Tax of 168.28 (plus interest as applicable) Penalty equal amount.	9.05	Tax of 159.23 (plus interest as applicable) Penalty equal amount	
VAT / SALES TAX					
4 Difference in Sales Tax for non submission of Statutory Forms 2003-04 at Mumbai	DCST- Navi Mumbai	CST 2.33 (Penalty 0.79)	1.75	CST 0.58 (Penalty 0.79)	
5 Difference in Sales Tax for non submission of Statutory Forms 2005-06	Joint Commissioner of Commercial Taxes-Appeals	4.60	4.60		
6 Difference in Sales Tax for non submission of Statutory Forms 2006-07	Joint Commissioner of Commercial Taxes-Appeals	5.80	5.80		

INCOME TAX					
8 Appeal against order of rectification passed by AO for Asst Year 2001-02	High Court of Karnataka	38.26 plus interest as applicable	70 (approx)		Has been recovered out of refunds for subsequent assessment years
9 Taxability of transfer of Technical knowhow to Recon Healthcare Limited	Supreme Court of India	Nil	Nil	Nil	No immediate monetary impact in view of brought forward loss.
FRINGE BENEFIT TAX					
10 Appeal against order for assessment year 2008-09 passed pursuant to order of revision	Comm. Of Income Tax, Appeals	5.24		5..24	
DEPARTMENT IN APPEAL					
-					
CENTRAL EXCISE					
11. Central Excise on Sale of brands to Recon Health Care	Supreme Court of India	400 (with Interest and penalty etc)		400 (with Interest and penalty etc)	Liability if any will be on account of Cadila Healthcare Private Limited the purchaser
12 Service Tax on transfer of Technical Knowhow to Recon Health Care etc	High Court of Karnataka	128.08 (with Interest and penalty etc)		128.08 (with Interest and penalty etc)	Liability if any will be on account of Cadila Healthcare Private Limited the purchaser
OTHER CLAIMS					
13. Suit by Indian Oil Corporation demanding ₹ 9.3	City Civil Court	₹ 9.3 lakhs			Towards differential tax for non-submissions of forms

Particulars	As at 31/03/2014 (₹ in Lacs)
19.2) Guarantees	Nil
19.3) Other money for which the company is contingently liable	
a) Sales Tax & Entry Tax The management is of the opinion that company will have no further liability / exposure arising from pending assessments for Sales Tax and Entry Tax for current and earlier years at erstwhile depots and at Bangalore, including tax payable on the products of Medispec Pharma (P) Ltd sold under co-marketing arrangements	
b) Provident Fund (PF) Proceeding before the regional PF commissioner regarding damage and interest for delay in remittance of PF contribution since 01.04.1996 to 24.12.2013	48.64
19.4) Other Commitments	
(a) Custom Duty :	
i. On account of import of material under Advance License Scheme	Nil
ii. On goods held in bonded ware house :	12.32
iii. On other goods	3.06
(b) Estimated amount of contracts remaining to be executed on capital account not provided for	69.92

Note – 20

(₹ in Lacs)

Revenue from Operations	For the year ended 31st March				
	2014	2013	2012	2011	2010
Sales: Formulations					
Gross Sales (Refer Note 20.1)	1,781.24	1,055.16	1,692.50	1,449.28	849.13
Less: Excise Duty (Refer Note 20.2)	222.19	180.16	166.53	111.31	88.57
	1,559.06	875.00	1,525.97	1,337.96	760.56
Income from Services					
Manufacturing Charges	841.31	975.92	686.73	805.65	799.07
Formulation Development Fee (Refer Note 20.3)	688.44	221.88	220.31	526.16	495.32
Other Operating Revenues	-	16.71	4.99	10.40	-
Total	**3,088.81**	**2,089.52**	**2,438.00**	**2,680.17**	**2,054.95**

20.1 Gross Sales includes sale of products manufactured at third party locations of which the company is the brand owner. Gross sales of 2013-14 includes ₹ 47.48lacs Sale of products whose trademarks have been transferred during the year ended 31-03-2014 from the joint venture company Medispec Pharmaceuticals Private Limited as referred to in Note 9.2b

20.2 Excise duty which is collected separately and does not part of revenue is added back to revenue for the purposes of arriving at the gross sales.

20.3 Formulation Development Fee represents Technology Transfer Fee for development of dosage forms. Revenue from these contracts is generally being recognized in accordance with the payments falling due as per the payment milestones under the agreement, which method, in the opinion of the management, approximates to the proportionate completion method referred to in Accounting Policy h) (Annexure V (1)).

Note – 21

(₹ in Lacs)

Other Income	For the year ended 31st March				
	2014	2013	2012	2011	2010
Interest	48.57	23.12	14.50	4.66	12.33
Lease Rent	5.81	5.81	5.28	5.28	5.28
Miscellaneous Income	4.81	2.31	-	-	48.98
Profit / (Loss) on Sale of Fixed Assets	-	-	0.43	-	-
Total	**59.18**	**31.24**	**20.21**	**9.94**	**66.59**

Note – 22

Changes in Inventories of Finished Goods and Work in Progress (₹ in Lacs)

	For the year ended 31st March				
	2014	2013	2012	2011	2010
Closing Stock					
Finished Goods (Including Purchased Goods)	174.49	52.17	46.44	25.27	54.64
Semi-Finished Goods	40.57	30.08	47.82	158.76	48.57
	215.06	82.25	94.26	184.03	103.21
Less: Opening Stock					
Finished Goods (Including Purchased Goods)	52.17	46.44	25.27	54.64	56.52
Semi-Finished Goods	30.08	47.82	158.76	48.57	33.82
	82.25	94.26	184.03	103.21	90.34
Increase/(Decrease) in Inventory (a-b)	**132.81**	**(12.01)**	**(89.77)**	**80.82**	**12.87**

Note – 23

(₹ in Lacs)

Cost of Material consumed	For the year ended 31st March				
	2014	2013	2012	2011	2010
Raw Materials (Bulk drugs & Other Pharmaceutical Inputs)	793.92	312.70	440.69	555.32	271.33
Packing Materials(Ampoules, Vials, Bottles, Labels, Cartons, Shippers etc)	444.37	294.05	284.98	325.67	253.16
Total	**1,238.29**	**606.75**	**725.67**	**880.99**	**524.49**

Note – 24

(₹ in Lacs)

Purchase of Finished Goods	For the year ended 31st March				
	2014	2013	2012	2011	2010
Formulations (These are pharmaceutical products of which the Company is the brand owner manufactured at Third Party locations)	**78.78**	**76.20**	**125.08**	**62.69**	**72.73**

Note – 25

(₹ in Lacs)

Employee Expenses & Benefits	For the year ended 31st March				
	2014	2013	2012	2011	2010
Salaries & Wages	868.18	738.51	681.67	577.53	481.19
Contribution of Provident and Other Funds	56.13	35.59	43.71	48.05	31.43
Staff Welfare	35.19	22.10	22.48	19.54	16.13
Total	**959.50**	**796.21**	**747.87**	**645.12**	**528.75**

a) Overview of Employee Benefits

1) The compensation to employees for services rendered are as follows:

   i. Salaries and Wages including compensated absences. Compensated absences such as eligibility towards earned leave are allowed to be accumulated as per company's rules. Such earned leave can be encashed at the time of separation.
   ii. Bonus as per the Bonus Act, 1965.
   iii. Contributions under defined contribution plans such as Provident Fund as per Employees Provident and Miscellaneous Provisions Act, Employees Insurance Scheme, etc.
   iv. Defined Benefit Plans such as Gratuity on cessation of employment. The Company has taken a Master Policy from LIC to fund this defined benefit obligation.
   v. Other employee benefits such as leave travel allowance

   The above benefits are subject to eligibility and other criteria as per company's rules.

2) The Company had discontinued the Superannuation Scheme at the close of 31.03.2009. During the year 2013-14 dues of most employees have been settled and excess of ₹ 7,45,007/- paid over balance of contribution held as of 31.03.2013 is included under salaries and wages. Further dues (if any) to separated employees will be recognised on a pay as you go basic.

b) Recognition and Measurement

i. Employee benefits are recognised on accrual basis. Liability to compensated absence such as leave encashment are determined by multiplying the actual leave accumulated at the end of the year by the applicable component of salary.
ii. Liability to defined benefit plan viz. Gratuity are valued on actuarial basis under Projected Unit Credit Method by LIC.
iii. Liability under defined contribution schemes such as contribution to Provident Fund, ESI etc are measured based on the contribution due for the year.
iv. Leave Travel Allowance is recognized during the year ended 31-03-2014 based on accruals, which was hitherto being recognised based on claim. The impact on accounts due to change in the accounting policy in the opinion of the management will not be material

c) Disclosures pursuant to AS-15 (Revised 2005)

(₹ in Lacs)

	For the year ended 31st March				
	2014	2013	2012	2011	2010
i. Leave Encashment					
Opening Liability	18.79	17.62	14.78	11.34	11.06
Leave encashed during the year	3.13	2.55	2.33	1.15	0.47
Closing liability as on 31st March 2014	22.86	18.79	17.62	14.78	11.34
Charge to the Profit and Loss A/c	7.20	3.72	5.17	4.59	0.75
ii Gratuity					
Table Showing changes in present value of Obligation					
Present value of obligations as at beginning of year	See Explanatory Note 3 below	39.34	35.47	26.72	21.08
Interest cost		3.15	28.38	2.14	1.69
Current Service Cost		4.65	4.94	4.49	3.70
Benefits Paid		-	(1.42)	(2.87)	-
Actuarial (gain)/ loss on obligations		(6.83)	(2.49)	4.99	0.25
Present value of obligations as at end of year		40.31	39.34	35.47	26.72
Table showing changes in the fair value of plan assets					
Fair value of plan assets at beginning of year	- do -	3.06	2.61	1.98	1.83
Expected return on plan assets		0.89	0.26	0.19	0.16
Contributions		39.07	1.61	3.30	-
Benefits Paid		-	(1.42)	(2.87)	-
Actuarial gain/(loss) on Plan assets		-			-
Fair value of plan assets at the end of year		43.02	3.06	2.61	1.98
Table showing fair value of plan assets					
Fair value of plan assets at beginning of year	- do -	3.06	2.61	1.98	1.83
Actual return on plan assets		0.89	0.26	0.19	0.16
Contributions		39.07	1.61	3.30	-
Benefits Paid		-	(1.42)	(2.87)	-
Fair value of plan assets at the end of year		43.02	3.06	2.61	1.98
Funded status		2.71	(36.28)	(32.86)	(24.74)
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)		NIL	NIL	NIL	NIL
The amounts to be recognized in the balance sheet					
Present value of obligations as at the end of year	- do -	40.31	(39.34)	35.47	26.72
Fair value of plan assets as at the end of the year		43.02	3.06	2.61	1.98
Funded status		2.71	(36.28)	(32.86)	(24.74)
Net asset/ (liability) recognized in balance sheet		2.71	(36.28)	(32.86)	24.74
Actuarial Gain/Loss recognized					
Actuarial (gain)/ loss for the year - plan assets	- do -	NIL	NIL	NIL	NIL
Actuarial (gain)/ loss on obligations		(6.83)	2.49	4.99	0.25
Actuarial (gain)/ loss recognized in the year		(6.83)	2.49	4.99	0.25
Expenses Recognised in statement of Profit and loss					
Current Service cost	- do -	4.65	4.94	4.49	3.70
Interest Cost		3.15	2.84	2.13	1.69
Expected return on plan assets		(0.89)	(0.26)	(0.19)	(0.16)
Net Actuarial (gain)/ loss recognized in the year		(6.83)	(2.49)	4.99	0.25
Expenses recognised in statement of Profit and loss		0.08	5.02	11.43	5.48

Explanatory Notes

1. Experience Adjustments (₹ in Lacs)

	For the year ended 31st March				
	2014	2013	2012	2011	2010
Defined benefit obligation	*	403.13	39.34	35.47	26.72
Plan Assets	*	43.02	3.06	2.87	1.98
Surplus / (Deficit)	*	2.71	(36.28)	(32.60)	(24.74)
Experience adjustment on plan liability	*	-	-	-	-
Experience adjustment on plan asset	*	-	3.06	2.61	-
* See Explanation Note 3 below					

2. Principal Actuarial assumptions at the Balance Sheet Date in respect of gratuity as per statement from LIC

	For the year ended 31st March				
	2014	2013	2012	2011	2010
Discount rate		8%	8%	8%	8%
Salary Escalation		7%	7%	7%	7%
Withdrawal Rate		1% to 3%	1% to3%	1% to 3%	1% to 3%
Mortality Rate		Depending on age. LIC (1994-1996) Ultimate			

3. Figures for the previous years ended 31st March 2010, 2011,2 012 and 2013 are as furnished by LIC for purpose of disclosure under AS- 15. Figures for the year ended 31-03-2014 are awaited and accordingly disclosure as per AS-15 for that year could not be furnished.

4. The estimates of salary increases furnished by the company to LIC for the purposes of the actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors

Note – 26

(₹ in Lacs)

Finance Cost	For the year ended 31st March				
	2014	2013	2012	2011	2010
Interest Expenses	29.24	277.19	282.89	241.43	74.18
Other borrowing Costs	3.35	4.37	17.54	8.74	100.65
Total	**32.59**	**281.57**	**300.44**	**250.16**	**174.84**

Note – 27

(₹ in Lacs)

Other Expenses	For the year ended 31st March				
	2014	2013	2012	2011	2010
Advertisement & Sales Promotion	9.49	14.46	10.13	6.49	9.28
Auditor's Remuneration	6.55	5.00	5.00	4.25	4.80
Commission Paid (Net of Provision written back)	(3.57)	13.84	5.60	20.32	59.24
Communication Expenses	19.46	17.69	24.55	16.20	15.19
Director's Sitting Fees	0.50	0.88	0.68	0.52	0.31
Outward Freight	9.18	6.54	11.40	9.13	9.35
Insurance	5.80	8.07	16.78	6.66	4.78
Legal & Professional Charges	54.08	75.97	24.30	34.04	23.95
Loss on Sale of Fixed Assets	0.73	-	-	0.44	6.25
Manufacturing Charges	5.25	7.06	9.24	4.54	7.40
Miscellaneous Expenses	65.49	87.68	47.50	47.53	55.25
Net gain or loss on foreign currency transaction	19.26	28.09	(8.24)	8.88	2.17
Power	351.43	297.21	287.04	244.30	217.20
Rent	32.63	22.80	23.93	19.66	16.92
Repairs and Maintenance:					
Machinery	152.56	93.20	140.77	40.39	59.58
Building	38.43	17.56	30.43	16.00	8.20
Other	39.70	40.17	48.79	35.51	23.35
Rates and Taxes	157.82	75.76	18.82	13.43	12.42
Travelling Expense	41.58	34.10	27.29	30.99	24.96
Vehicle Maintenance	39.55	42.35	44.46	23.89	28.93
Total	**1,045.92**	**888.43**	**768.47**	**583.17**	**589.53**
27.1 Details of Remuneration to Auditors					
As Auditor	4.50	3.90	3.90	3.00	3.00
For taxation matters	1.50	0.30	-	0.25	1.20
For company law matters	-	0.25	-	-	
For management services	-	-	-	-	
For other services	0.55	0.55	1.10	1.00	0.60
Total	6.55	5.00	5.00	4.25	4.80

Note 28-OTHER NOTES TO THE ACCOUNTS

28.1 Disclosure as per AS-18 Related Party Transactions

A. DETAILS OF RELATED PARTY AND NATURE OF RELATIONSHIPS*(for the years ended)*

	RELATIONSHIP	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
1	Subsidiary/Holding Companies	None	None	None	None	None
2	Associates/Joint Ventures	Medispec Pharmaceuticals (P) Ltd	Medispec Pharmaceuticals (P) Ltd	Medispec Pharmaceuticals (P) Ltd	Medispec Pharmaceuticals (P) Ltd	Medispec Pharmaceuticals (P) Ltd
3	Co investors/ventures	None	None	None	None	None
4	Enterprises /Individuals holding 20% or more of the voting power in the company directly or indirectly	Gavis Pharmaceuticals LLC-USA	Gavis Pharmaceuticals LLC-USA (From 31.03.2013) Bangalore Pharmaceutical & Research Laboratory (P) Ltd (Upto 30.01.2013)	Bangalore Pharmaceutical & Research Laboratory (P) Ltd	None	None
5	Key management Personnel	Sri S Jayaprakash Mady, Managing Director	Sri S Jayaprakash Mady, Managing Director	Sri S Jayaprakash Mady, Managing Director	Sri S Jayaprakash Mady, Managing Director	Sri S Jayaprakash Mady, Managing Director
6	Relatives of 4 or 5	Sri S Jayaprakash Mady (HUF)	Sri S Jayaprakash Mady (HUF)	a) Sri S Jayaprakash Mady (HUF) b) Sri S Sadananda Mady	Sri S S Mady	Sri S S Mady
7	Enterprises in which any person described in 4 or 5 has 20% or more interest in the voting power directly or indirectly	None	None	a) Mady Constructions Ltd b)Bangalore Pharmaceutical & Research Laboratory (P) Ltd	a) Mady Constructions Ltd b)Bangalore Pharmaceutical & Research Laboratory (P) Ltd	a) Mady Constructions Ltd b)Bangalore Pharmaceutical & Research Laboratory (P) Ltd

B. TRANSACTIONS WITH RELATED PARTIES **(for the years ended)*

(₹ in Lacs)

	Nature of Transactions	Relationship	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
1	Managerial Remuneration (Excluding Provision for Gratuity)	Key Management Personnel	24.00	20.34	16.06	14.72	13.60
2	Fixed Deposits/ Loans received and outstanding	Key Management Personnel	NIL	75.00	40.00	40.00	2.15
		Enterprises	NA	39.12	39.12	410.89	NIL
3	Lease Deposit Received	Relatives	NIL	NIL	NIL	10.00	NIL
		Enterprises	NIL	NIL	1.00	1.00	NIL
4	Outstanding Balances under Loans & Advances	Associates/ Joint Ventures	848.92	810.66	795.92	827.45	806.32
		Key Management Personnel	NIL	0.01	0.01	NIL	NIL
5	Investment in Equity						
	a) Of Company in Associate	Associates/ Joint Ventures					
	No. of Shares (in lacs)		9.00	9.00	9.00	9.00	9.00
	Face Value		90.00	90.00	90.00	90.00	90.00
	b) Of Associate in Company						
	No. of Shares (in lacs)		NIL	0.02	0.02	0.02	0.02
	Face Value		NIL	0.21	0.21	0.21	0.21
6	Guarantee & Collaterals given	Associates/ Joint Ventures	NIL	20.00	20.00	30.00	30.00
7	Lease Rent Paid	Relatives	3.60	2.60	2.40	2.40	2.40
8	Purchase of Finished Goods	Associates/ Joint Ventures	NIL	NIL	58.30	NIL	NIL
9	Interest Paid	Key Management Personnel	NIL	NIL	4.40	0.86	0.86
		Enterprises	NIL	NIL	12.28	39.99	NIL
10	Lease Rent Received	Relatives	NIL	NIL	NIL	1.18	NIL
		Enterprises	NIL	4.84	5.28	5.28	NIL
11	Purchase of Trademarks	Associates/ Joint Ventures	2.00	NIL	NIL	NIL	NIL
12	Formulation Development Fee Received	Enterprises	468.71	NIL	NIL	NIL	NIL
13	Balance Receivable	Associates/ Joint Ventures	300.79	NIL	NIL	NIL	NIL

* Refer Significant Accounting Policy q) for policy on disclosure of related party transactions.

28.2 CIF VALUE OF IMPORTS (for the years ended)

(₹ in Lacs)

Particulars	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Raw Materials	60.98	26.94	28.10	13.77	16.23
Packing Materials	62.39	2.35	84.94	66.92	6.62
Capital Goods	102.61	9.71	128.33	109.77	4.76
CIF value of Imports	**225.98**	**39.00**	**241.37**	**190.46**	**27.61**

28.3 STATEMENT OF RAW MATERIALS & COMPONENTS CONSUMED (for the years ended)

(₹ in Lacs)

	31/03/2014		31/03/2013		31/03/2012		31/03/2011		31/03/2010	
	%	Value	%	Value	%	Value	%	Value	%	Value
Raw Materials										
Imported	10.18	80.86	16.66	53.82	6.53	28.10	2.33	13.77	5.66	16.23
Indigenous	89.82	713.06	83.34	269.21	93.47	402.28	97.67	575.99	94.34	270.45
Total	100.00	793.92	100.00	323.03	100.00	430.38	100.00	589.76	100.00	286.68
Packing Materials & Consumables										
Imported	16.91	75.16	9.71	28.28	29.36	84.94	20.71	66.92	2.64	6.62
Indigenous	83.09	369.21	90.29	262.89	70.64	204.38	79.29	256.24	97.36	244.40
	100.00	444.37	100.00	291.17	100.00	289.32	100.00	323.16	100.00	251.02

28.4 FOREIGN EXCHANGE EARNINGS (for the years ended)

(₹ in Lacs)

Particulars	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
FOB Value of Exports	392.76	78.67	519.91	486.88	84.43
Formulation Development Fees	548.94	158.81	220.31	526.16	495.32
Conversion Cost	-	-	-	-	75.67
Others	-	-	-	15.86	35.37
Total	**941.70**	**237.48**	**740.22**	**1028.90**	**690.79**

28.5 FOREIGN EXCHANGE EXPENDITURE (for the years ended)

(₹ in Lacs)

Particulars	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Commission on Formulation Development Contracts	-	9.78	4.12	12.68	54.93
Professional Charges	-	28.52	-	-	-
Travelling Expenses	0.49	1.55	1.61	5.91	0.00
USFDA Fees	146.62	104.19	-	-	-
Miscellaneous Expenses	-	9.30	-	-	-
Total	**147.11**	**153.34**	**5.73**	**18.59**	**54.93**

28.6 Exceptional Items

(₹ in Lacs)

Particulars	31/03/2014	31/03/2013	31/03/2012	31/03/2011	31/03/2010
Bad debts written off	7.92	19.79	1.20	30.28	-
Advances written off	-	13.50	-	57.70	-
Provision for diminution in value of investments	-	90.00	-	-	-
Sundry Creditors written back	(35.03)	(5.50)	-	-	-
Provision for Doubtful Advances	38.27	828.44	-	-	-
Book value of discarded Assets	-	86.14	-	-	-
Compensation for termination of Agreements (Refer Note (a) below)	338.00	-	-	-	-
	349.16	**1,032.38**	**1.20**	**87.98**	**-**

(a) Represents compensation payable to a customer pursuant to the company's decision to terminate certain formulation development agreements and manufacturing agreements with said customer, so as to release its manufacturing facilities for manufacture for the US markets

28.7 Segment Reporting: The Company recognizes only one business segment, viz formulations. All the operations are in India. Hence separate segment information in terms of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants on India, is not given.

28.8 The company has no significant operating leasing arrangements requiring additional disclosure as per AS-19:Leases. The Company has not entered into any financial leasing arrangement.-

28.9 Others:

a) The Company has classified assets and liabilities as long term and short term in terms of Revised Schedule VI based on an Operating Cycle of One year.
b) In the assessment of the Management the impact on the financial statements from ongoing review/ reconciliations of balances will not be significant
c) Figures for the years ended 31-03-2010, 2011, 2012 and 2013 have been regrouped wherever necessary to be in conformity with figures for the year ended 31-03-2014

ANNEXURE – VI

Particulars	For the year ended 31st March					Related/ not Related to Business Activity
	2014	2013	2012	2011	2010	
Other Income	59.18	31.24	20.21	9.94	66.59	
Net Profit before Tax	(262.24)	(734.52)	(495.21)	177.58	98.46	
Percentage	**-23%**	**-4%**	**-4%**	**6%**	**68%**	
Sources of Other Income						
Recurring						
Rent Received	5.81	5.81	5.28	5.28	5.28	Related
Interest Received	48.57	23.12	14.50	4.66	12.33	Related
Non-Recurring						
Profit on Sale of Fixed Assets			0.43			Related
Foreign Exchange Gain						
Others: Reimbursement of Expenses, analytical charges etc.	4.81	2.31		-	48.98	Related
Total	**59.18**	**31.24**	**20.21**	**9.94**	**66.59**	

ANNEXURE - VII

SUMMARY ACCOUNTING RATIOS

	For the year ended 31st March				
	2014	2013	2012	2011	2010
A) Earnings Per Share *(for the year ended)*					
Adjusted profits after Tax but before Exceptional items (Rs in lacs)	(314.66)	(676.29)	(525.85)	179.97	98.46
Weighted Average No of Equity Shares outstanding (Nos)	10024242	8670817	7634644	7538900	7538900
(In Lakhs)	100.24	86.71	76.35	75.39	75.39
Basic Earning Per Share (₹)	-3.14	-7.80	-6.89	2.39	1.31
Diluted Earning Per Share (₹)	-3.14	-7.80	-6.89	2.39	1.31
B) Net Asset Value Per Share (as at 31st March)					
Net worth (₹ in lacs)	3534.82	4398.64	2107.31	2244.20	1869.35
Weighted Average No of Equity Shares outstanding (in lacs)	100.24	86.71	76.35	75.39	75.39
Net Asset Value Per Share(₹)	35.26	50.73	27.60	29.77	24.80
C) Return on Net worth (for the year ended)					
Adjusted profits after Tax but before extra ordinary items (₹ in lacs)	(314.66)	(676.29)	(525.85)	179.97	98.46
Net Worth (₹ in lacs)	3534.82	4398.64	2107.31	2244.20	1869.35
Return on Net Worth (%)	-9%	-15%	-25%	8%	5%
Weighted Average number of Equity shares outstanding during the year considered for Basic and diluted EPS, Net Asset Value per Share and Return on Net Worth (In lacs)	100.24	86.71	76.35	75.39	75.39

Notes :

1. The above ratios are calculated as under:

   a) Earnings per share = Net profit after tax before exceptional or extra-ordinary items / weighted average number of shares outstanding during the year
   b) Return on net worth (%) = Net profit after tax before exceptional or extra- ordinary items / net worth as at the end of year.
   c) Net asset value (Rs) = Net worth / number of equity shares as at the end of year.

2. The figures disclosed above are based on the restated financial information of Wintac Limited.

3. Earning per shares (EPS) calculation is in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006. However, Preference Dividend is not considered as the preference shares have been redeemed. and In lieu thereof the weighted average number of shares has been appropriately increased (see 4 below).

4. Weighted Average Number of Equity Shares outstanding during the year ended 31-03-2010 is after excluding Shares forfeited during financial year ended 31.03.2011. The weighted average number of equity shares outstanding for the years ended 31-03-2010,31-03-2011,31-03-2012 and 31-03-2013 have been increased taking into consideration the fresh equity required to redeem the outstanding preference shares.

ANNEXURE - VIII

STATEMENT OF CAPITALISATION

(₹ in Lacs)

Particulars	Pre issue	Post Issue
Loan- Secured and Unsecured:		
Short Term Debt	-	[●]
Long Term Debt	38.80	38.80
Total Debt	**38.80**	**38.80**
Shareholder's Fund		
Share Capital	1,002.98	[●]
Reserves and Surplus (Refer Note 2 Annexure-V (2))	2,531.84	[●]
Total Share Holder's Fund	**3,534.82**	
Long Term Debt/Equity	**0.01**	[●]

Notes :

1. The figures disclosed above are based on the restated financial information of the Company.
2. Post issue details have not been provided as the terms of the Rights issue and price of the share is not known as on the date of this report.

ANNEXURE - IX

STATEMENT OF TAX SHELTER

(₹ in Lacs)

	For the year ended 31st March				
	2014	2013	2012	2011	2010
Profit before Exceptional/ Extra ordinary Items and Tax (A)	**(297.86)**	**(746.00)**	**(506.50)**	**163.72**	**113.81**
Tax Rate	30%	30%	30%	30%	30%
Tax at Notional Rate on Profits	-	-	-	50.59	35.17
Adjustments					
Permanent Differences					
Additions/Deductions	4.64	29.36	13.00	8.26	1.53
Accepted Additions in Assessments				0.43	6.26
Total Permanent Differences (B)	**4.64**	**29.36**	**13.00**	**8.69**	**7.79**
Timing Differences					
Difference between Book Depreciation and Tax Depreciation	(86.23)	(29.28)	(58.60)	(62.64)	(43.85)
Adjustment under Section 43B	(0.63)	(51.96)	30.32	13.70	(9.99)
Adjustment under Section 40(a)(ia)	-	-	10.95	(2.30)	(175.29)
Total Timing Differences (C)	**(86.86)**	**(81.24)**	**(17.33)**	**(51.24)**	**(229.13)**
Net Adjustments(B+C)	**(82.22)**	**(51.88)**	**(4.33)**	**(42.55)**	**(221.34)**
Tax Expense/ (Savings) thereon	-	(16.03)	(1.34)	(13.15)	
Exceptional Items considered in Computation (D)	(295.05)	(17.74)	(1.20)	(30.28)	
Profit as per Income Tax Return (E=A-B-C+D)	**(380.08)**	**(815.62)**	**(512.03)**	**90.89**	**(107.53)**
Brought Forward Losses adjusted(F)		-	-	90.89	-
Taxable Income (E-F)	(380.08)	(815.62)	(512.03)	(0.00)	-
Tax as per Income Tax as returned	-	-	-	-	-
Less: MAT Credit	-	-	-	-	-
Total Tax as per Return	-	-	-	-	-
Additions in Income Tax assessment under Appeal	-	-	-	14.92	10.76
Tax as per Provisions of MAT					
Net profit as per Profit & Loss A/c	(297.86)	(746.00)	(507.70)	80.63	113.81
Less: Brought forward Loss or Depreciation, whichever is less	-	-	-	67.43	113.81
Taxable Income as per MAT (Book Profit)	(297.86)	(746.00)	(507.70)	13.20	-
Tax as per MAT	-	-	-	2.38	-
Total tax payable or MAT whichever is higher	-	-	-	2.38	-
add: Surcharge	-	-	-	-	-
Add: Education Cess	-	-	-	0.07	-
Add: Interest	-	-	-	-	-
Total tax payable (Rounded Off)	-	-	-	2.45	-
Additions made in Assessment to computation of book profits under appeal				31.78	

Notes :

1. The aforesaid Statement of Tax Shelters has been prepared as per the audited accounts and returns of income filed by the Company for the respective years except 31-03-2014 and is not based on the profits as per the 'Summary of Restated Profit and Loss Account'. The Statement also incorporates accepted additions made to the returned income in the scrutiny assessments for the years ended 31-03-2010 and 31-03-2011.

2. The Statement for the year ended 31-03-2014 is provisional pending completion of audit under Section 44AB of the Income Tax Act,1961

ANNEXURE - X

STATEMENT OF DIVIDEND PAID

	For the year ended 31st March				
	2014	2013	2012	2011	2010
Equity Shares					
No. of Fully Paid Equity Shares (in lacs)	100.24	100.24	60.24	45.39	45.50
Equity Share Capital (₹ in lacs)	1,002.42	1,002.42	602.42	453.89	455.00
Face Value (Rs)	10	10	10	10	10
Rate of Dividend	-	-	-	-	-
Amount of Dividend (₹)	-	-	-	-	-
Preference Shares					
No. of Fully Paid Preference Shares (in lacs)	-	2	2	3	3
Preference Share Capital (₹ in lacs)	-	200	200	300	300
Face Value (₹)	-	100	100	100	100
Rate of Dividend	-	-	-	-	-
Amount of Dividend (₹)	-	-	-	-	-

STATEMENT OF UNAUDITED QUARTERLY FINANCIAL RESULTS

The statement of unaudited quarterly financial results published by our Company in accordance with Clause 41 of the Listing Agreement with Stock Exchange is reproduced below :

(₹ in Lacs)

	PARTICULARS	3 MONTHS ENDED			YEAR ENDED
		30.06.2014 (UNAUDITED)	31.03.2014 (UNAUDITED)	30.06.2013 (UNAUDITED)	31.03.2014 (AUDITED)
1 (a)	Gross Sales/income from operations	1117.25	1048.49	699.29	3269.95
	Less : Excise Duty	72.00	51.15	60.25	222.19
	Net Sales/income from operations	1045.25	997.34	639.05	3047.76
(b)	Other Operating Income	0.00	0.00	0.00	0.00
	Total Income from Operations (1+2)	1045.25	997.34	639.05	3047.76
2	Expenditure				
	a) Cost of Material consumed	259.54	421.84	314.29	1233.47
	b) Purchase of stock in trade	33.25	59.12	7.25	78.78
	c) Changes in Inventories of Finished Goods, work in progress and stock in trade	35.48	(110.49)	(110.15)	(133.56)
	d) Power	81.36	90.99	92.61	351.42
	e) Employee Benefit Expenses	253.52	270.89	214.63	959.50
	f) Depreciation and amortisation expenses	64.59	50.96	44.22	187.97
	g) Other expenses (Any item exceeding 10% of the total expenditure to be shown separately)	142.13	176.72	157.75	693.90
	Total Expenses	869.86	960.03	720.61	3371.48
3	Profit / (loss) from Operations before Other Income,Finnace Cost and Exceptional Items (1-2)	175.40	37.32	(81.56)	(323.72)
4	Other Income	2.40	(3.59)	35.08	58.45
5	Profit / Loss from Ordinary Activities before Finance Cost and	177.80	33.73	(46.48)	(265.27)
	Exceptional Items (3-4)				
6	Finance Cost	3.58	8.14	8.12	32.59
7	Profit/Loss from Ordinary Activities after finance cost but before exceptional items (5-6)	174.22	25.59	(54.60)	(297.86)
8	Exceptional Items				
	a) Provision/ Writte off/ Write back of debts/Advances/Creditors (net)	0.00	40.21	(2.20)	11.16
	b) Book value of discarded Assets	0.00	0.00	0.00	0.00
	c) Compensation for termination of Agreements	0.00	253.00	0.00	338.00
9	Profit / (Loss) from Ordinary Activities before Tax	174.22	(267.62)	(52.40)	(647.02)
10	Tax Expense	0.00	52.42	0.00	52.42
11	Net Profit / (Loss) from Ordinary Activities after tax (9- 10)	174.22	(320.04)	(52.40)	(699.44)
12	Extra-Ordinary Items				

13	Net Profit / (Loss) for the period (11- 12)	174.22	(320.04)	(52.40)	(699.44)
14	Profit / (loss) after taxes, minority interest and shares of profit /(loss) of Associates	174.22	(320.04)	(52.40)	(699.44)
15	Paid-up Equity Share Capital				
	(Face Value of each Share ` 10/-)	1002.43	1002.43	1002.43	1002.43
16	Reserves excluding Revaluation Reserve (as per Balance Sheet of Previous Accountng Year)	0.00	0.00	0.00	3236.73
17	Earnings Per Share(EPS)				
	Basic	1.74	(3.19)	(0.52)	(6.98)
	Diluted	1.74	(3.19)	(0.52)	(6.98)
18	Public Shareholding				
	- Number of shares	4512144	4512144	4512144	4512144
	- Percentage of shareholding	45.01%	45.01%	45.01%	45.01%
19	Promoters and promoter group Shareholding				
a)	Pledged/Encumbered				
	- Number of shares	NIL	NIL	NIL	NIL
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.00%	0.00%	0.00%	0.00%
	- Percentage of shares (as a % of the total sharecapital of the company)	0.00%	0.00%	0.00%	0.00%
b)	Non - encumbered				
	- Number of shares	5512098	5512098	5512098	5512098
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%	54.99%	100.00%
	- Percentage of shares (as a % of the total sharecapital of the company)	54.99%	54.99%	54.99%	54.99%

Notes

1. The above financial results were taken on record by the Board of Directors at their meeting held on 14.08.2014.
2. The Company recognises only one reportable business segment, viz. Formulations.
3. No Investor complaints were received during the Quarter.
4. The results have been prepared on the basis of the same accounting policies and practices adopted for the year ended 31.03.2014, except for depreciation for the quarter which has been computed as per the provision of the Companies Act, 2013 where as for the previous quarter year ended figures depreciation has been computed as per the provisions of the Companies Act, 1956. Effect on the results is that the profit for the quarter is higher/ lower by ` 11.75
5. The Company expects favourable outcome from ongoing tax appeals (including demands agrregating to ` 271.46 Lakhs towards tax (excluding interest and penalty) upheld by lower appellate authorities against which the Company is under appeal.
6. Provision for tax including deferred tax will be made in the results of quarter 4.

For and on behalf of the Board

S.T.R. MADY
Chairman

For our review report of even date
For RAO & SWAMI, Chartered Accountants
F R N NO. 003105 S

H ANIL KUMAR
Partner
M. No. 022329

Place : Bengaluru
Date : 14.08.2014

FINANCIAL INFORMATION OF GROUP COMPANIES OF OUR PROMOTER

For details on the group companies / ventures of our Promoter and its financial information, please refer Section “Our Promoter Group Entities” beginning on page 116 appearing under Chapter “Our Promoter and Promoter Group“

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited and restated financial statements for each of the Fiscal years 2010, 2011, 2012, 2013 and 2014 including the notes thereto and the report thereon, which appear on page 124 in this Draft Letter of Offer. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations and restated as described in the report of our auditors dated September 1, 2014, which is included in this Draft Letter of Offer under "Financial Statements." The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS

Our Fiscal year ends on March 31 of each year; all references to a particular Fiscal year are to the twelve-month period ended March 31 of that year.

In this section, a reference to the "Company" means Wintac Limited. Unless the context otherwise requires, references to "we," "us," "our" refers to Wintac Limited.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" beginning on page 8 of this Draft Letter of Offer.

Overview

Our company was formed with the main object of, inter alia, taking over as a going concern the business of manufacture of drugs intermediaries, formulated drugs, chemicals and cosmetics then carried on by the partnership firm RECON PHARMA together with all its assets, liabilities and facilities such as licences, power and to continue to carry on the business of manufacture of drugs, chemicals and cosmetics carried on by the said firm.

We are presently conducting our manufacturing operations at our state-of-the-art manufacturing facility at Nelamangala, Bangalore. Our plant at Nelamangala is located on 12.5 acres of owned land on the National Highway, Bangalore. Here Company manufactures sterile products like Small Volume Parenterals such as Ampoules and Vials, Large Volume Parenterals, injectables and Sterile Ophthalmic Preparations.

Our therapeutic range of products includes Non-steroidal Anti Inflammatory Drugs, Cardio-Vascular Drugs, Vitamins, Anti-histamine, Anti-coagulant and Anti-bacterial formulations, Anesthetics, Ophthalmic (Tears Supplement, Anti bacterial, anti-glucoma, cortico steriods)

Based on our audited and restated consolidated financial statements the total income, EBDITA and Loss After Tax for Fiscal 2014 were ₹ 3,280.08 Lacs, ₹ (41.68) Lacs (negative) and ₹ (663.82) Lacs (negative) respectively,

Significant Developments after March 31, 2014

There are no significant developments after March, 31 2014 which materially and adversely affect or is likely to affect the trading or profitability of our company or the value of our assets or our ability to pay our liabilities within the next twelve months.

Significant factors that may affect the results of operations:

In the context of our current business model, our financial condition and results of operations may be affected by numerous factors, the following of which are of particular relevance:

1. Changes in Government policies
2. Competition from existing and new entrants
3. Slowdown in World Economy
4. Our ability to retain validity of overseas regulatory approvals
5. Ability to develop new products and support filing of ANDAs/NDAs.
6. Maintaining quality and cost competitiveness

DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion on the financial operations and performance is based on our restated financial statements for the FY 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. The same should be read in conjunction with the restated audited financial results of our Company for the years ended March 31, 2010, 2011, 2012, and 2013 and 2014.

For the period ended March 31, 2014

Particulars	(₹ in Lacs)	% of total income
Total Income	3,280.08	100.00
Earnings Before Depreciation, Interest and Taxes	(41.68)	(1.30)
Depreciation & Amortisation Expenses	187.97	5.86
Interest	32.59	1.02
Profit / (Loss) before tax	(611.40)	19.06
Profit / (Loss) after tax	(663.82)	20.69

For the quarter ended June 30, 2014 during the post-audit period, our company has achieved a turnover of ₹ 1045.25 lacs and net profit of ₹ 174.22 lacs as may be seen from the table below:

(₹ in Lacs)

Particulars	June 30, 2014 (Unaudited)
Net Sales/income from operations	1045.25
Other Income	2.40
Total Income	1047.65
Total Expenses	873.43
Profit before Tax	174.22
Tax Expense	0.00
Net Profit after tax (9- 10)	174.22
Paid-up Equity Share Capital	1002.43
Earnings Per Share(EPS)	1.74

Analysis on Results of Operation

Considering various Key factors affecting our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes to accounts, accounting policies and auditor's report as appearing in this Draft Letter of Offer

(₹ in Lacs)

Particulars	For the year ended March 31				
	2014	2013	2012	2011	2010
Total Income	3,280.08	2,108.74	2,368.43	2,770.94	2,134.41
Increase / (Decrease) %	*55.55*	*(10.96)*	*(14.53)*	*29.82*	-
EXPENDITURE					
Cost of Materials Consumed	1,238.29	606.75	725.67	880.99	524.49
Increase / (Decrease) %	*104.09*	*(16.39)*	*(17.63)*	*67.97*	-
Purchase of Finished Goods	78.78	76.20	125.08	62.69	72.73
Increase / (Decrease) %	*3.39*	*(39.08)*	*99.52*	*(13.80)*	-
Employee expenses and benefits	959.50	796.21	747.87	645.12	528.75
Increase / (Decrease) %	*20.51*	*6.46*	*15.93*	*22.01*	-
Other Expenses	1,045.19	888.43	768.47	583.17	589.53
Increase / (Decrease) %	*17.64*	*15.61*	*31.77*	*(1.08)*	-
Finance costs	32.59	281.57	300.44	250.16	174.84
Increase / (Decrease) %	*(88.43)*	*(6.28)*	*20.10*	*43.08*	-
Depreciation and Amortisation Expense	187.97	194.11	196.12	171.22	145.61
Increase / (Decrease) %	*(3.16)*	*(1.02)*	*14.54*	*17.59*	-
Total	**3,542.32**	**2,843.26**	**2,863.65**	**2,593.36**	**2,035.94**
Adjusted Profit before tax and extraordinary Item	(262.24)	(734.52)	(495.21)	177.58	98.46
Increase / (Decrease) %	*(64.30)*	*48.32*	*(378.87)*	*80.36*	-
Exceptional Items	349.16	1,032.38	1.20	87.98	-
Increase / (Decrease) %	*(66.18)*	*85,931.67*	*(98.64)*	-	-
Profit/ (Loss) before Tax	(611.40)	(1,766.90)	(496.41)	89.60	98.46
Increase / (Decrease) %	*(64.40)*	*255.94*	*(654.03)*	*(9.00)*	-
Provision for Tax					
Current Tax	-	-	-	(2.39)	-
Deferred Tax Liability \(Asset)	52.42	(58.23)	30.64	-	-
Profit/(Loss) after Tax	(663.82)	(1,708.67)	(527.05)	91.99	98.46
Increase / (Decrease) %	*(61.15)*	*224.20*	*(672.94)*	*(6.57)*	-

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2014 WITH FINANCIAL YEAR ENDED 31st MARCH, 2013

Income: Total Income for the financial year ended 31st March, 2014 was ₹ 3,280.08 Lacs as against ₹ 2,108.74 Lacs for the FY 2012-13 signifying increase of 55.55% and such increase was largely on account of increased sale of formulations and increase in income from formulation development.

Expenditure: Cost of Materials consumed registered an increase of 104.09% at ₹ 1,238.29 lacs in fiscal 2014 as compared to ₹ 606.75 Lacs for fiscal 2013 . Although the increase is partly attributable to increased sales, it is also on account of increased costs of Bulk Drugs and Pharmaceutical inputs; purchases of finished goods have registered increase of 3.39% at ₹ 78.78 Lacs in fiscal 2014 as compared to ₹ 76.20 Lacs for the fiscal 2013; employee expenses have registered increase of 20.51% at ₹ 959.50 Lacs in fiscal 2014 as compared to ₹

796.21 Lacs in fiscal 2013. Other Expenses registered increase of 17.64% at ₹ 1,045.19 Lacs in fiscal 2014 as compared to ₹ 888.43 Lacs in fiscal 2013. The increase in most of the items of expenses in fiscal 2014 is in line with increase in volume of operations. Finance costs have reduced to ₹ 32.59 Lacs in Fiscal 2014 as compared to ₹ 281.57 Lacs in Fiscal 2013. The reduction in the finance cost is mainly on account of steep reduction in average borrowings through the year. Depreciation has reduced marginally to ₹ 187.97 Lacs in fiscal 2014 as compared to ₹ 194.11 Lacs in fiscal 2013. During the fiscal 2014, exceptional items provided for in the profit and loss account amounted to ₹ 349.15 lacs which included a sum of ₹ 338 lacs payable to a customer as compensation for termination of formulation development and manufacturing agreements. The decision to terminate the agreement was taken by the management so as to release the manufacturing / product development capacity for manufacture / product development for the US markets.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2013 WITH FINANCIAL YEAR ENDED 31st MARCH, 2012

Income: Total Income for the financial year ended 31st March, 2013 was at ₹ 2,108.74 Lacs as against the total of ₹ 2,368.43 Lacs for the fiscal 2012 registering a decline of 10.96%. This decline was mainly on account of continuing suspension of commercial supplies to the U.S. market following the regulatory issues with US FDA.

Expenditure: Cost of Materials registered a decline of 16.39% at ₹ 606.75 lacs for fiscal 2013 as against ₹ 725.67 lacs in the fiscal 2012; Purchases of finished goods have registered decline of 39.08% at ₹ 76.20 Lacs in fiscal 2013 as compared to ₹ 125.08 Lacs for the fiscal 2012; Employee Expenses have registered marginal increase of 6.46% at ₹ 796.21 Lacs in fiscal 2013 as compared to ₹ 747.87 Lacs in fiscal 2012 and other expenses have shown an increase of 15.61% at ₹ 888.43 Lacs in fiscal 2013 as compared to ₹ 768.47 Lacs in fiscal 2012. Finance costs reduced marginally by 6.28% to ₹ 281.57 Lacs in Fiscal 2013 as compared to ₹ 300.44 Lacs in Fiscal 2012. The reduction in the finance cost is attributable to lower average outstanding borrowings. Depreciation also reduced marginally by 1.02% to ₹ 194.11 Lacs in fiscal 2013 as compared to ₹ 196.12 Lacs in fiscal 2012 . However on the whole, the decrease in expenses during FY 2013 is not commensurate with the corresponding decline in sales, leading to higher losses before exceptional and extraordinary items. During the fiscal 2013, the exceptional items provided for in the profit and loss account amounted to ₹ 1032.38 lacs and included provision for doubtful advances of ₹ 828.44 lacs and diminution in value of investments of ₹ 90 lacs.

COMPARISON OF FINANCIAL YEAR ENDED 31st MARCH, 2012 WITH FINANCIAL YEAR ENDED 31st MARCH, 2011

Income: Total Income for the financial year ended 31st March, 2012 was at ₹ 2,368.43 Lacs as against the total of ₹ 2,770.94 Lacs for the fiscal 2011 registering a fall of 14.53 %. The decline in sales was mainly due to shutdown of the manufacturing plant for two months for up-gradation of plant resulting in loss of revenue of nearly ₹ 300 lacs and stoppage of commercial supplies to the US market.

Expenditure: Cost of Materials registered a decline of 17.63% at ₹ 725.67 lacs for fiscal 2012 as against ₹ 880.99 lacs in the fiscal 2011; Purchase of finished goods have registered increase of 99.52% at ₹ 125.08 Lacs in fiscal 2012 as compared to ₹ 62.69 Lacs for the fiscal 2011; Employee Expenses have registered increase of 15.93% at ₹ 747.87 Lacs in fiscal 2012 as compared to ₹ 645.12 Lacs in fiscal 2011 and other expenses have shown an increase of 31.77% at ₹ 768.47 Lacs in fiscal 2012 as compared to ₹ 583.17 Lacs in fiscal 2011.. Finance costs increased by 20.10% to ₹ 300.44 Lacs in Fiscal 2012 as compared to ₹ 250.16 Lacs in Fiscal 2011. The increase in finance cost is due to additional borrowing and the interest cost thereon. The overall increase in the expenses during the Fiscal 2012 is mainly on account of increase in finance costs, employee expenses and one-time upgradation cost. Depreciation increased by 14.54% to ₹ 196.12 Lacs in fiscal 2012 as compared to ₹ 171.22 Lacs in fiscal 2011 due to addition in the fixed assets

<u>Other statutory information</u>

- **Unusual or infrequent events or transactions**

  There are no unusual or infrequent events or transactions that have significantly affected operations of the Company Save for the following:

  a) During fiscal 2012 commercial supplies to US markets had to be discontinued following regulatory issues with the US FDA, resulting in a major setback to our company's efforts to intensify development of new products for US markets.
  b) During fiscal 2013 Gavis Pharma LLC invested ₹ 4000 lacs and subsequently acquired management control of our company in compliance with the SEBI SAST Regulations.
  c) During fiscal 2014, regulatory issues with USFDA were sorted out and our company is once again in a position to develop, manufacture and supply products to the US markets.
  d) Provisions for exceptional items have been made in the Profit and Loss account of the Company for the FY 2013-14 and 2012-13 of ₹ 349.15 lacs and ₹ 1032.38 lacs respectively
  e) Upon infusion of capital into our company, by Gavis Pharma LLC, the borrowings from bank was repaid during FY 2013.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

  There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the global economy could affect the business, including the future financial performance, of our company.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

  The factors that are likely to have a material impact on sales, revenue or income from continuing operations are described in the section titled "Risk Factors". Other than the Risks disclosed under the said section, no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- **Future changes in relationship between costs and revenues in case of events such as future increase in labor or material cost or prices that will cause material change.**

  According to our knowledge, there are no relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However Increase in the cost of the inputs for products in which the Company deals, will affect the profitability of the Company. Further, the Company may not able to pass on the increase in prices of the product to the customers in full

- **The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices**

  The increase in revenues is by and large linked to increases in volume of sales undertaken by the Company.

- **Total turnover of each major industry segment in which the Company operated**

  Our company operates only in one industry segment namely, pharmaceutical products.

- **Status of any publicly announced New Products or Business Segment**

  The Company has not announced any new products or business segment. However, our company has provided dossiers for 20 products in the last one year. Commercial supplies can commence after approval of the dossiers by the concerned regulatory authority.

- **The extent to which our Company's business is seasonal**

  We are in the pharmaceutical products manufacturing business and this is not considered to be seasonal.

- **Any significant dependence on a single or few suppliers or customers**

  We are dependent on a few customers for our business. Recently we have entered into a Master Development Agreement with our promoter, Gavis Pharma LLC which provides us with an opportunity to develop number of products for manufacture and commercial supplies to US markets through them. However, we may be dependent on Gavis Pharma LLC and a few other customers for bulk of our sales.

- **Competitive conditions**

  Please see "Business – competition", "Risk Factors" and "Industry Overview" on pages 73, 8 and 65 in this Draft Letter of Offer, respectively, for discussions regarding competition

LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors and our Promoter and Group Entities, and there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions, defaults against banks/financial institutions, defaults in or dues payable to holders of any debentures, bonds and fixed deposits or arrears of preference shares issued by the Company and its Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of the Company and its Subsidiaries and no disciplinary action has been taken by the SEBI or any stock exchanges against the Company, its Subsidiaries, its Promoter, Group Entities and Directors.

None of our Company, our Promoter or Group Entities or Directors has been debarred or prohibited from accessing the capital markets by SEBI or any governmental authority. Our Company, our Directors, Subsidiaries, Promoter and Group Entities are not on the list of wilful defaulters of the RBI or any other governmental authority. Further, there is no small scale undertaking to which our Company owes a sum exceeding ₹ 1.00 lakh which is outstanding for more than 30 days.

For more information on our contingent liabilities as on March 31, 2014, see "***Risk Factors***", "***Financial Statements***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on pages 8, 124, and 162, respectively.

1. Pending matters which, if they result in adverse outcome, would materially and adversely affect the operations or the financial position of our company:

LITIGATIONS AGAINST THE COMPANY

a) Civil Cases

Sl. No.	Parties	Adjudicating Authority	Brief particulars of case	Present Status and next date of hearing	(₹ in lakhs)
1	Smt. Asha & Wintac Ltd.	Senior Civil Judge & JMFC, Nelamangala	Dispute on title of land for approx. 6 acres owned by the Company.	Pending for submission of written statements. Next date of hearing 05.11.2014	Market value not ascertained.
2.	Mr.Yethiraj & Wintac Ltd.	Hon'ble High Court of Karnataka	Dispute on title of residential plot of 8750 sq.ft.	Pending issue of notice to defendant and next hearing date not notified yet.	Acquisition cost – ₹ 6.71 Lacs. Market value not ascertained.

b) Income Tax Cases

Sl. No.	Parties	Adjudicating Authority	Brief particulars of case	Present Status and next date of hearing	(₹ in lakhs)
1	ACIT V/s WINTAC LIMITED (Appeal filed by Wintac)	High Court of Karnataka	A/Y 2001-02 on the applicability of MAT	CIT(A) order favoured Wintac. ITAT Order favoured IT Dept. Wintac appeal in High Court Pending for arguments and next hearing date not notified.	38.26 + interest
3.	AO V/s Wintac Ltd. (Appeal before CIT, Appeals)	CIT(A)	A/Y 2008-09 for FBT	Pending for disposal	5.24

c) Service Tax

Sl. No.	Parties	Adjudicating Authority	Brief particulars of case	Present Status and next date of hearing	(₹ in lakhs)
1	Commissioner of Service Tax V/s Wintac Limited	High Court	Demanding service tax under various categories	CESTAT Order favoured Wintac and Department appeal at High Court is pending.	128.08

d) Sales Tax

Sl. No.	Parties	Adjudicating Authority	Brief particulars of case	Present Status and next date of hearing	(₹ in lakhs)
1	ACCT V/s Wintac (Appeal by Wintac before JCCT)	DY.Comms. of Commercial Taxes	Non submission of Forms for A/Y 2005-06	Order passed against the Company and the Company had paid the demand amount at the time of appeal.	4.60
2	ACCT V/s Wintac (Appeal by Wintac before JCCT)	DY.Comms. of Commercial Taxes	Non submission of Forms for A/Y 2006-07	Order passed against the Company and the Company had paid the demand amount at the time of appeal.	5.80
3.	DCST v/s Wintac	Dy. Comm. of Sales Tax, Mumbai	Non submission of Forms for A/Y 2003-04	₹ 1.75 Lacs paid. Pending for final disposal	2.33 + penalty 0.79

e) Central Excise Cases

Sl. No.	Parties	Adjudicating Authority	Brief particulars of case	Present Status and next date of hearing	(₹ in lakhs)
1	Commissioner of Central Excise V/s Wintac Limited	Supreme Court	Demand for ED on Cost of Technical know how	Final Order from CESTAT received in favour of the Company and Department has moved Supreme Court.	400 (including interest and penalty)
2	Commissioner of Central Excise V/s Wintac Limited	CESTAT	Valuation of Physician sample	Pending and next hearing date is not notified.	44.95 + Interest + Penalty
3	Commissioner of Central Excise V/s Wintac Limited	CESTAT	Duty leviable on exempted products	Impugned Order is remanded	168 + Interest + Penalty

The Company has received a Adjudication Notice from SEBI under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 for delayed compliance of Regulation 7(3) of SEBI Take Over Regulations 1997 on three occasions on 17.07.2003, 30.09.2005 & 01.08.2011 in connection with the inter-se transfer of shares between the erstwhile Promoters. The adjudication proceedings have not yet been completed.

We have received a notice dated December 14, 2013 from the Provident Fund Commissioner regarding damage and interest for delay in remittance of PF contribution since 1.4.1996 to 24.12.2013. Our Company has filed necessary reply to the notice and the matter is pending before the PF Commissioner.

LITIGATIONS AGAINST THE DIRECTORS OF OUR COMPANY

Mr. S.T.R. Mady, Chairman and Mr. S. Jayaprakash, Mady, Managing Director of the Company have received a Adjudication Notice from SEBI under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of the SEBI Act, 1992 for delayed compliance / violations of SEBI SAST Regulations, 1997 and SEBI SAST Regulations 2011. The adjudication proceedings have not yet been completed.

LITIGATIONS AGAINST THE PROMOTER OF OUR COMPANY

Gavis Pharma LLC, Promoter of our Company, has received a Adjudication Notice from SEBI under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of the SEBI Act, 1992 for certain non-compliance under SEBI SAST Regulations 2011. Gavis Pharma LLC has filed an application under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014, for availing Consent / Settlement Order, the outcome of which is awaited.

LITIGATION INVOLVING OUR PROMOTER AND THE GROUP ENTITIES

There are no outstanding litigations in India involving our promoter or their overseas group entities.

Novel Laboratories Inc. is party to patent lawsuits which arise in the normal course of business for a generic pharmaceutical company based in the United States. In the opinion of our management, such outstanding litigations against Novel Laboratories Inc. are not likely to adversely impact us or adversely impact our promoter materially so as to affect their ability to discharge their role as our promoter

(B) Matters which are pending or which have arisen in the immediately preceding ten years involving:

(1) Issues of moral turpitude or criminal liability on the part of the issuer

Nil

(2) Material violations of statutory regulations by the issuer

Nil

(3) Economic offences where proceedings have been initiated against the issuer.

Nil

Material developments since the last Balance Sheet date

In respect of an Income Tax matter pertaining to AY 2001-02 on taxability of Technical Know How fee, sale proceeds of trade-marks, etc., recently the same has been decided by Hon'ble Supreme Court of India against our Company. However, our management is of the opinion that this would not create any demand against our Company, but carried forward losses would be adjusted to the extent of ₹ 400 lakhs.

GOVERNMENT AND OTHER STATUTORY APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India, relevant state governments and various governmental agencies required for our present business and no further approvals are required for carrying on our present business.

It must be distinctly understood that, in granting these approvals, the Government of India and / or the State Government or other governmental agencies do not take any responsibility of our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals listed below, we can undertake this Issue and our current business activities and that no further approvals from any governmental or regulatory authority or any other entities are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Letter of Offer.

I. INCORPORATION:

1. Certificate of Incorporation bearing No. 08/11166 dated 23.08.1990 from the Registrar of Companies, Karnataka, Bangalore
2. The Company Identification Number (CIN) is L85110KA1990PLC011166

II. APPROVALS FOR BUSINESS /GENERAL APPROVALS:

1. Allotment of Tax Deduction Account No. BLRW00252A issued by the Income Tax Department
2. Permanent Account Number of our company AAACR8613H issued by the Income Tax Department
3. Service Tax Registration No. AAACR8613HST001 issued under section 69 of the Finance Act 1994.
4. Registration Number AAACR8613H XM 002 issued by Superintendent of Central Excise, Bangalore
5. Provisional Value Added Tax – Tax Identification Number 29350098420 issued by Commercial Taxes Department, Government of Karnataka
6. Central Sales tax Registration Number CST 90550250 and Karnataka Sales tax Registration Number KST 90500258 allotted by Deputy Commissioner of Commercial Taxes , Bangalore
7. Letter Number 121(2012)/225(2012) dated January 23, 2013 issued by Government of India, Ministry of Finance, Department of Economic Affairs FIPB (FC Section) approving investment by Gavis Pharma LLC, USA upto 66% of our Company’s Equity Share Capital

III. Approvals related to the Issue

1. Pursuant to the resolution passed by the Board of Directors at the meeting held on 9th May 2014, the Board of Directors have approved the Issue and allotment of Equity Shares with to the eligible equity shareholders of our Company with a right to renounce.
2. Pursuant to the resolution passed under section 81(1A) of the Companies Act, 2013through Postal Ballot on July 5, 2014, the shareholders have approved the Issue and allotment of Equity Shares to the eligible equity shareholders of our Company with a right to renounce.
3. In-principle approval from the Bombay Stock Exchange Limited dated [●]

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the issue:

A Special Resolution was passed by the Shareholders of our Company through postal ballot in accordance with the provisions of Section 62 of the Companies Act, 2013 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011. The result of this special resolution passed through postal ballot was declared on July 5, 2014 approving the present Rights Issue

Prohibition by SEBI:

There is no prohibition on our Company, our Promoter, our promoter group, our Directors, from accessing or operating in the capital markets or restrained from buying, selling, or dealing in the securities under any order or direction passed by SEBI.

None of our directors are associated with securities market in any manner, except as general investors and SEBI has not initiated any action against our directors in this regard.

Further, our company, our Promoter, their relatives (as per the Companies Act, 2013), group companies, are not declared as wilful defaulters by RBI/ Government authorities and there are no violations of securities law committed by them in the past or pending against them.

Eligibility for the Issue

Our Company is an existing listed company registered under the Companies Act, . Our Equity Shares are listed on BSE. It is eligible to offer this issue in terms of Chapter IV of the SEBI ICDR Regulations.

Compliance with Regulation 4(2) of the SEBI ICDR Regulations

Our Company is in compliance with requirements of Reg. 4(2) of the SEBI (ICDR) Regulations for making this Issue.

Approvals for the Issue & Business Activity

Our Company is not proposing to enter into any new line of business and has all the necessary approvals for undertaking its present activities and no further approvals from any Government authority are required by our Company to undertake its present activities.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, BEING ARIHANT CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE

SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS, ARIHANT CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2014, WHICH READS AS PROVIDED BELOW.

(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 SAID 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 THE 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 THE SEBI, THE CENTRAL GOVERNMENT 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 / 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.***

(3) ***WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT UNTIL THE DATE SUCH REGISTRATION IS VALID.***

(4) ***WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - .*** **NOT APPLICABLE**

(5) ***WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER 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 PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT OFFER DOCUMENT WITH THE SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT OFFER DOCUMENT -*** **NOT APPLICABLE**

(6) ***WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO 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 OFFER DOCUMENT. **NOT APPLICABLE**

(7) ***WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE.*** **NOT APPLICABLE**

(8) ***WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE MAIN OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION 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 PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION***

(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.*** **NOT APPLICABLE. ALLOTMENT SHALL BE MADE IN DEMAT FORM ONLY**

(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 COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND***
- (B) ***AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE 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 OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S 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 (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR DATED SEPTEMBER 27, 2011 – NOT APPLICABLE

(17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISED FROM LEGITIMATE BUSINESS TRANSACTIONS. - <u>COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT LETTER OF OFFER.</u>

The filing of this Draft Letter of Offer does not, however, absolve our Company from any liabilities under Sections 63 and 68 of the Companies Act, or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time with the Lead Managers, any irregularities or lapses in the Letter of Offer

In addition to the Lead manager, the issuer is also obligated to update the offer document and keep the public informed of any material changes till the date of listing and commencement of trading of the securities offered under this Letter of offer.

Caution:

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisements or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

Investors who invest in the Issue will be deemed to have been represented to the issuer and lead manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines, and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue. All information shall be made available by the Lead Manager and our company to the shareholders and no selective or additional information would be made available for a section of the shareholders or investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc

Disclaimer in Respect of Jurisdiction:

This Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations hereunder. This Letter of Offer does not constitute an offer to sell or an invitation to subscribe to securities hereby issued, in any jurisdiction other than India.

The distribution of the Letter of Offer and the offering of the securities 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 Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate Court(s) in Bangalore, India only.

No action, has been, or will be taken, to permit offering of these securities in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for its observations and the Letter of offer would be filed with the relevant Stock Exchanges in India. Accordingly, the Equity Shares may not be offered or sold directly or indirectly, and the 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 the Letter of Offer, nor any sale hereunder, shall under any circumstances create any implication that the affairs of our company have remained unchanged since the date hereof or that the information herein is correct as of any time subsequent to this date.

Disclaimer clauses of Stock Exchanges

As required, a copy of this Draft Letter of Offer has been submitted to BSE. BSE has vide their letter dated [●], given permission to our Company to use their name in this Letter of Offer as the Stock Exchange on which our Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company.

BSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing:

The Letter of Offer has been filed with Securities Exchange Board of India's Southern Regional Office at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai : 600 002 for its observations and also with the BSE where the securities to be issued in terms of this Letter of Offer are proposed to be listed.

Listing:

Our Company has made applications to the BSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. Our Company has received in-principle approval from BSE by its letter dated [●] granting in principle approval for listing the securities arising from the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange within 15 days from the Issue Closing Date, our Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the Companies Act, 2013.

Consent

Consent in writing of the Auditors, Lead Manager, Legal Advisors and the Registrar to the Issue, to act in their respective capacities; and of the bankers to our Company and Directors for their names to appear as such in this Letter of Offer have been obtained and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the Stock Exchange.

M/s. Rao & Swami, Chartered Accountants, the Auditors of our Company have given their written consent for the inclusion of their Report in the form and content as appearing this Letter of Offer and such consents and Reports have not been withdrawn upto the time of delivery of this Letter of Offer for registration to the Stock Exchange. M/s. Rao & Swami, Chartered Accountants, the Auditors of our Company have given their written consent for inclusion of statement of tax benefits in the form and content as appearing in this Letter of Offer accruing to our Company and its members.

To the best of our knowledge there are no other consents required for making this issue, however, should the need arise, necessary consents shall be obtained by us.

Expert Opinion

Our Company has not obtained any expert opinions in relation to this Rights Issue.

Expenses of the Issue

The expenses of the Issue including fees and reimbursement to the Lead Manager, Auditors, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, SEBI fees, stamp duty and other expenses are estimated at ₹ 50 lacs and will be met out of the proceeds of the Issue.

(₹ in lacs)

Particulars	(₹ lakhs)	% of total estimated issue expenditure	% of Issue Size
Fees of the Intermediaries to the Issue	20.00	40.00%	0.57%
Advertisement, Postage, Printing and Stationery	20.00	40.00%	0.57%
Others (filing fees, stamp duty, contingency etc)	10.00	10.00%	0.29%
	50.00	100.00%	1.43%

Details of previous capital issues

Our Company had made Rights Issue of Equity Shares during June 2011. Save for this, our company had not made any Public or Rights Issue of any securities during the last 5 years.

The details of the previous Rights Issue are as under :

Issue size	15,12,967 Equity Shares of ₹ 10/- each for cash at a premium of ₹ 23/- per Equity Share aggregating ₹ 4,99,27,911/- on Rights basis in the ratio of 1 Equity Share for every 3 Equity Shares held
Issue opened on	June 13, 2011
Issue closed on	June 28, 2011
Amount subscribed	14,85,342 Equity Shares aggregating 98.17% of the Equity Shares offered
Date of Allotment	July 6, 2011
Date of despatch of Share Certificates	July 7, 2011
Date of Refund	July 7, 2011
Date of listing	July 8, 2011
Object of the Issue	Repayment of unsecured loans provided by the then Promoters and part redemption of Preference Shares
Dividend paid	Nil

Except as mentioned in 'Capital Structure' on Page No. 39 of this draft Letter of Offer, our Company has not issued any securities otherwise than for cash

Commission / brokerage on previous issue

Except for the fees paid to the Merchant Bankers and Registrars, and other issue expenses viz. filing fees, printing & stationeries, postage etc., no commission or brokerage has been paid for the previous issue.

Performance vis-a-vis objects

Our Company has made Rights Issue of Equity Shares during June 2011. Save for this, our company has not made any public / rights issue during the period of ten years preceding the date of filing the draft Letter of Offer with SEBI.

Performance vis-a-vis the objects of the rights issue made in June 2011 are given below :

Objects	Schedule of deployment	Actual Performance
Repayment of unsecured loans provided by the then Promoters **(₹ 375 lakhs)**	FY 2011-12	FY 2011-12
Part redemption of Preference Shares **(₹ 100 lakhs)**	FY 2011-12	FY 2011-12
Meet Rights Issue expenses **(₹ 24.28 lakhs)**	FY 2011-12	FY 2011-12

There has been no deviation in the schedule of deployment of funds out of the Rights Issue and the entire funds raised have been utilised towards the objects as stated in the Offer Document.

There are no group / subsidiary / associate companies which are listed on any Stock Exchanges.

There are no Debentures or Bonds and redeemable preference shares outstanding as on the date of this Letter of Offer.

STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

The high, low and average market prices of the Equity Shares of our Company recorded on the BSE during the preceding three years and the number of Equity Shares traded on the days of the high and low prices were recorded are as stated below:

Year	Date of High	High ₹	Volume on date of High	Date of Low	Low ₹	Volume on date of Low	Average Price (₹)
2011	04-01-2011	47.00	200	28-12-2011	21.20	2	35.78
2012	29-11-2012	95.90	2,750	02-01-2012	22.70	97	57.82
2013	24-05-2013	105.00	580	26-08-2013	62.10	2	87.20

Monthly high and low prices and trading volumes on BSE for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

Month	Date of High	High ₹	Volume on date of High	Date of Low	Low ₹	Volume on date of Low	Average (₹ per Share)
March 2014	21-03-2014	104.00	490	11-03-2014	90.30	1,050	95.29
April 2014	17-04-2014	95.55	59	23-04-2014	81.35	624	87.69
May 2014	15-05-2014	145.05	3,738	02-05-2014	85.60	402	122.28
June 2014	25-06-2014	147.00	1,160	05-06-2014	115.00	774	128.53
July 2014	10-07-2014	133.00	316	15-07-2014	115.00	181	127.48
August 2014	27-08-2014	188.00	160	01-08-2014	125.00	275	151.42

Market Price as on May 12, 2014, the date immediately after the date on which the resolution of Board of Directors approving the present Rights Issue was passed was ₹ 125.35.

The total volume of shares traded on BSE in each month during the six months preceding the date on which the Letter of Offer is filed with Stock Exchange is as under :

Month	Volume (No. of Shares)
March 2014	5,644
April 2014	3,418
May 2014	13,859
June 2014	6,240
July 2014	8,769
August 2014	5,493

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 have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011, under which all investor complaints pertaining to our Company are electronically sent through SEBI Complaints Redress System (SCORES) at http://scores.gov.in/Admin. All investor grievances received by us have been handled by the Share Transfer Agent in consultation with the compliance officer.

Our Board has constituted the Share Transfer & Investor Grievance Committee. This 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. Its broad terms of reference include:

a. Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of Share Certificates, transfer of Equity Shares and issue of duplicate Share Certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.; and
b. Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

Time normally taken for disposal of various types of investor complaints: Not more than 15 days.

Investor Grievances arising out of the Issue

The Investor grievances arising out of the Issue will be handled by Canbank Computer Services 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 retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA investors, giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first Investor, number of Rights 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 Company is registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The average time taken by the Registrar for attending to routine grievances will be within 15days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Details of pending investor complaints (as on 26/09/2014) - Nil

Number of complaints received during the 3 years preceding the filing of draft LOF with SEBI	3
Number of complaints disposed off during the 3 years period	3
Number of complaints pending for redressal as on date of filing of the draft LOF	Nil
Average time taken for redressal of investor complaints	7 days

Change in Auditors

There have been no changes in our auditors in the last three years.

Capitalisation of Reserves or Profits

Except as mentioned in the “Capital Structure” on page 39 of this draft LOF, we have not capitalised our reserves or profits since our Company's incorporation.

Revaluation of Assets

There has been no revaluation of assets of our Company in the last five years.

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the Equity Listing Agreements, the terms of the Letter of Offer and the Composite Application Form (CAF) and other terms and conditions as may be incorporated in the Allotment advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered will be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act, the Listing Agreements and our Memorandum of Association and Articles of Association.

Face Value and Issue Price

The face value of each Equity Share is ₹ 10 and the Issue Price is ₹ [●] per Equity Share.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- Right to receive dividends, if declared;
- 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 any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreement, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidation/splitting, see "***Main Provisions of Our Articles of Association***" on page 216.

Market Lot and Trading Lot

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an eligible Equity Shareholder holds Equity Shares in physical form, we would issue to the Allottees one certificate for the Rights Equity Shares allotted to each folio ("Consolidated Certificate") and in case an eligible Equity Shareholder seeks allotment in demat form (whether existing Equity Shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form.

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 the provisions of the Companies Act, nomination facility is available in respect of the Rights 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 Eligible 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 Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights 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.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. 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 within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other money 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 eligible Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Rights Equity Shares that may be Allotted in this Issue under the same folio.

In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights 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 or if the subscription level falls below 90%, after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire application money received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under the Companies Act, 2013.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/ splitting.

Option to receive Rights Equity Shares in Dematerialised Form

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights 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 Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/ or dematerialised form should be made.

ISSUE PROCEDURE

The Rights Equity Shares proposed to be issued are subject to the terms and conditions contained in this 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 and 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 our Company, the 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 eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute under and including any court proceedings and / or currently under transmission or are held in a demat suspense account pursuant to clause 5A of the Listing Agreement and for which our Company has withheld the dividend, shall be held inabeyance and the CAFs in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute / completion of the transmission or pending the release of Rights Equity Shares from demat suspense account. On submission of such documents/records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the closure of the Issue, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified eligible Equity Shareholder.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI Circular dated December 30, 2009, must mandatorily invest through the ASBA process. Please note that an ASBA Investor is an Eligible Equity Shareholder who

(i) is holding our Equity Shares in dematerialised form as on the Record Date and has applied for Rights Entitlements and/ or additional Rights Equity Shares in dematerialised form;
(ii) has not renounced Rights Entitlements in full or in part;
(iii) is not a Renouncee; and
(iv) who is applying through blocking of funds in a bank account maintained with SCSBs.

All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. Renouncees are not eligible ASBA Investors and must only apply for Rights Equity Shares through the non-ASBA process.

All Investors (apart from Retail Individual Investors) having bank accounts with SCSBs that are providing ASBA in cities / centers where such Investors are located, are mandatorily required to make use of the ASBA facility. Otherwise, applications of such Investors are liable for rejection. All Investors are encouraged to make use of the ASBA facility wherever such facility is available. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs. Neither the Company nor any of the Lead Managers shall in any way be responsible for compliance by the SCSBs with the provisions of the above circulars and all responsibilities in this regard shall vest solely with the relevant SCSBs.

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.

Except for any renunciation in favour of FIIs, in terms of A.P. (DIR Series) Circular No. 53, issued by the RBI on December 17, 2003, any renunciation (i) from resident Indian Eligible Equity Shareholder(s) to NR(s); (ii) from NR Eligible Equity Shareholder(s) to resident Indian(s); or (iii) from a NR Eligible Equity Shareholder(s) to other NR(s), is subject to the renouncer(s)/renouncee(s) obtaining any necessary regulatory approvals from the RBI. The renouncer(s)/renouncee(s) is/are required to obtain any such approval and attach the same to the CAF, along with any other approval that may be required by such renouncer(s)/renouncee(s). All such renunciations shall be subject to any conditions that may be specified in such RBI approval. Applications not complying with conditions of the approval/not accompanied by such approvals are liable to be rejected.

Any renunciation by or in favour of an NR other than as stated above is subject to the renouncer(s)/ renouncee(s) obtaining the approval of the FIPB and/or permission of the RBI under FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

In respect of application to be made by our Promoter for subscription to their rights entitlement or renunciation in their favour or towards additional shares, the payment of consideration will be made through remittance from abroad through proper banking channels, as may be permitted by concerned regulatory authorities including SEBI and RBI.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those Equity Shareholders whose names appear as beneficial owners as per the list furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●]

Rights Entitlement

The Eligible Equity Shareholders shall be entitled to apply for [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date. As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., [●], you are entitled to the number of Rights Equity Shares as set out in Part A of the CAF.

The distribution of the Letter of Offer/ Abridged Letter of Offer and the Issue of Rights 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 the Letter of Offer/ Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Rights Equity Shares on a rights basis to the eligible Equity Shareholders and will dispatch the Abridged Letter of Offer and CAFs to such shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America and in other restricted jurisdictions.

Principal Terms of the Rights Equity Shares issued under this Issue

Face Value

Each Rights Equity Share will have the face value of ₹ 10/-

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of ₹ [●] for cash at par per Rights Equity Share. The Issue Price has been arrived at by our Company in consultation with the Lead Managers.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of ₹ [●] per Rights Equity Share is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the eligible Equity Shareholders is less than 50 Equity Shares or is not in a multiple of 50, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement and they will be given preference in the allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement.

Those Eligible Equity Shareholders holding up to [●] Equity Shares, and therefore entitled to zero Rights Equity Shares under this Issue shall be dispatched a CAF with zero entitlement. Such eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the allotment of one additional Rights Equity Share each, if such eligible Equity Shareholders have applied for additional Rights Equity Shares. However, they cannot renounce the same in favour of any third parties. CAF with zero entitlement will be non-negotiable/ non-renounceable.

It is clarified that the additional Rights Equity Shares, required in connection with the aforementioned allotments would be adjusted from the unsubscribed portion of the Issue, if any.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE. The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

We have received an "in-principle" approval for listing of the Rights Equity Shares from the BSE vide their letter dated [●]. We will apply to BSE for final approvals for the listing and trading of the Rights Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be Allotted pursuant to the Issue shall be taken as per the regulatory requirement.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE under the existing ISIN for Equity Shares.

<u>How to Apply</u>

Resident Eligible Equity Shareholders

Applications should be made only on the CAF enclosed with the Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. 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. For further details, see the section titled "Application on Plain Paper" on page 207. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in this Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

Non Resident Eligible Equity Shareholders

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident eligible Equity Shareholders for the Issue shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

APPLICATIONS BY ASBA INVESTORS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Eligible Equity Shareholders 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, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, our Company, its 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.

Self Certified Syndicate Banks

The list of banks, which have been notified by SEBI to act as SCSBs for the ASBA process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Equity Shares through the ASBA process is available only to eligible Equity Shareholders of our Company on the Record Date.

In terms of the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 ("**December 2009 Circular**"), to qualify as ASBA Investors, eligible Equity Shareholders:

(a) are required to hold Equity Shares in dematerialised 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 dematerialised form;
(b) should not have renounced their Right Entitlement in full or in part;
(c) should not be Renouncees; {paragraphs (a), (b) and (c) are collectively referred to as the "ASBA Investor Eligibility Criteria"}; and
(d) should apply through blocking of funds in bank accounts maintained with SCSBs.

All Applicants who are QIBs, Non – Institutional Investors and other investors whose application amount is more than ₹ 200,000 and who satisfy the ASBA Investor Eligibility Criteria must participate in the Issue only through the ASBA Process. Any Application by such categories of Applicants including plain paper applications by them have to be made through the ASBA process. All Applicants who are QIBs, Non – Institutional Investors and other investors whose application amount is more than ₹ 200,000 and who do not satisfy the ASBA Investor Eligibility Criteria can apply in the Issue only through the non – ASBA process.

A Retail Individual Investor applying for a value of up to ₹ 2 lacs in the Issue can participate in the Issue through either the ASBA process or the non – ASBA process.

CAF

The Registrar will dispatch the CAF to all eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

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 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.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

Acceptance of the Issue

ASBA Investors may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard.

Mode of payment

An ASBA Investor agrees to block the entire amount payable on Application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the bank account maintained with the SCSB, as mentioned by the eligible Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations, into a separate bank account maintained by our Company. 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.

The ASBA Investor would be required to block the entire amount payable on its 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 bank account with the SCSB, details of which have been provided by the Eligible 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, our Company would have a right to reject the Application only on technical grounds.

Options available to the ASBA Investors

A summary of options available to Eligible Equity Shareholders is presented below. ASBA Investors may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

ASBA Investors will need to select the ASBA process option in the CAF and provide required details. However, in cases where this option is not selected, but the CAF is tendered to 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 Eligible Equity Shareholder has selected to apply through the ASBA process.

Additional Equity Shares

An ASBA Investor is eligible to apply for additional Equity Shares over and above the number of Equity Shares that it is entitled to, provided that it is eligible to apply for Equity Shares under applicable law and has applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under "Basis of Allotment" on page 210.

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.

Renunciation under the ASBA process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlements in part.

ELIGIBLE EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA INVESTOR ON THE RECORD DATE.

Issuance of Intimation Letters

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the controlling branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA Application;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for the Issue, for each successful ASBA Application;
- The date by which the funds referred to in above paragraph, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBA Applications, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

General instructions for ASBA Investors

- Please read the instructions printed on the CAF carefully.
- Applications should be made on the printed CAFs and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- The CAF/ plain paper application in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue (assuming that such Banker to the Issue is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- 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.
- All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable for ASBA Investors. 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.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The

eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company 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/ our Company. 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.
- All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in the Issue quoting the name of the first/ sole applicant Eligible Equity Shareholder and CAF number.
- Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA process.
- 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.
- Only the Eligible Equity Shareholders holding shares in demat form, and who comply with all the parameters for being an ASBA Investor, are eligible to participate through ASBA process.
- Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using 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/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Do's for ASBA Investors:

- Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the Application can be made on plain paper with all necessary details as required under the paragraph "Application on plain paper" on page 207.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated.
- 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.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} multiplied by {the Issue Price, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on Application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- 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 IT Act.

- 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.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- Ensure that you apply through the ASBA process if you are a QIB or a Non – Institutional Investor and satisfy the eligibility requirements for being an ASBA Investor in terms of the December 2009 Circular.
- For ASBA Applications by SCSBs on own account, ensure that a separate ASBA Account in its own name is opened with any other SCSB.

Don'ts for 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 Designated Branch of the SCSB.
- Do not pay the amount payable on Application in cash, by money order or by postal order.
- Do not send your physical CAFs/plain paper applications to the Lead Manager/ Registrar to the Issue/ Bankers to the Issue (assuming that such Bankers to the Issue is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Bank; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.
- Do not apply if the ASBA Account has been used for five applicants.
- Do not instruct respective banks to release the funds blocked under the ASBA process.

Grounds for Technical Rejection under the ASBA process

In addition to the grounds listed under "*Grounds for Technical Rejection for non-ASBA Investors*" on page 205 of this Letter of Offer, applications under the ABSA Process are liable to be rejected on the following grounds:

- Application on a Split Application Form (SAF) (unless all the SAFs are used by the original shareholder).
- Application for allotment of Rights Entitlements or additional shares, which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Sending CAF to a Lead Manager/ Registrar/ Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds are available with the SCSB for blocking the amount.
- 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.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- 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 of America or other restricted jurisdictions and is authorised to acquire the rights and the securities in compliance with all applicable laws and regulations.

- 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).
- Renouncees applying under the ASBA process.
- 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.
- Submission of more than five CAFs per ASBA Account.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR instead of the PAN.
- An Eligible Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- The Application by an eligible Equity Shareholder whose cumulative value of Rights Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000/- each and has not done so through the ASBA process.
- Applications by SCSBs not complying with the SEBI circular dated September 13, , whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should 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.
- Submitting CAFs along with a plain paper application.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS WHO COMPLY WITH THE PARAMETERS FOR BEING AN ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SUCH ELIGIBLE EQUITY SHAREHOLDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. SUCH ELIGIBLE EQUITY SHAREHOLDERS 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.

Such eligible Equity Shareholders should note that on the basis of name of these eligible Equity Shareholders, Depository Participant’s name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository, the Demographic Details. Hence, eligible Equity Shareholders should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such eligible Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective eligible Equity Shareholder. The Demographic Details given by the eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs/ plain paper ASBA Applications, ASBA Investors 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 of funds would be mailed to the address of the ASBA Investors 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 shareholders. ASBA Investors may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the funds.

Note that any such delay shall be at the sole risk of the ASBA Investors and none of our Company, the SCSBs or the Lead Manager shall be liable to compensate the ASBA Investors for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such Applications are liable to be rejected.

APPLICATIONS BY NON – ASBA INVESTORS

Eligible Equity Shareholders who are eligible to apply under the non – ASBA process

The option of applying for Equity Shares through the non – ASBA process is available to eligible Retail Equity Shareholders of our Company on the Record Date whose application amount is upto ₹ 200,000 and Renouncees. All Applicants who are QIBs and Non-Institutional Investors and who do not satisfy the ASBA Investor Eligibility Criteria can apply in the Issue through the non-ASBA process.

Instructions for options for Non-ASBA Investors

The CAF consists of four parts:

Part A	Form for accepting the Equity Shares offered and for applying for additional Equity Shares
Part B	Form for renunciation
Part C	Form for Application by Renouncee(s)
Part D	Form for request for Split Application Forms

The summary of options available to the eligible Equity Shareholder who applies through the non-ASBA process is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A (all joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including 'Block III' relating to the acceptance of Rights Entitlement and 'Block IV' relating to additional Equity
Renounce your Rights Entitlement in full to one person, (Joint Renouncees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncees must fill in and sign Part C (all joint Renouncees must sign)
Accept a part of your Rights Entitlement and	Fill in and sign Part D (all joint holders must sign)

renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Equity Shares offered to you to more than one Renouncee	requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for the receipt of requests for Split Application Forms. Splitting will be permitted only once. On receipt of the Split Application Form take action as indicated below. • For the Equity Shares you wish to accept, if any, fill in and sign Part A. • For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncees. • Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncees must fill in and sign Part C.

Please note that:

- Part A of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders. If used, this will render the Application invalid.
- Request for Split Application Form should be made for a minimum of one Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.
- Request by the Eligible Equity Shareholder(s) for the Split Application Form should reach the Registrar to the Issue on or before [●]
- Only the person, to whom the Letter of Offer and/ or Abridged Letter of Offer has been addressed to and not the Renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. CAF once split cannot be split again.
- Eligible 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 Equity Shares or Rights Entitlement under applicable securities law.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Company/ the Depositories.
- Split Application Forms(s) will be sent to the applicant(s) by post at the applicant's risk.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares alloted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of equity shares, subsequent issue and allotment of equity shares, interest, export of share certificates, etc. In case a Non-Resident or NRI

Acceptance of the offer to participate in the Issue through the non-ASBA process

You may accept the offer to participate and apply for the Equity Shares offered through the Issue, either in full or in part by filling of Part A of the CAF and submit the same along with the Application Money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board thereof in this regard. Non-ASBA Investors located at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par at Bangalore or demand draft/ pay order payable at Bangalore to the Registrar to the Issue by registered post. Such Applications sent to anyone other than the Registrar to the Issue are liable to be rejected. Please note that all Applications in the Issue by QIBs and Non-Institutional Investors who satisfy the ASBA Investor Eligibility Criteria are mandatorily required to be made through the ASBA process.

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "Application on Plain Paper" on page 207

Renunciation for Non-ASBA Investors

Any renunciation (i) from a resident Indian Eligible Equity Shareholder to a Non Resident, or (ii) from a Non Resident Eligible Equity Shareholder to a resident Indian, or (iii) from a Non Resident Eligible Equity Shareholder to a Non Resident is subject to the renouncer (s)/ Renouncee(s) obtaining the necessary approvals, including from RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

As an Eligible Equity Shareholder, you have the right to renounce your Rights Entitlement for the Equity Shares in full or in part in favour of one or more persons. Your attention is drawn to the fact that our Company shall not allot and/ or register any Equity Shares in favour of the following Renouncees:

- More than four persons including joint holders;
- Partnership firm(s) or their nominee(s);
- Minors (unless it is through their legal guardian);
- A Hindu Undivided Family (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of a Karta);
- Any trust or society (unless the same is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorised under its constitutions to hold equity shares of a company), not being an existing shareholder of our Company;
- Any person or entity in the United States or to, or for the account or benefit of, a "U.S. Person" (as defined in Regulation S); or
- Any person situated or subject to jurisdiction where the offering in terms of the Letter of Offer could be illegal or requires compliance with securities laws.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof. Renouncee(s) shall not be entitled to further renounce the entitlement in favour of any other person.

Procedure for renunciation

The procedure for renunciation is as follows:

To renounce the entire Rights Entitlement in favour of one Renouncee

If you wish to renounce the Rights Entitlement indicated in Part A of the CAF, 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 Renouncees, all joint Renouncees must sign this part of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept the Rights Entitlement in part and renounce the balance or renounce the entire Rights Entitlement in favour of two or more Renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of Split Application Forms 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 requestsfor Split Application Forms. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the eligible Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with our Company, 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 on or before the Issue Closing Date along with the Application Money.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not exceeding three persons, 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 our Board of Directors shall be entitled in its absolute discretion to reject the Application from the Renouncee(s) without assigning any reason thereof.

Additional Equity Shares

You may apply for additional Equity Shares over and above your Rights Entitlement, provided that you have applied for your entire Rights Entitlement without renouncing them in whole or in part in favor of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be in the manner prescribed under the section titled “Basis of Allotment” on page 210. If you desire to apply for additional Equity Shares, please indicate your requirements in the place provided for additional Equity

Shares in Part A of CAF. Renouncees applying for all the Equity Shares renounced in their favor may also apply for additional Equity Shares by indicating the details of additional Equity Shares applied for in the place provided for additional Equity Shares in Part C of CAF.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Payment options for Non-ASBA Investors

Mode of payment for Resident Eligible Equity Shareholders/ Applicants

Non-ASBA Investors who are resident in centers with the bank collection centres shall draw cheques/ drafts accompanying the CAF, crossed account payee only and marked "Wintac Limited - Rights Issue".

Resident Non-ASBA Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting Applications, are requested to send their Applications together with Demand Draft/ Pay Order net of bank and postal charges, payable at Bangalore, crossed account payee only and marked "Wintac Limited - Rights Issue" directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue or the Lead Manager will not be responsible for postal delays or loss of Applications in transit, if any. Applicable banking and postal charges in this regard shall be borne by our Company.

Mode of payment for Non – Resident Eligible Equity Shareholders/ Applicants

Payment by Non Residents must be made by demand draft payable at Bangalore/cheque payable drawn on a bank account maintained at Bangalore 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 Bangalore or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

By cheque/ draft on a Non Resident External Account (NRE) or FCNR Account maintained in India; or

By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Bangalore; or FIIs registered with SEBI must remit funds from special non resident rupee deposit account.

Non Resident Investors applying with repatriation benefits should draw crossed account payee cheques/ drafts in favour of and marked "Wintac Limited - Rights Issue - NR" payable at Bangalore for the full Application Money.

In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their Application Money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U.S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

Application without repatriation benefits

As far as Non Residents holding 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 Bangalore In such cases, the Allotment of Equity Shares will be on non- repatriation basis.

All cheques/ demand drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of, and marked "Wintac Limited - Rights Issue" payable at Bangalore and must be crossed 'account payee only' for the full Application Money. The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

Applicants 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.

Note:

- 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 IT Act.
- In case Equity Shares are allotted on 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 CAF 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 Applications 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.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by an applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID 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 seven days prior to the Issue Closing Date. Please note that those who are making the Application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he/ she shall face the risk of rejection of both the

Applications. Neither the Registrar to the Issue nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Duplicate CAFs will also be available at the website of the Registrar to the Issue, a hyper – link to which link will also be provided on the website of our Company.

General instructions for Non-ASBA Investors

(a) Applicants that are not QIBs or are not 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.

(b) Please read the instructions printed on the enclosed CAF carefully.

(c) Application should be made on the printed CAF, provided by our Company or a plain paper Application and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's/ husband's name must be filled in block letters.

(d) The CAF together with cheque/ demand draft should be sent to the Bankers to the Issue/ Collecting Bank or dispatched to the Registrar to the Issue, and not to our Company, the Lead Manager. Resident applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting Applications, will have to make payment by crossed account payee cheques payable at Bangalore or demand drafts/ pay orders payable at Bangalore 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. Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

(e) Each of the applicants should mention his/ her PAN allotted under the IT Act along with the Application for the purpose of verification of the number. Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, **CAFs without the PAN details will be considered incomplete and are liable to be rejected**.

(f) Investors holding Equity Shares in physical form, are advised to provide information as to their savings/ current account number, the nine digit MICR number and the name of our Company, branch 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. Applications not containing such details are liable to be rejected.

(g) All payment should be made by cheques/ demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(h) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The eligible Equity Shareholders must sign the CAF or the plain paper Application as per the specimen signature recorded with our Company.

(i) In case of an Application under a power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the Application and a certified true 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 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.

(j) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint applicants who are Renouncees, the number of applicants should not exceed three. 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.

(k) Application(s) received from Non Residents/ 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 in the matter of refund of Application Money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, dispatch of share certificates, etc. In case a Non Resident 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.

(l) All communication in connection with Application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the Allotment Date quoting the name of the first/ sole applicant Eligible Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the Allotment Date, should be sent to the Registrar and Share 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 dematerialised form.

(m) Split Application Forms cannot be re-split.

(n) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain Split Application Forms.

(o) Applicants must write their CAF number at the back of the cheque/ demand draft.

(p) A separate cheque/ demand draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and Applications accompanied by such cheques/ demand drafts/ money orders or postal orders will be rejected. The Registrar will not accept payment against Application if made in cash. (For payment against Application in cash please refer point (f) above).

(q) No receipt will be issued for Application Money received. The Bankers to the Issue/ Collecting Bank/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) Our Company shall not allot and/ or register any Equity Shares in favour of any person situated or subject to any jurisdiction where the offering in terms of this Letter of Offer could be illegal or requires compliance with applicable securities laws.

(s) The distribution of the Letter of Offer and issue of Equity Shares under the Issue and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Issue Equity Shares.

Do's for Non-ASBA Investors:

(a) Check if you are eligible to apply;
(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
(c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialised form only;
(d) Ensure that your Indian address is available to our Company and the Registrar and Transfer Agent, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;

(e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(f) Ensure that you receive an acknowledgement from the collection centres of the collection bank for your submission of the CAF in physical form;

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of Sikkim and officials appointed by the courts;

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF; and

(i)Ensure that the Demographic Details are updated, true and correct, in all respects.

Dont's for Non-ASBA Investors:

(a) Do not apply on duplicate CAF after you have submitted a CAF to a collection centre of the Bankers to the Issue;
(b) Do not pay the amount payable on Application in cash, by money order or by postal order;

(c) Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;
(d) Do not submit an Application accompanied with stockinvest; or
(e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

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 Application Money payable;
- Bank account details (for refunds) are not given and the same are not available with the Depository Participant (in the case of Equity Shares held in dematerialised form) or the Registrar and Transfer Agent (in the case of Equity Shares held in physical form);
- Age of the first applicant not given (in case of Renouncees);
- Except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, PAN details not given; PAN in CAF not matching the PAN in the DP ID;
- In case of CAF under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the CAF and for Renouncees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have Equity Shares in electronic form, but the CAF does not have the Applicant's depository account details;
- CAF is not submitted by the applicants within the time prescribed as per the CAF and the Letter of Offer; CAF not duly signed by the sole/ joint applicants;
- CAF by OCBs.
- CAF accompanied by stockinvest/ outstation cheques/ post – dated cheques/ outstation money orders/ postal orders/ outstation demand drafts;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares under the Issue in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the applicants (including the order of names of joint holders), the DP ID and the beneficiary's identity;
- CAFs by ineligible Non Residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided;
- Multiple Applications, including where an applicant submits a CAF and a plain paper Application; and Duplicate Applications; In case the GIR number is submitted instead of the PAN;
- Applications by Renouncee(s) who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- QIBs, Non-Institutional Investors and other Equity Shareholders applying for Equity Shares in this Issue for value of more than ₹ 200,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.

Please read the 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 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.

Payment of refunds to Non-ASBA Investors

Our Company will issue and dispatch refund orders within a period of 15 days from the Issue Closing Date. If such money is not repaid within the stipulated time period, our Company shall pay that money with interest at the rate of 15% p.a. for the delayed period at rates prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

The payment of refund to Non – ASBA Investors, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 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 and Transfer Agent. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. National Electronic Fund Transfer (NEFT) – Payment of refund shall be undertaken through NEFT wherever the Investor's bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available 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 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.

3. Direct Credit – Investors having bank accounts with the Refund Bank, in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by our Company.

4. RTGS – Investors having a bank account at any of the locations where the RBI manages clearing houses for such payments and whose refund amount exceeds ₹ 2 lacs, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Banks for the same would be borne by our Company. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.

5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn and will be payable at par.

6. In case of any category of Investors specified by SEBI, crediting of refunds to the Investors in any other electronic manner permissible under the banking laws of India for the time being in force which is permitted by SEBI from time to time.

Option to receive Equity Shares in Dematerialised Form

Except for ASBA Investors, Investors shall be Allotted Equity Shares in dematerialised (electronic) form at the option of the Investor. Our Company, along with the Registrar and Transfer Agent, has signed tripartite agreements with NSDL and CDSL, respectively, which enables the Investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates. Our Company has appointed Canbank Computer Services Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore, credit the Equity Shares Allotted in dematerialised form.

In this Issue, Allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. Investors will have to give the relevant particulars for this purpose in the appropriate place in the CAF or the plain paper application, as the case may be. Applications, which do not accurately contain this information, will receive securities in physical form. No separate Applications for securities in physical and/ or dematerialised form should be made. If such Applications are made, the Application for physical securities will be treated as multiple Applications and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the shares sought in demat and balance, if any, may be allotted in physical shares.

OTHER GENERAL INSTRUCTIONS

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 an account payee cheque drawn on a bank in Bangalore / demand draft, net of bank and postal charges payable at Bangalore and the Investor should send the same by registered post directly to the Registrar to the Issue.

Applications on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Company, being “Wintac Limited”;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Share certificate numbers and distinctive numbers of Equity Shares (if Equity Shares are held in physical form);
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled as per Rights Entitlement;
- Number of Equity Shares applied for as per Rights Entitlement;

- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share;
- Particulars of cheque/ demand draft/ pay order;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Details of PAN, except in case of Applications on behalf of the Central or State Government and the officials appointed by the courts and by Investors residing in Sikkim, irrespective of the total value of the Equity Shares being applied for pursuant to the Issue;
- Signature of Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;
- 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.
- For ASBA Investors, the Application on plain paper should contain details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB.
- Additionally, by subscribing to any Equity Shares offered in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to us, the Lead Manager, as follows:

"*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 neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the United States or "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 (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, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the Application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If an applicant violates any of these requirements, he/ she shall face the risk of rejection of both the Applications. Our Company will refund such Application Money to such applicant without any interest thereon.

A Resident Non-ASBA Investor and a Non Resident Non-ASBA Investors applying on non-repatriation basis, 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 a crossed account payee cheque payable at Bangalore or demand draft/ pay order payable at Bangalore in favour of “Wintac Limited - Rights Issue” and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “Wintac Limited - Rights Issue”.

Non Resident Non – ASBA Investors applying on repatriation basis who have neither received the original CAF nor are in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper, along with a crossed ‘Account Payee Cheque’ payable at Bangalore or a demand draft/ pay order payable at Bangalore in favour of “Wintac Limited - Rights Issue - NR” and send the same by registered post directly to the Registrar to the Issue, so as to reach the Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “Wintac Limited - Rights Issue – NR”.

Resident and Non Resident ASBA Investors who have 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 and such ASBA Investors should send the same by registered post/ speed post directly to the relevant SCSB. Applications on plain paper will not be accepted from any address outside India. The envelope should be super-scribed “Wintac Limited - Rights Issue” in case of Resident ASBA Investors or Non Resident ASBA Investors applying on non repatriable basis and “Wintac Limited - Rights Issue – NR” in case of Non – ASBA Investors applying on repatriation basis and should be postmarked in India.

Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Company, the Lead Manager and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.

Last date of Application

The last date for submission of the duly filled in CAF or the plain paper Application is [●]. Our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF, or the plain paper Application together with the amount payable is not received by the Bankers 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 our Board or any committee of our Board, the offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee of our Board shall be at liberty to dispose of the Equity Shares hereby offered, as provided under the section titled “Basis of Allotment” on page 210.

Issue Schedule

Issue opening date	[●]
Late date for receiving request for 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 30 days from the Issue Opening Date.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES ISSUED PURSUANT TO THIS ISSUE CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s), who has/ have applied for Equity Shares renounced in their favour, in full or in part.

(b) Allotment to Eligible Equity Shareholders, who having applied for the Rights Entitlement in full 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 Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

(c) Allotment to the Renouncees, who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full Allotment in (a), (b) and (c) above, the Allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of our Board or any committee of our Board but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential allotment.

(d) Allotment to any other person as our Board may in its absolute discretion deem fit provided there is surplus available after making Allotment under (a), (b), (c), and (d) above, and the decision of the Board in this regard shall be final and binding.

(e) In the event of oversubscription, Allotment will be made within the overall size of the Issue.

Intention and extent of participation by the Promoter and the members of the Promoter Group in the Issue

Our Promoter, GAVIS Pharma LLC holding Equity Shares, has confirmed that they intend to fully subscribe to their Rights Entitlement in the Issue subject to the terms of this Letter of Offer and applicable law. Further, subject to compliance with applicable laws including the SEBI SAST Regulations, 2011, the Promoter reserve the right to subscribe for additional Equity Shares of our Company

Our Company expects to complete the Allotment within a period of 15 days from the Issue Closing Date in accordance with the Listing Agreement with the Stock Exchanges. Our Company shall retain no oversubscription.

Underwriting

The Issue is not underwritten.

Allotments

Our Company will issue and dispatch letters of Allotment/ Allotment advice/ share certificates/ demat credit and/ or letters of regret or credit the allotted securities 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 the stipulated time period, our Company shall pay that money with interest at the rate of 15% p.a. for the delayed period at rates prescribed under Section 39 (5) of the Companies Act, 2013.

In case of those Investors, who have opted to receive their Rights Entitlement in dematerialised form using electronic credit under the depository system, shall be given advice regarding their credit of the Equity Shares separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letters of Allotment or Allotment advice, the corresponding share certificates will be kept ready within three months from the Allotment Date thereof or such extended time as may be approved by the Company Law Board. Allottees are requested to preserve such letters of Allotment/ Allotment advice, which would be exchanged later for the share certificates.

The letters of Allotment/ Allotment advice/ refund order would be sent by registered post/ speed post to the sole/ first applicant's registered address. Such refund orders would be payable at par at all locations. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Letters of Allotment/Allotment Advice/ Share Certificates/ Demat Credit

Letters of Allotment/ Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the date of closure of the subscription list. In case our Company issues letters of Allotment/ Allotment advice, the relative share certificates will be dispatched within three months from the Allotment Date. Allottees are requested to preserve such letters of Allotment/ Allotment advice (if any) to be exchanged later for share certificates. Dispatch of letters of Allotment/ Allotment advice (if any)/ share certificates/ demat credit to Non Resident Allottees will be subject to the any applicable approvals of the RBI provided along with the CAF. Our Company has appointed Canbank Computer Services Limited as the Registrar to the Issue, which has connectivity with both Depositories, and can therefore credit the Equity Shares Allotted in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

Procedure for availing the facility for Allotment of Equity Shares in the electronic form is as under:

1. Open a beneficiary account with any DP (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as is registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. **Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step**.

2. For Eligible 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 pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in the records of our Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's DP, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's DP.

If incomplete/ incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, the applicant will get Equity Shares in physical form.

Allotment to Investors opting for dematerialised form would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice or letters of Allotment, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's DP will provide to him 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 in this Issue. In case these details are incomplete or incorrect, such applications by Renouncees are liable to be rejected. Our Company may also instead decide to allot the Equity Shares in physical form to such Renouncees.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the Section 36 and Section 38(1) of the Companies Act, 2013, which are reproduced below:

36. *Any person who, either knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading, or deliberately conceals any material facts, to induce another person to enter into, or to offer to enter into,—*

(a) any agreement for, or with a view to, acquiring, disposing of, subscribing for, or underwriting securities; or
(b) *any agreement, the purpose or the pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the value of securities; or*
(c) *any agreement for, or with a view to obtaining credit facilities from any bank or financial institution*

shall be liable for action under section 447.

38(1) *Any person who—*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated 5 November 2003, the stockinvest scheme has been withdrawn with immediate effect. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

The Bankers to the Issue/ Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Please note that no such acknowledgment will be issued by our Company.

In case an Application is rejected in full, the whole of the Application Money received will be refunded. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded to the applicant within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond eight days after our Company becomes liable to make such refunds, i.e. on the expiry of 15 days from the Issue Closing

Date, our Company shall pay interest for the delayed period at rates prescribed under the provisions of the Companies Act.

For further instruction, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

(a) The funds received against this Issue will be transferred to a separate bank account.
(b) Details of all moneys utilised out of this Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such moneys has been utilised.
(c) Details of all such un-utilised moneys out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such un-utilised moneys have been invested.

Our Company shall utilize funds collected in rights issue only after the finalization of the basis of Allotment.

Undertakings by our Company

Our Company undertakes as follows:

(a) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
(b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed will be taken within seven working days of finalization of basis of Allotment.
(c) The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Letter of Offer shall be made available to the Registrar to the Issue by our Company.
(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 15 days of the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
(e) The letters of Allotment/ Allotment advice shall be dispatched within the specified time.
(f) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the basis of Allotment.
(g) No further issue of securities affecting equity capital of our Company shall be made till the securities issued/ offered through this Letter of Offer Issue are listed or till the Application Money are refunded on account of non-listing, under-subscription etc.
(h) At any given time there shall be only one denomination of Equity Shares of our Company.
(i) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Restriction on Foreign Ownership of Indian Securities

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not result in such FII holding more than 10% of the post-issue paid up capital of our Company. 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 the total paid up capital of our Company.

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.

Procedure for Applications by Mutual Funds

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with 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.

Important

Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section titled "Risk Factors" beginning on page 8.

All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and superscribed "Wintac Limited - Rights Issue" in case of Resident Investors or Non-Resident Investors applying on non repatriable basis or "Wintac Limited - Rights Issue – NR" in case of non-resident shareholders applying on repatriable basis on the envelope) to the Registrar to the Issue at the following address:

Canbank Computer Services Limited
R&T Centre, # 218 JP Royale, 1st Floor, 2nd Main ,Sampige Road,(Near 14th Cross),
Malleswaram, Bangalore – 560 003
Tel.: +91-80-23459661/62; Fax.: +91-80-23469667/68
Email: canbankrta@ccsl.co.in; Website: -www.canbankrta.com
Contact Person: Mr. K.Ravi,

This Issue will be kept open for a minimum of 15 days unless extended, in which case it will be kept open for a maximum of 30 days from the Issue Opening Date.

DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

These are contained in the Articles of Association of our Company.

Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

TABLE A TO APPLY

2 The regulations contained in Table A of the First Schedule of the Companies Act, 1956, shall, subject to the modifications herein contained, apply to this company in the same manner as if such regulations are specifically contained in these articles.

LIEN

3 The company shall have a first and paramount lien upon all the shares , not being fully paid shares, registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (Whether presently payable. Or not) called or payable at a fixed time in respect of such shares and no equitable interest I any share shall be created except upon the footing and condition that this article shall have full effect. Such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of share shall operate as a waiver of the company's lien. If any on such shares. The Board may, however, at any time declare any share to be wholly or partly exempt from the provisions of this article.

4. SHARES

1. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares whether out of the unissued capital or out of the increased share capital then;

    a. Such further shares shall be offered to the persons who on the date of the offer are holders of the equity shares of the company, in production, as near as circumstances admit, to the capital paid up on those shares at the date.

    b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer it not accepted, will be deemed to have been declined.

    c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, provided that the directors may decline without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose them off in such manner and to such persons as they may, in their sole discretion , think fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever.

   (a) If a special resolution to that effect is passed by the company in General Meeting. Or

   (b) Where no such special resolution is passed , if the votes cast (whether on a show of hands or on a poll as the case may be) in favor of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any of the Chairman) by the members, who being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government satisfied or any application made the Board of Directors in this behalf that the proposal is most beneficial to the company.

3. Nothing in Sub-clause (c) of (1) hereof shall be deemed:

   a. To extend the time within which the offer should be accepted ; or

   b. To authorize any person to exercise the right of renunciation for as second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of any option attached to the debenture issued or loans raised by the company.

   I. To extend the time within which the offer should be accepted ; or

   II. To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)

   Provided that the terms of issue of such debentures or the terms of such loans include a terms providing for such option and such term;

   a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by the Government in this behalf: and

b. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

4(A)

1. Share of the company shall be under the control and at the disposal of the Board of Directors, who may allot or otherwise dispose off the same to such person or persons on such terms as the Board may think fit, and the Board shall have power on sufficient consideration paid to the company to allot any such shares as fully paid or partly paid, at par or at premium in such manner and to such persons as they in their absolute discretion shall think fir subject to the provisions of the Act. Provided that the option or right to call of shares shall not be given to any person except with the sanction of the

2. In addition to and without derogating from the powers for that purpose conferred on the Directors under Articles 4(A) (1) above , the company in General Meeting may determine that any share (whether forming part of the original capital or of any increased capital of the company)shall be offered to such persons (whether members or holders or debentures of the company or not) in such proportions and on such terms and conditions and either at a premium or at par or subject to compliance with provisions of section 79 of the ct or any statutory modification thereof at the discount as such General Meeting shall determine and with full power to give to any person (whether a member or holder of debentures of the company or not) the option to call for or be allotted shares of any class of the company either at a premium or at par or subject aforesaid at a discount, such option being exercisable at such time and for such considerations as me be directed by such General Meeting, or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

3. Debentures/ Debenture Stock or Loan/Loan stock or warrants or other securities conferring the right to allotment or conversion into share or the option or right to call for allotment of shares shall not be issued except with the sanction of the company in the General Meeting by a Special Resolution.

4(B)

1. Subject to the provisions of Section 80 of the Companies Act, 1956 the power to issue preference shares which are liable to be redeemed and the resolution of the company in general meeting authorizing such issue and/or the Board of Directors of the Company if so authorized by the company in general meeting, shall prescribe the manner, terms and conditions of the issue and redemption including dividend, premium, preferential payment, period of redemption and payment or return of capital paid-up.

2. The holders of the preferences shares in the Company shall have the following rights :

    a) The Preference Share carry the right to fixed dividend as may be fixed as the terms of issue subject to income-tax as may be applicable on the capital paid-up thereon with a right in case of deficiency, to resort to the profits of subsequent years and in priority to the equity shares of the Company for the time being, and the shares shall rank for dividend to be declared for the financial year during which they are allotted on pro-rata basis.

b) The Preference shares shall in a winding up or repayment of capital, carry preferential rights, as regards repayment of capital paid up including the premium, if any, thereon and arrears of dividend, if any, whether earned, declared or not, up to the commencement of the winding up ranking in priority to the equity shares of the Company for the time being and shall not be entitled to any further participation in profits or any surplus assets.

c) The preference share shall not entitle the holders thereof to receive notices of or to be present or to vote either in person or by proxy at any general meeting by virtue of and in respect of holding preference shares, unless a resolution is proposed affecting the rights or privileges of the holders or such preference shares, and in that event, every holder of preference shares, on a show of hands, when present in person, shall have one vote only and on a poll, when present in person or by proxy shall have one vote in respect of every preference share held by him

d) The Preference shares shall be redeemed subject to the provisions of the Companies Act,1956, in full or in part by equal annual installments by drawing lots or otherwise as per the terms of the issue.

e) The directors may subject to the terms of the issue, decide in respect of the shares, which are liable to be so redeemed, the date of redemption, and a notice of redemption shall be served by the Company o such concerned preference share holders. The notice of redemption shall specify the particulars of shares to be redeemed, the date fixed for such redemption and the place at which the Certificates for such shares are to be presented for redemption and upon receipt of such notice, such of the holders of the preference shares so liable to be redeemed shall be bound to deliver to the Company at such place the Certificate for such concerned shares as are held by them in order that the same may be cancelled. Upon such delivery, the Company shall pay to such holder of preference shares an amount due to him in respect of such redemption.

f) If any certificate so delivered to the Company includes any shares not redeemable on that occasion, a fresh certificate for such Shares shall be issued to the holder delivering such certificate to the Company.

g) As from the date fixed, as provided herein above in this Articles (4) and from the date of redemption of the preference shares the dividend thereon shall cease to accrue and the right of holder thereof relating to such shares shall lapse.

4(C) Dematerialisation of Securities:

1 Definitions: For the purpose of this Article:

"Depositories Act" means the Depository Act, 1996, including any statutory Modifications or re-enactment thereof for the time being in force.

"Depository" means a company formed and registered under the Companies act, 1956 and which has been granted a certificate of registration under the securities and Exchange Board of India Act, 1992.

"SEBI' means the Securities and Exchange Board of India.

“Security” means such security as may be specified by the securities and Exchange board of India from time to time.

“Member” means the duly registered holder from time to time of the shares of The Company and includes every person whose name is entered as beneficial owner in the records of the depository.

“Participant” means a person registered as such under section 12(1 A) of the securities and exchange Board of India Act, 1992.

“Registered owner” means a persons whose name entered as such in the records of the Company.

“Beneficial Owner” means a persons whose name is recorded as such with a depository.

“Record” includes the records maintained in the form of the books or stored in a computer or in such other form as may be determined by the regulations issued by the Securities and Exchange Board of India in relation to the Depositories Act, 1996.

“Bye-Laws” means Bye-laws made by a Depository under section 26 of the Depositories Act, 1996.

Word imparting the singular number only included the plural number and vice versa

Words imparting person include corporations.

Words and expressions used and not defined in the Companies Act, 1956 but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in the Act.

2 Company to recognize interest in dematerialized securities under the Depositories Act, 1996.

Either the Company or the investor may exercise an option to issue, de-link hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be Dematerialised , in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act,1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

3 Dematerialisation / Re-materialisation of Securities

Notwithstanding anything to the contrary or inconsistent in these articles, the Company shall be entitled to Dematerialise its Existing Securities re-materialise its securities held in Depositories and/or offer its fresh securities in the De-materialised from pursuant to the Depositories Act,1996 and rules framed thereunder, if any.

4 Option Receive Security Certificate or Hold Securities with Depository every person subscribing to or holding securities of the Company shall have the option to receive the security certificates or hold securities with a Depository.

Where a person opts to hold a security with the Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of such information, the Depository shall enter in its record the name of the allotted as the beneficial owner of that security.

5 Securities in Electronic Form

All Securities held by a depository shall be Dematerialised and held in Electronic Form. No certificate shall be issued for the securities held by the Depository. Nothing contained in section 153A, 153B, 187B, 187C and 372 of the act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

6 Beneficial Owner Deemed as Absolute Owner except as ordered by the Court of competent jurisdiction or by law required the company shall be entitled to treat the person whose name appears on the register or members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust, Equity, Equitable contingent , future, partial interest, other claim to or interest in respect of such shares or (except only as these Articles otherwise expressly provided) any right in respect of a share other than absolute right thereto in accordance with these Articles, on the part of any other person whether or not is has expressed or implied notice thereof, but the board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

7 Rights of Depositories and Beneficial Owners :-

Not with standing anything to the contrary contained in the Act, these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository as the Registered Owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding Securities of the Company and whose name is entered as a beneficial owner of the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities, which are held by the a Depository.

8 Register and index of Beneficial Owner

The company shall cause to be kept a register and Index of members with details of shares and Debentures held in material and Dematerialised forms in any media as may be permitted by law including any form of electronic media.

The register and index of beneficial owner maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index a members for the purpose of this Act. The company shall have power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

9 Cancellation of Certificates Upon Surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the company shall cancel such certificates and shall substitute in its record the name of the depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

10 Service of Documents:

Not withstanding anything contained in the Act, or these a Articles to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the company by means if hard copies or through Electronic Mode or be delivery of floppies or disc.

11 Allotment of Securities :

Where the securities are dealt with in a Depository, the company shall intimate the details of allotment or relevant securities to the Depository on allotment of such securities.

12 Transfer of Securities :

The company shall keep a register of Transfers and shall have recorded therein fairly and distinctly particular of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

13 Distinctive Number of Securities Held in a Depository :

The share in the capital shall be numbered progressively according to their several denomination, provided. However that the provisions relating to progressive numbering shall not apply to the share of the company which are dematerialize form. Except in the manner provided under the Articles, no share shall be subdivided. Every forfeited or surrendered share shall be held in material form shall continue to bear the number by which the same was originally distinguished.

14 Provisions of Articles to apply to Shares Held in Depository

Except as Specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of Depository Act, 1996.

15 Depository to Furnish Information

Every depository shall furnish to the company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by the Bye –laws and the company in that behalf.

16 Option to Opt out in Respect of any such Security

In a beneficial owner seeks to opt out of a Depository in respect of any security he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the company. The company shall within 30 (Thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

17 Overriding Effect of this Article :

Provisions of this Article will have full effect and force not withstanding anything to the contrary or in consistent contained in any other Articles of these presents.

Article 4(d): Nomination Facility:

1. Every holder of shares, or holder of debentures of the Company may, at time nominate in the prescribed manner, a person to whom his shares in or debentures or the company shall rest in the event of his death.

2. Where the shares in or debenture of the company or held by more than one person, jointly the joint holders may together nominate , in prescribed manner a person to whom all the rights in the shares or debentures of the company shall rest in the event of death of the joint holders.

3. Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, in respect of such shares in or debenture of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or debenture holder of the company or as the case may be on the death of joint holders become entitled to all the rights in the share or debentures of the company or as the case may be all the joint holders in relation to such shares in or debentures of the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribe manner.

4. Where the nominee is a minor it shall be lawful for the holder of shares or debentures to make the nomination an to appoint in the prescribed manner any person to become entitled to share in or debentures of the company in the event of minority.

5. Any person who become a nominee by virtue of the provisions of section 109A., upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either.

   (c) To be registered himself as holder of the shares or debentures as the case may be or

(d) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be, could gave made.

6. If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself as the case may be, he shall deliver or send the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased share holder or debenture holder as the case may be.

7. All the limitations, restrictions and provisions of this Act, relating to the right transfer and registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death on the member had not occurred and the notice or transfer where a transfer signed by that share holder or debenture holder, as the case may be.

8. A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not before being registered a member in respect of his share of debenture be entitled in respect of it to exercise any right conferred by membership in relation to the meeting of the company.

   Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and it the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividend, bonus or other monies payable in respect of the share or debenture, until the requirements of the notice have been.

9. A depositor may in terms of Section 58A at any time , make an nomination and the above provisions shall as far as may be, apply to nomination made under the sub section.

TRANSFER OF SHARES

5 (1) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and the transferee

(2) The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

6 Upon the death of a member, the Board of Directors may entertain in their absolute discretion and judgment the legal heirs of a deceased member as member or members of the company by transferring the shares to his or their names upon receipt of an application or request, by such persons or persons.

7 Subjects to the provisions of section 108 of the Act, the shares in the company shall be transferred in Form No7-B of the Companies (Central Government) General Rules and Forms, 1956, as modified from time to time.

8 The company shall within one month after application for registration of transfer of any shares or debentures, complete and have ready for delivery the Certificate of all such shares and debentures transferred.

9 (1) Subject to the provisions of section 111 of the Act, and section22A of the Securities Contract (Regulation) Act, 1956, the Board of Directors shall have absolute and uncontrolled discretion and power to decline to register any proposed transfer or transmission of shares without assigning any reasons whatsoever. This article shall apply not withstanding that the proposed transferee or the proposed holder under transmission may already be a member of the Company. The registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person or persons is indebted to the company or any account whatsoever except a lien on the shares.

(2) Where the company refused to register any such transfer or the transmission of shares, the company shall, within one month from the date on which the instrument of transfer or the intimation of transmission, as the case may be, or on delivered to the company send notice of refusal to the transferor and transferee or to the person giving intimation of such transmissions as the case may be.

10 The Board may, from time to time subject to the terms on which any shares may have been issued and subject to the conditions of allotments, by resolution passed at a meeting of the Board (and not by circular resolution) make such calls the as it thins fit upon the members in respect of all moneys unpaid on the shares sub held by them respectively and such member shall pay the amount of every call so made on him to the person or persons and at the time or times and places appointed by the Board. A call may be made payable by installments.

11 Not less than thirty days notice in writing of any call shall be given by the company specifying the time and place of payment and the person or persons to whom such call shall be paid.

12 (1) If any member fails to pay the whole or any part of any calls on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof of other moneys remains unpaid or judgment or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay any such call or installment of such part thereof or other moneys as remain unpaid together with any interest may be accrued and all expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment

(2) The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which the money is to be paid, the and the notice shall also state that, in the event of the non-payment of such lave money at time and place appointed, the shares in respect of which same is owing will be liable to be forfeited.

(3) If the requirement of any such notice is not compiled with, every or any share in respect of which the notice has been given may at any time thereafter before payment of all calls or installment, interest and expense due in respect thereof, be forfeited by a resolution of the Directors.

(4) When any share is do declared to be forfeited notice of the forfeiture, shall be given to holder of the share and an entry of the forfeiture with the date thereof, shall forthwith be

made in the Register of Members but not forfeiture in of shall in any manner be invalidated by any omission or neglect to give such notice to make such entry as aforesaid.

(5) Every share which shall be sold, forfeited shall there upon be the property of the Company, and may be sold, re allotted or otherwise of either to the original hold thereof, or to any other person, upon such terms in such manner as the Board shall think fit.

(6) The Directors may, at any time before any shares so forfeited shall have been Sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as they think fit

(7) A person whose shares have been forfeited shall not withstanding the Forfeiture be liable to pay to the Company all moneys owing upon the shares at The time of the forfeiture and the liability of such person shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares.

(8) A certificate in writing under the hands of two Directors that the call in respect of a share was made, and notice thereof given and that default in payment of the call was made, and that the forfeiture of the shares was made by a resolution of the Directors to what effects, shall be conclusive evidence of the fact stated therein as against all persons entitled to such shares.

(9) The company may receive the consideration, if any given for the share on any sale, re-allotment or disposal thereof and the person to whom such share is sold, re-allotted or disposal of may be registered as the holder of the share.

(10) The Directors may at time, subject to the provisions of the act, accept the surrender of any share from or by any member desirous of surrendering on such terms as the directors may think fit.

12A. THE BOARD OF DIRECTORS

The Board of Directors may, if think fit ,subject to the provisions of section 92, of the Act, agree to and receive from any member willing to advance the same, whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment , become presently payable.

The provisions of these articles shall mutates apply to the calls on debentures of the company.

13 Whenever any public issue of shares is made under the prospectus issued for the purpose, share certificates shall be issued in denominations corresponding to the market units of trading by Stock Exchanges.

14 No charges shall be levied for :

1. Registration of transfers of shares and debentures

2. Sub-divisions and consolidation of share and debentures certificates and for sub-division of letters of allotment into denomination corresponding to the market units of trading by the Stock Exchanges:

3. Sub-division of renounceable Letter of Right.

4. Issue of New certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been by a fully utilized :-

5. Registration of any power of attorney, probate, , letters of administration or similar other documents : and

6. Issue of new certificate in replacement of those that are torn, defaced lost or destroyed.

15 (1) Every member shall be entitled , without payment, to one or more Certificates in the marketable lots, for all the shares of each class or denominations registered in his name, or it the Directors so approve to several certificates, each for one or more of such shares and the company shall complete and have been ready for delivery such certificates within three months from the date if allotment , unless the conditions of issue there of otherwise provide, or within one month of the receipt of application or registration of transfer, transmission , subdivision, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under seal of the company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and then amount paid up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

15 (2) if any certificate be worn out , defaced mutilated to torn or it there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof to the satisfaction of the company and on execution such indemnity as the company deem adequate, being given and a new certificate in lieu , thereof and if any certificate lost or destroyed then upon proof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given and new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Directors so decide or on payment of such fees (not exceeding As.2/- for each certificate) as the Director shall prescribe, provided that no fee shall be charged for issue of new certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer

The provisions of this Article shall mutaits mutandis apply to debentures of the company.

16 Every share certificate be under the common seal of the company and shall specify the shares to which it relates and the amount paid thereon.

17 Deleted.

ALTERATION OF CAPITAL

18 The Company may, by ordinary resolution :-

1. increase the share capital by such sum to be delivered into shares of such amount as may be specified in the resolutions

2. Consolidated and divide all or any of its share capital into shares of larger amount than its existing shares.

3. Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject nevertheless to the provisions of clause(d) of sub-section (1) of section-(1) of section 94 of the Companies Act,1956 and

4. Cancel the shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person.

19 The company may be special resolution, reduce in any manner and with and subject to, an incident authorized and consent required by law :

1. Its share capital

2. Any capital requirement reserve account or

3. Any share premium account.

20 (1) All general meeting other than annual general meetings shall be called extra ordinary general meeting

(2) The Board may, whenever it think fit, call an extra ordinary general meeting

(3) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum , any director or any two members of the company may call an extra ordinary general meeting in the same manner, as or on nearly as possible as that in which such meeting may be called by the Board.

21 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Five members present in person shall be a quorum for any general meeting

22 The provision of section 173(2) of the Act, shall apply to the company.

23 The provisions of section 176(2) of the Act, shall apply to the company, the proxy need not be a member of the company.

DIRECTORS

24 The company shall have not less than three and not more than twelve directors including all kinds of directors.

25 The following persons are the directors of the company as on 3-3-1993:-

1. Sri.S.T.R.Mady
2. Sri S.Jayaprakash Mady
3. Sri.H.R.Kedlaya
4. Dr.K.Nagarajan,
5. Sri.A.Surayanarayanan

26 1. So long as the Promoter Group holds and continues to hold not less than 5% of the paid up Share Capital of the Company, they shall have the right by a notice in writing duly signed and addressed to the Board from any two of the following three persons representing the Promoter Group which Mr.S.Sadananda Mady, Mr.S.T.R.Mady and Mr.S.Jayaprakash Mady , hereinafter referred to as "the representative" to appoint such number of person or persons as shall, together with the Managing Director or Managing Directors and not exceeding one-third or the total number of Directors of the Company, as Directors of the company and to remove such persons from office and on a vacancy being caused in such office from any cause whether by resignation , death, removal or otherwise of any persons so appointed, to appoint others in the vacant places. The directors so appointed under this Article are referred to as "non-retiring Directors".

2.The Promoter Group shall also be entitled to designate such number of directors , as shall together with the Managing Director of Managing Directors or any other non-retiring Director appointed pursuant to sub-article (1) hereof, not exceeding one third of the total number of Directors of the Company who shall be deemed to be "non-retiring Directors" for the purposes of sub article 91) hereof and the provisions of sub article (1) hereof, to the extend applicable shall apply to such non retiring Directors.

3.Any appointment removal and designation of a non-retiring Director under the article, shall by a notice in writing signed by the representative of the Promoter Group addressed to the Board and shall take effect forthwith upon such notice being delivered to the Board.

4. All directors other than the non-retiring Directors shall be persons whose period of office is liable to determination by retirement by rotation as provided in Section 256 of the Act and be appointed by the share holders of the company in General Meeting.

27 A Director of the company is not required to hold any qualification shares.

28 Subject to the provision Section 267,268,269,309,310,311,316 and 317 and other applicable provisions of Act and of these Articles, the Company shall have the right by a notice in writing signed by the representatives of the Promoter Group addressed to the Board, to designate one or more of the members of the Boards as the Managing Director or Managing Directors, technical Directors, Executive Directors, Finance Director or with any other designation of the company and the Board shall forthwith appoint such designate or designates. The promoter

group shall have the right by a similar notice to require the Board to remove any persons so appointed and the Board shall within one week of the date of receipt of such notice take steps to remove such person or persons. On Vacancy being caused in the office of such Director from any cause, whether by resignation , death , removal or otherwise , the Promoter Group shall have the right to designate another other members of the Board for such appointment and the Board shall proceed to appoint such designate or designates.

29 Subject to Articles 26 and 28 above, if the office any Directors is vacated before the expiry of his term of office in the normal course, the resulting vacancy may be filled by the Board of Directors. Any person so appointed shall hold office up to the date upto which the director in whose place he is appointed would have held office had it not been vacated.

30 Subject to Articles 26 and 28 above, the Board of Directors shall have power to co-opt one or more persons to be directors of the company so that the total number of directors shall not exceed the umber stated in Article -24. The Board shall have powers to appoint Alternate Directors in the circumstances stated in Section313 of the Companies Act, 1956.

31 The Directors may exercise all such powers other than those which under the Companies Act, 1956, are required to be exercised by the company in general meeting. The directors may create any depreciation fund, reserve fund, sinking fund, insurance fund or any other special fund, whether for repairing, improving, extending or maintaining any property or for any purposes whatsoever in the interest of the company.

32 In case the Union Government or any State Government or any Industrial Finance Corporation or company sponsored by any of the aforesaid governments or any other financial institution or Bank grants loan or accepts participation in the capital and direction of company, such Government corporation or Bank may during such period as they hold shares in the company or the loans granted by them remain unpaid, nominate one or more directors to protect the interest such Governments, Corporation , Financial institution or Bank on the Board of Directors of the Company, such Government, corporation or bank may remove the director appointed by it and appoint another director in his place at its discretion.

33 1. The fees payable to directors for attending meeting of the Board or Committee thereof shall be such sum as the Board of Directors may from time to time determine subject to the ceiling prescribed by the Central Government under the first provision to section 310 of the Act, from time to time, the Board of Directors may reimburse all expenses incurred by any director or other person in connection with the formation of the company or the business of the company.

2.The Board may allow and pay to any director, who is not a bonafide resident of the place where the meeting of the Board or committee thereof are ordinarily held and who shall come to such place for the purpose of attending any meeting , such sum as the Board may consider fair compensation for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meetings as above specified and if any director be called upon to go and reside out of ordinary place of his residence on the company’s business, he shall be entitled to be reimbursed any traveling or other expenses incurred in connection with the business of the company.

34 If any director shall be appointed to advise the Board of Directors as an expert or be called upon to perform extra service for any of the purposes of the company, the Board may, subject to and in accordance with the provisions of the companies act, 1956, and in particular section

314 of the Act pay to such director such special remuneration as it may think fit which remuneration may be in the form of either salary or commission or percentage of profits and may either be in addition to or In substitution of the remuneration specified in the last preceding article.

35 Subject to the provisions of section 292 and 293 of the Companies Act, 1956 the Board of Directors shall be entitled and are hereby empowered at their discretion to borrow or raise money for and on behalf of the company from members or other persons, firms or companies , banks or any financial institution and in particular by the issue of debentures of the company and as security for any money so borrowed raised or received , to mortgage, pledge or change the whole or any part of the properties, assets and/or revenue or the company , present or future , including its uncalled capital.

36 No director shall be disqualified from his office by contracting with the company nor shall any such contract entered into by or behalf of the company in which any director or the company is in any way interested to be avoided nor shall any director so contracting or being so interested be liable to account to the company for any profit realized by any such contract by reason of such director holding such office or of the fiduciary relation thereby established , but the nature of his interest must be disclosed by him at the meeting of the directors at which the contracts is first taken into consideration of his interest is then existing or in any other case at the first meeting of the directors held after acquisition of the interest.

SECRECY

37 No member shall be entitle to inspect the company's book without the permission of the Board of Directors or to require discovery of any information respecting any details of the company's trading or any matter which is or may be in the nature of trade secret, secret process or trade mystery which may relate to the conduct of the business of the company and which in the opinion of the Board of Directors will not be expedient in the interest of the members of the company to communicated to the public.

INDEMNITY

38 Subject to the provision of section 201 of the Act, the Managing Director/ whole time director and every director, manager secretary, officer agent auditor or employee of the company shall be indemnified out f the assets of the company against any liability incurred by him in defending any proceedings against him, whether civil or criminal in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted to him by the court.

COMMON SEAL

39 The common seal of the company shall be affixed to any instrument except by the authority of a resolution of the Board of Directors and except in the presence of at least two director of whom one shall be the Managing Director where there is 1956 the one, and those two directors shall sign every instrument to which the seal of the is so affixed in their presence. The fact of affixing the seal shall e conclusive proof of the execution of the instrument or document to which the seal is so affixed.

DIVIDENDS

40 No unclaimed or unpaid dividend shall be forfeited by the Board and the Company shall comply with the provision of section 205-A of the Act, and rules made there under in respect of any unclaimed or unpaid dividend.

41 Subject to the provision of the Act, the Directors may from time to time pay the members on account of the next forthcoming dividend such interim dividends as in their judgment the position of the company justifies.

42 Subject to the provision of Section 78,80 and 205 of the Act, any General Meeting may resolve that any amount standing to the credit of the share premium account of the Capital Redemption Reserve Fund or any more, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve or any Reserve Fund or any other Fund the company or in the hands of the Company and available for dividends as capitalized.

a. by the issue and distribution as fully paid up shares, debentures , debenture stock, bonds or other obligations of the company or

b. by crediting shares of the company which may been issued to and are not fully paid up with the whole or any part of the sum remaining unpaid thereon.

OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered in to in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by our Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company situated at No 16/2, O V H Road Basavangudi, Bangalore from 10.00 a.m. to 3.00 p.m., from the date of this Letter of Offer until the date of closure of the Subscription List.

A) MATERIAL CONTRACTS

1. Deed of sale dated October 12, 1994 between Wintac and Granite House for Survey 54/1 (3 acres and 21 guntas)
2. Deed of sale dated October 12, 1994 between Wintac and K Sathyanarayana for Survey 54/2 (33 guntas)
3. Deed of sale dated October 12, 1994 between Wintac and K Sathyanarayana for Survey 56 (2 acres and 9 guntas)
4. Deed of sale dated October 12, 1994 between Wintac and N K Aswathram for Survey 62/4 (32 guntas)
5. Deed of sale dated October 12, 1994 between Wintac and N K Aswathram for Survey 62/1 (1 acre and 17 guntas)
6. Deed of sale dated October 12, 1994 between Wintac and N K Shashidhar for Survey 62/2 (1 acre and 13 guntas – as per Schedule to Sale Deed)
7. Deed of sale dated October 12, 1994 between Wintac and N K Shashidhar for Survey 62/5 (35 guntas)
8. Deed of sale dated October 12, 1994 between Wintac and N K Aswathram for Survey 62/4 and 62/5 (30 guntas each)
9. Land at Sarjapur Road, Bangalore – Agreement copy
10. Agreement dated September 20, 2014 entered between Arihant Capital Markets Limited and our Company
11. Deed of Assignment dated January 7, 2014 entered between Medispec Pharmaceuticals Private Limited and our Company for transfer of right, title and interest of certain brands owned by Medispec Pharmaceuticals Private Limited in favour of our Company
12. MOU dated January 30, 2013 between Mr. B P Thyagaraj, Gavis Pharma LLC and our Company
13. Master Development Agreement dated April 3, 2013 between our Company and Gavis Phrama LLC for for development and sale of pharma products.

B) DOCUMENTS

1. Certiicate No. DCD/CR-929/Spl-CI-1/2013-2014 dated December 9, 2013 issued by Government of Karnataka, Drugs Controller Department according GMP status to our Company
2. The Memorandum and Articles of Association of our Company, as amended from time to time
3. Resolution passed by the Shareholders through Postal Ballot on July 5, 2014 authorising the present Issue and increase of the Authorised Share Capital
4. Copy of resolution dated August 21, 2013 for appointment of our Managing Director.
5. Copy of Restated Audit report dated September 1, 2014 on restated financial statements by M/s Rao & Swami, Chartered Accountants, included in the Draft Letter of Offer
6. Statement of Tax Benefits dated September 1, 2014 by M/s Rao & Swami, Chartered Accountants
7. Consents in writing from our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Bankers to our Company, Bankers to the Issue, Lead Manager(s), Registrar of the Issue and Legal Advisor to the Issue to act in their respective capacities.
8. In-principle listing approval from BSE dated [●]
9. Due Diligence Certificate dated September 27, 2014 to SEBI from Arihant Capital Markets Limited, the Lead Manager to the Issue
10. Copy of letter dated April 22, 2014 issued by US Food and Drug Administration (UDFDA) confirming GMP status of our Company
11. Copy of letters dated August 14, 2012 and July 30, 2014 issued by ANSM and TGA approving our manufacturing facilities
12. Copy of letter dated September 18, 2014 issued by Bangalore Stock Exchange approving voluntary delisting of our Equity Shares from their Exchange.
13. SEBI observation letter no. [●] dated [●]

DECLARATION

We hereby certify that no statement made in this draft Letter of Offer contravenes any of the provisions of the Companies Act and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this draft Letter of Offer are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY	
S. T. Raghavendra Mady	S. Jaya Prakash Mady **Jayaprakash Mady**
B.R. Arun Eashwar	**R.A. Thirumoorti**

S. Jaya Prakash Mady **SIGNED BY MANAGING DIRECTOR** **JAYAPRAKASH MADY**	**SIGNED BY COMPANY SECRETARY** **B.P. THYAGARAJ**

Place : Bangalore
Dated : 29-09-2014