



DR. DATSONS LABS LIMITED
(Incorporated in the Republic of India with limited liability
under the Indian Companies Act, 1956 with Corporate Identity No. L24230MH2006PLC158589)

Offer of
US\$13,000,000 5.32% Unsecured Foreign Currency Convertible Bonds due 2019
Convertible into Equity Shares
Issue Price: 100%

This offering circular (the "Offering Circular") relates to an offering by Dr. Datsons Labs Limited (the "**Company**"), of US\$13,000,000 5.32% unsecured foreign currency convertible bonds due 2019 (the "**Bonds**"). The Bonds will constitute the Company's senior, direct, unconditional, unsubordinated and unsecured obligations and will mature on 23 October 2019 (the "**Maturity Date**"). This Offering Circular may be used only for the purposes for which it has been published.

The Bonds will bear interest from the Issue Date at the rate of 5.32% per annum, payable semi-annually in arrear in accordance with the terms and conditions as described herein. Unless previously converted, redeemed or repurchased and cancelled, the Bonds are convertible after 21 October 2014 (the "**Closing Date**") and prior to 16 October 2019 by holders of the Bonds (the "**Bondholders**") into the Company's newly issued, ordinary shares of par value Rs.10 per share (the "**Shares**") on the terms described herein at the option of the Bondholder, at a Conversion Price as provided herein. The Conversion Price is subject to adjustment in certain circumstances. For the terms of the conversion rights, see "*Terms and Conditions of the Bonds — Conversion*".

The Company may also redeem the Bonds in whole at any time at the Company's option at the Early Redemption Amount together with accrued and unpaid interest in the event of certain changes relating to taxation in the Republic of India ("**India**"). Unless previously converted, redeemed or repurchased and cancelled, the Bonds will be redeemed on 23 October 2019 at 100% of their principal amount. The Company will make an offer to repurchase any outstanding Bonds at the Early Redemption Amount together with accrued and unpaid interest upon the occurrence of a Change of Control (as defined herein), a Delisting (as defined herein) of the Shares from the BSE Limited (the "**BSE**") or the National Stock Exchange of India Limited (the "**NSE**") or a Non-Permitted Conversion Price Adjustment Event (as defined herein). See "*Terms and Conditions of the Bonds*". Any redemption prior to the Maturity Date, however, whether at the option of the Company or the Bondholders, is subject to prior receipt of approval from the Reserve Bank of India (the "**RBI**").

The Bonds will be represented by a single Global Certificate (as defined herein) which will be issued in the name of a nominee of a common depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**" and together with Euroclear, the "**Clearing Systems**") and deposited with the common depository. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Bonds are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States (as defined in Regulation S). For a description of certain restrictions on offers, sales and transfers of the Bonds, see "*Plan of Distribution*". The Bonds may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India, except in certain limited circumstances.

Presently, there are no Bonds outstanding and listed on any stock exchange. Approval in-principle has been received for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Bonds will be traded on the SGX-ST in minimum board lot sizes of US\$200,000 as long as any of the Bonds remain listed on the SGX-ST. No application has been made to list the Bonds on any stock exchange other than the SGX-ST.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the Company’s merits or the merits of the Company’s associated companies or the Bonds.

The Company has undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing on the BSE and the NSE. There can be no assurance that such Shares will in fact be admitted to listing on the BSE and the NSE and that the Bonds will be admitted to listing and trading on the official list of the SGX-ST, or once listed will continue to be listed.

The Shares of the Company are listed on the “**BSE**” and the “**NSE**” (together referred to as the “**Indian Stock Exchanges**”). The closing price of the Company’s outstanding Shares on the BSE and NSE on 16 October 2014 was Rs.12.20 and Rs.12.20 per Share, respectively. The Company has received in-principle approvals from the Indian Stock Exchanges for listing the Shares issued upon conversion of the Bonds.

A copy of this document will be delivered to the Registrar of Companies, Maharashtra at Mumbai and the Indian Stock Exchanges for record purpose only.

Any potential investor in, and purchaser of, the Bonds should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United Kingdom, United States, Singapore and other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Offering Circular (including the financial statements).

For a discussion of certain factors that should be considered prior to making an investment in Bonds, see the section headed “*Risk Factors*” beginning on page 20.

Delivery of the Bonds in book-entry form only will be made on or about the Closing Date.

Lead Manager

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NOTICE TO INVESTORS

The Company accepts full responsibility for the information contained in this document (the “Offering Circular”) and confirms that this Offering Circular contains the information that potential investors and their professional advisors would reasonably require taking into account market practice. To the best of the Company’s knowledge, all reasonable care has been taken to ensure that the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. You acknowledge and agree that no representation or warranty, express or implied, is made by Arkios Limited (the “Lead Manager”), The Bank of New York Mellon, London Branch (the “Trustee”), any of the Agents (as defined herein) or any of their respective affiliates or legal advisors as to the accuracy or completeness of the information set out herein, and nothing contained in this Offering Circular may be relied upon as a promise or representation by the Lead Manager, the Trustee or any of the Agents or their respective affiliates and legal advisors as to past or future events.

Neither the Trustee nor any of the Agents have independently verified the information contained in this Offering Circular. No representation or warranty, express or implied, is made by the Trustee or any of the Agents or any of their respective affiliates or legal advisors as to the accuracy or completeness of such information, and nothing contained in this Offering Circular (including its schedules) is, or shall be relied upon as, a promise or representation by the Trustee or the Agents or any of their respective affiliates or legal advisors regarding, and no responsibility or liability is accepted by any of them as to, the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Company in connection with the issue of the Bonds or Shares. This Offering Circular should not be considered as a recommendation by the Trustee or any of the Agents that any recipient of this Offering Circular should purchase the Bonds.

Furthermore, the Trustee and the Agents disclaim any liability from any claim, demand or action arising against the Company and the Trustee and any of the Agents and from any loss suffered or incurred, whether known or unknown, that is in any way connected with this document.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Bonds other than as contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or any Lead Manager, the Trustee or any of the Agents or their respective affiliates and legal advisors. Interested investors should therefore rely only upon the information contained and the statements made herein. The delivery of this Offering Circular does not imply that the information herein is correct at any time subsequent to its date. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing.

When making an investment decision, investors must rely on their own examination of the Company and the terms of the offering, including the merits and risks involved. 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 the Bonds. The information contained herein is correct only as of the date of this Offering Circular, notwithstanding the date of delivery of this Offering Circular and of the sale of the Bonds. Neither the publication of this Offering Circular, nor the offering, or the delivery of the Bonds shall imply under any circumstances that there has been a material adverse change or an event likely to give rise to any material adverse change with respect to the Company’s condition (financial or otherwise) or that the information contained herein is still correct after the date of this Offering Circular.

The Bonds have not been recommended by regulatory authorities in India, Singapore, United Kingdom or United States of America or otherwise. If there is any doubt as to the contents or meaning of the information contained in this Offering Circular, investors should consult an authorized or professional advisor who may provide specialized advice on the acquisition of financial instruments.

This Offering Circular does not constitute an offer to sell or a solicitation by or on behalf of the Company, the Lead Manager, the Trustee or any of the Agents or their respective affiliates and legal advisors or any other person to subscribe for or purchase any of the Bonds in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Offering Circular and the offering or sale and delivery of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Offering Circular may come are required by the Company, the Lead Manager, the Trustee and any of the Agents and their respective affiliates and legal advisors to inform themselves about and to observe such restrictions. Neither the Company nor the Lead Manager nor the Trustee nor any of the Agents accept any legal liability for any violation of any such restriction by any person,

whether or not a prospective purchaser of the Bonds. This Offering Circular may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Bonds and the distribution of this Offering Circular is set out under “*Plan of Distribution*”.

Each purchaser of the Bonds pursuant to this Offering Circular is deemed to have acknowledged, represented and agreed that they are eligible to invest in India under applicable law, including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time, and have not been prohibited by the Securities and Exchange Board of India (“SEBI”) from buying, selling or dealing in securities.

Investors are not to construe the contents of this Offering Circular as legal, tax or investment advice. Each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the Bonds. In addition, neither the Company nor the Lead Manager nor the Trustee nor any of the Agents or their respective affiliates and advisors are making any representation to any offeree or purchaser of the Bonds regarding the legality of an investment in the Bonds by such offeree or purchaser under applicable legal investment or similar laws or regulations.

Prospective investors should pay particular attention to the fact that the Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. Prior to making an investment decision, prospective investors and purchasers should carefully consider all of the information contained in this Offering Circular (including the financial statements included in this Offering Circular).

MARKET AND INDUSTRY DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from market research, publicly available information and industry publications and studies. Certain statistical information included herein relating to the industry has been reproduced from various trade and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Where information contained in this Offering Circular includes extracts from summaries of information and data from various published and private sources, the Company accepts responsibility for accurately reproducing such summaries and data. However, the Company has not independently verified the accuracy or material particulars of such information and does not make any other representation with respect to the same. Although the Company believes industry data used in this Offering Circular is reliable, it has not been verified by any independent source, and neither the Company nor the Lead Manager nor the Trustee nor any of the Agents nor their respective affiliates and advisors are making any representation to any offeree or purchaser of the Bonds regarding the accuracy of that information.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is a limited liability company incorporated under the laws of India. All of the Company’s directors and executive officers are residents of India and a substantial portion of the Company’s assets and the assets of such persons are located in India. As a result, it may be difficult for investors to effect service of process upon the Company or such persons in jurisdictions outside of India or to enforce judgments obtained against such parties from courts outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (as amended) (the “**Code**”) on a statutory basis. Section 13 of the Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud and (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Under the Code, a court in India shall, upon production of any document purporting to be a certified copy of a foreign judgement, presume that the judgement was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Code provides that where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government of India (the "**Government**") has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. For the purposes of this section, foreign judgment means a decree which is defined as a formal expression of an adjudication which, so far as regards the court expressing it, conclusively determines the rights of the parties with regard to all or any of the matters in controversy in the suit.

While the United Kingdom has been declared by the Government of India to be a reciprocating territory for purposes of Section 44A of the Code, the United States has not been declared as a reciprocating territory. Accordingly, a judgement of a court of competent jurisdiction sitting in the United States may be enforced only by suit upon the judgement and not by proceeding in execution, which Suit must be brought in India within three years from the date of the judgement in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy or if the judgment is in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgement and not on the date of the payment. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

CERTAIN CONVENTIONS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Company's audited consolidated financial statements for the fiscal years 2012, 2013 & 2014 and unaudited non-consolidated results for the three months period ended 30 June 2014, included in this Offering Circular have been prepared in accordance with the generally accepted accounting principles followed in India ("**Indian GAAP**") and are referred to herein as the "**Financial Statements**". Indian GAAP differs in certain significant respects from International Financial Reporting Standards ("**IFRS**"). For a description of the principal differences between Indian GAAP and IFRS relevant to the Company, see "*Summary of Significant Differences between Indian GAAP and IFRS*". The Financial Statements have been presented in Indian rupees. For the convenience of the reader, this Offering Circular provides conversion into U.S. dollars of certain Indian rupee amounts. References to a particular fiscal year are to the 12 month period ended March 31 of such year.

In this Offering Circular, unless the context otherwise requires, all references to "we," "us," "our" and "our company" are to Dr. Datsons Labs Limited and its subsidiaries; and all references in this document to "the Company", "DDL" and the "Issuer" are to Dr. Datsons Labs Limited only. All references to "India" are to the Republic of India and all references to the "Government" are to the Government of India. All references to "Indian rupees," "Rupees," "INR" or "Rs." are to the currency of India. All references to "U.S. dollars," "dollars," "\$", "US\$" and "USD" are to the currency of the United States of America and all references to "€" are to Euros.

On 17 October 2014, the exchange rate between Indian rupees and U.S. dollars was Rs.61.6165 to US\$1.00. Except as otherwise stated in this Offering Circular, all conversions (including the price range of equity shares, capitalisation table, financial statements for the fiscal year 2012, 2013 and 2014 and unaudited results as on 30 June 2014) from Indian rupees to US dollars contained in this Offering Circular have been based on the reference rate on 31 March 2014 as published by the Reserve Bank of India, which was Rs.60.0998 per US\$1.00. This Offering Circular provides conversions of certain rupee amounts into U.S. dollars for the respective dates at the rates specified above solely for the convenience of the readers of this Offering Circular and should not be construed as a representation that the Indian rupee amounts represent, or could have been or could be converted into, U.S. dollars at such rate of exchange. More information is provided in the section headed "*Exchange Rates*".

As a result of rounding adjustments, the figures or percentages in a column may not add up to the total for such column.

FORWARD-LOOKING STATEMENTS

This Offering Circular, as well as information included in oral statements or other written statements made, or to be made, by the Company, contain, or will contain, disclosures which are “forward-looking statements”. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as “intend,” “potential,” “may,” “should,” “believe,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan” or “continue”. These statements include, but are not limited to statements relating to the Company’s business strategy, market position, future operations, profitability, liquidity and capital resources. These forward-looking statements are based on the Company’s current plans and expectations as of the date of this Offering Circular and are subject to a number of uncertainties and risks that could significantly affect the Company’s current plans, expectations, future financial condition and results. These factors include, but are not limited to:

- general economic and political changes and changes in laws and regulations that apply to the industry in which the Company operates;
- the ability of the management of the Company to successfully implement its strategy, its growth and expansion plans;
- the Company’s costs (including changes in financial and personnel costs);
- technological changes;
- investment income;
- changes in the competitive landscape in the Company’s industry;
- cash flow projections;
- the loss of any significant clients;
- the outcome of any legal or regulatory proceedings the Company is or may become a party to;
- the future impact of new accounting standards;
- management’s ability to pay dividends;
- changes in interest rates and exchange rates;
- the Company’s ability to obtain financing needed to repay maturing obligations and to fund expansion in a timely manner and on satisfactory terms and conditions;
- the Company’s ability to roll over the Company’s short-term funding sources;
- the Company’s exposure to market risks; and
- the other risk factors discussed in this Offering Circular, including those set forth under “*Risk Factors*”.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section headed “*Industry Overview*” and “*Business of the Company*”.

As a consequence, current plans, anticipated actions and the Company’s future financial condition and results may differ from those expressed in any forward-looking statements. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein. The Company does not undertake any obligation to update publicly or revise any forward-looking statements.

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DEFINITIONS AND ABBREVIATIONS

In this Offering Circular the following expressions have the following meanings, unless the context otherwise requires or unless it is otherwise specifically provided

ADL	Analytical Development Laboratory
Agency Agreement	The paying, conversion and transfer agency agreement dated 21 October 2014 made between the Company and The Bank of New York Mellon, London Branch (as the Principal Paying and Conversion Agent and Trustee) and The Bank of New York Mellon (Luxembourg) S.A. (as Registrar and Transfer Agent).
Agents	The Principal Paying and Conversion Agent, the Transfer Agent, the Registrar and the other paying, conversion and transfer agents appointed under the Agency Agreement
AGM	Annual General Meeting of Shareholders
Apex	Apex Drugs & Intermediates Limited
API	Active Pharmaceutical Ingredient
Articles of Association, Articles	Articles of Association of the Company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Audit Committee	A committee constituted by the Board of Directors, which advises the management in the areas of internal audit
Auditors	M/s. Agarwal Desai & Shah, Chartered Accountants, the statutory auditors of the Company
Average Closing Price	The arithmetic average of the Closing Price per Share for each Trading Day during the Relevant Period
bn	Billion
Board of Directors/ Board	Board of Directors of the Company
BOLT	BSE On-Line Trading System
Bond Regulations	Foreign Exchange Management (Transfer or issue of any Foreign Security) Regulations 2000 and notifications from time to time
Bondholders	Holder of Bonds
Bonds	US\$13,000,000 5.32% Unsecured Foreign Currency Convertible Bonds due 2019
BSE	BSE Limited, Mumbai
Business Day	A day on which the clearing banks in London, Mumbai, New York and Singapore are open for business
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
cGMP	Current Good Manufacturing Practices
CHW-TSDF	Common Hazardous Waste Treatment Storage Disposal facility
Civil Code or Code	Code of Civil Procedure, 1908, as amended
CLA	Central listing authority constituted under SEBI (Central Listing Authority) Regulations, 2003
Clearing System(s)	Euroclear and Clearstream, Luxembourg
Clearstream, Luxembourg	Clearstream Banking, <i>société anonyme</i>
Closed Periods	Period in which conversion right may not be exercised by Bondholders
Closing Date	21 October 2014
CNS	Central Nervous System
Common Depository	the common depository for the Clearing Systems
Companies Act	The Indian Companies Act, 2013 and the Companies Act 1956 to the extent applicable
Competition Act	The Indian Competition Act, 2002, as amended
Conditions	Terms and conditions of the Bonds
Constitutive Documents	Memorandum and Articles of Association of the Company, as may be amended from time to time
CRAMS	Contract Research and Manufacturing Services
Definitive Certificates	A certificate representing an individual holding of a Bond

Delisting Regulations	Securities Exchange Board of India (Delisting of Shares) Regulations, 2009, as amended from time to time
Depository Receipt Scheme	Issue of Foreign Currency Convertible Bonds (FCCBs) and Ordinary Shares (Through Depository Receipt Mechanism), Scheme 1993 issued by Ministry of Finance (MOF), as amended
Depositories Act	Indian Depositories Act, 1996, as amended
Directors	Directors of the Company
ECB	External Commercial Borrowings
EGM	Extraordinary General Meeting of Shareholders
EPD	Ethical Prescription Dosages
EPS	Earnings Per Share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of Shares during that fiscal year
Equity Shares/ Shares	The equity shares in the capital of the Company of the nominal value of Rs.10 each as at the date of this Offering Circular
EU	European Union
EUGMP	European Union's GMP
Euroclear	Euroclear Bank S.A./N.V.
European Economic Area	The free trade zone covering the countries of the European Union, Iceland, Norway and Liechtenstein
Excise Act	The Central Excise Act, 1944
Existing Shares	The total Shares issued by the Company, as at the date of this Offering Circular
FCCBs	Foreign Currency Convertible Bonds
FDA	Food and Drugs Administration
FDF	Finished Dosages Form
FDI	Foreign Direct Investment
FEMA	Indian Foreign Exchange Management Act, 1999, as amended
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FIIA	Foreign Investment Implementation Authority
Financial Statements	The Company's audited consolidated financial statements for the fiscal year 2012, 2013 and 2014 and unaudited non-consolidated results as at and for the three months ended 30 June 2014, included in this Offering Circular
FIPB	Foreign Investment Promotion Board
Foreign Institutional Investor Regulations	SEBI (Foreign Institutional Investors) Regulations, 1995
FSMA	Financial Services and Market Act, 2000
FY	Financial Year beginning from 1 April to 31 March
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GLC	Gas Liquid Chromatography
Global Certificate	Global Certificate which will represent the Bonds
GMP	Good Manufacturing Practice
Government/ Govt.	Government of India
HPLC	High Performance Liquid Chromatography
HPTLC	High Pressure Thin Layer Chromatography
HVAC	Heating Ventilation and Air Conditioning
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act	Indian Income Tax Act, 1961, as amended
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
Indian Stock Exchanges	The BSE and the NSE and, where the context so admits, any other stock exchange in India on which the Shares may be listed from time to time
Insider Trading Regulations	Securities and Exchange of India (Prohibition of Insider Trading) Regulations, 1992
IPO	Initial Public Offer
ISIN	The International Securities Identification Number of the Bonds

ISO	International Organisation of Standardisation
Issuer or the Company	Dr. Datsons Labs Limited, a company incorporated in India with limited liability.
IT Act	Indian Income Tax Act, 1961
“€”	The Euro Currency
Lead Manager	Arkios Limited, incorporated in England & Wales
Legal Advisors	Crawford Bayley & Co., constituted in India (to the Company as to Indian Law), Pillsbury Winthrop Shaw Pittman LLP, incorporated in England & Wales (to the Lead Manager) and Norton Rose Fulbright (Asia) LLP (to the Trustee)
LIBOR	London Inter Bank Offering Rate
Listing Agent	Colin Ng & Partners LLP
Listing Agreement	Agreements signed between the Company and the Indian Stock Exchanges setting out the terms of listing of the shares on such exchanges
Maturity Date	23 October 2019 being the maturity date of the Bonds
Memorandum of Association/ MOA	Memorandum of Association of the Company
MiFID Directive	Markets in Financial Instruments Directive 2004/39/EC, as amended, regulating the content of the prospectuses offering securities to the public in the European Union
Mn	Million
MNCs	Multinational Companies
MOF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
MTPA	Metric tons per annum
Mumbai	City of Mumbai, previously named Bombay
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NCE	New Chemical Entity
NCT	National Capital Territory
NDDS	Noval Drug Delivery System
NRIs	Non Resident Indians, as defined under FEMA
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
NYSE	New York Stock Exchange
Objects	Main object clause of Memorandum of Association of the Company
OCBs	Overseas Corporate Bodies, as defined under FEMA
OECD	Organisation for Economic Co-operation and Development
Offer Price	US\$100,000 per Bond payable in full on payment of subscription amount
Offering Circular	This Offering Circular dated 21 October 2014
Officer’s Certificate	A certificate signed by two directors or a director and company secretary of the Company on behalf of the Company, complying with the requirement of the relevant laws
OTC	Over the Counter
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Portfolio Investments	Investment in shares and securities through recognised stock exchanges
Principal Paying and Conversion Agent	The Bank of New York Mellon, London Branch
Promoters	Dr. Kannan Vishwananth and Finaventure Capital Limited
R&D	Research and Development
RBI	The Reserve Bank of India
Record Date	a date fixed by the directors or otherwise specified for the purpose of determining entitlements to dividends or other distributions to, or rights of, holders of Shares
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A.
Regulation S	Regulation S under the U.S. Securities Act of 1933, as amended

Relevant Member State	Member state of European Economic Area which has implemented the Prospectus Directive
Remuneration Committee	A committee of Board to review remuneration of Directors
Rs., Rupees, INR or Indian rupees	The lawful currency of India for the time being
SCRA/ Securities Contracts Act	Indian Securities Contracts (Regulations) Act, 1956, as amended
SCRR/ Securities Contracts Rules	Indian Securities Contracts (Regulations) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEC	U.S. Securities and Exchange Commission
Securities Exchange Act	United States Securities Exchange Act of 1934, as amended.
SFA	The Securities & Futures Act of Singapore
SGD	Singapore Dollar
SGX-ST	The Singapore Exchange Securities Trading Limited
Shareholders	Shareholders who are registered as members in the register of members maintained by the Company
Shareholders' / Investors' Grievance Committee	A committee of Board to look into shareholder's complaints.
Sq. mtrs.	Square Meters
STT	Securities Transaction Tax
Subscription Agreement	Agreement between the Company and the Lead Manager dated 17 October 2014 under which the Lead Manager agrees to procure subscription for the Bonds
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011, as amended
Tax Regime	Applicable provisions of Section 115AC of the Income Tax Act and other applicable provisions of the Income Tax Act and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993
TPA	Tons per annum
Trust Deed	The trust deed dated 21 October 2014 made between the Company and the Trustee
Trustee	The Bank of New York Mellon, London Branch
U.S. dollars, dollars, \$, US\$ and USD	The lawful currency of the United States for the time being
UK/ United Kingdom	United Kingdom of Great Britain and Northern Ireland
UKMHRA	Medicines and Healthcare products Regulatory Agency of UK
United States or US	The United State of America, its territories and its possessions
USFDA/FDA	U.S. Food and Drug Association
w.e.f.	With effect from
WHO	World Health Organization
YTM	Yield to Maturity

SUMMARY

The following summary highlights information contained elsewhere in this Offering Circular. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and the Financial Statements, including the notes thereto, appearing elsewhere in this Offering Circular. For a discussion of certain matters that should be considered by prospective investors in the Bonds, see "Risk Factors".

THE PHARMACEUTICAL INDUSTRY

The pharmaceutical value chain can be widely broken down into 3 distinct parts:

- Intermediates
- Active Pharmaceutical Ingredients also known as Bulk Drugs
- Formulations

Active Pharmaceutical Ingredient ("API") or Bulk Drug means any substance that is represented for use in a drug and that, when used in the manufacturing, processing, or packaging of a drug, becomes an active ingredient of the drug e.g. Paracetamol in Crocin, Ibuprofen in Combiflam. The starting or intermediate raw material for an API is a raw material called "Intermediate". Intermediate is a chemical substance that is produced during API processing that undergoes further molecular change or purification before it becomes the API. Formulations are the final medicinal product that includes an API and excipients which is made available for consumption.

Organization Types

The pharmaceutical industry is a complex matrix of various organizations specializing in different sections of the Pharmaceutical Value Chain, namely Intermediates or APIs or Formulations. There are companies that undertake a mix of all these activities and are typically known as "integrated" pharmaceutical companies. Pharmaceutical companies can be classified into two broad types:

- a) Innovators – involved in drug discovery, development, manufacturing and marketing of branded (patented) drugs usually found in developed countries like USA and Europe, and
- b) Generic Companies – involved in manufacturing and marketing of off-patent drugs (branded as well as unbranded) The outsourcing phenomenon has given rise to a host of companies that undertake research and development and manufacturing services on a contract basis. These are typically known as CRAMS companies.

GLOBAL PHARMACEUTICAL INDUSTRY

According to IMS Health Incorporated ("IMS Health"), a leading industry body, the global pharmaceutical market is expected to grow at a compound annual growth rate ("CAGR") of 5-8% through 2015 to reach market size of USD1.1 trillion. This is backed by robust growth expected in 17 emerging markets led by China with increasing government support in these countries to make more medical facilities available to their citizens. This growth will, despite significant worldwide patent losses and fewer blockbuster drugs reaching the markets coupled with lower growth expected in the United States, be the largest pharmaceutical market.

INDIAN PHARMA INDUSTRY

The Indian Pharmaceutical industry is highly fragmented with about 24,000 players (around 330 in the organised sector). The top ten companies make up for more than a third of the market. The Indian pharma industry (IPM) grew by 16% year-on-year in 2012 to Rs.629 bn. It accounts for about 1.4% of the world's pharma industry in value terms and 10% in volume terms.

The demand for pharmaceutical products in India is significant and is driven by low drug penetration, rising middle-class and disposable income, increased government and private spending on healthcare infrastructure, increasing medical insurance penetration etc. Besides the domestic market, Indian pharma companies also have a large chunk of their revenues coming from exports. While some are focusing on the generics market in the USA, Europe and semi-regulated markets, others are focusing on custom manufacturing for innovator companies. Biopharmaceuticals is also increasingly becoming an area of interest given the complexity in manufacture and limited competition.

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to "A Brief Report Pharmaceutical Industry in India," published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are approximately 250 large units and about 8000 small scale units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

Current Scenario

Globally, India ranks third in terms of manufacturing pharma products by volume. According to McKinsey, the pharmaceutical market is ranked 14th in the world. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of US\$14billion over the next decade is likely to be the third largest among all markets. The USA and China are expected to add US\$200bn and US\$23bn respectively.

McKinsey & Company's report, "India Pharma 2020: Propelling access and acceptance, realizing true potential," predicted that the Indian pharmaceuticals market will grow to US\$55 billion in 2020; and if aggressive growth strategies are implemented, it has further potential to reach US\$70 billion by 2020. Market Research firm Cygnus' report forecasts that the Indian bulk drug industry will expand at an annual growth rate of 21 percent to reach \$16.91 billion by 2014. The report also noted that India ranks third in terms of volume among the top 15 drug manufacturing countries.

Further, McKinsey reports Healthcare grew from 4 per cent of average household income in 1995 to 7 per cent in 2005 and is expected to grow to 13 per cent by 2025.

(Source: India Biznews)

THE COMPANY

Dr. Datsons Labs Limited (DDL), incorporated in 2006 has been promoted by Dr. Kannan Vishwanath. Dr. Vishwanath is a bachelor in chemical engineering and MBA & Ph. D. in business administration. He has more than 14 years of rich experience in pharmaceutical industry.

The Company made its initial public issue of 5 million equity shares of Rs.10 each at a premium of Rs.224 per share aggregating Rs.1170 million in May 2011.

The Company has made an issue of US\$40 million 5.44% Unsecured Foreign Currency Convertible Bonds due 2018 (FCCBs) in March 2013 which is listed on Singapore Stock Exchange (SGX-ST). The Company has utilised the proceeds of the FCCB issue towards overseas acquisitions. All the Bonds having face value of US\$40 million have already been converted into 39,484,717 equity shares of Rs.10 each of the Company and as on the date of this Offering Circular, no FCCB is outstanding.

DDL is an integrated pharmaceutical company engaged in manufacturing of active pharmaceutical ingredients ("API") and finished dosage forms ("FDF") and contract research and manufacturing services ("CRAMS"). DDL is the world's third-largest manufacturer of quinine products (APIs) and the second-largest in India (capacity 500 MTPA).

DDL has API manufacturing facility in Mahad, Maharashtra while formulations are prepared in Pune. The Company has a dedicated research and development block in Mahad to manufacture highly potent anti-cancer products (from 100 to 500 grams). The research and development block is in operation with batch size of maximum 1 kg per batch. DDL's manufacturing units comply with stringent global good manufacturing practices. The Mahad plant is WHO-GMP certified. It has been awarded the ISO 14001:2004 (Environment Management System), ISO 9001:2008 & ISO 22000:2008, & ISO 18000 (OSHAS) certifications by BSI Systems. The Pune plant is WHO-GMP and ISO 9001:2008 certified by BSI Systems.

Since inception, DDL has made continuous efforts to grow and expand its business and product lines. The Company's installed capacity for processing quinine has grown from 200 TPA in the Fiscal year 2007 to 500 TPA in the Fiscal year 2012. The Company has already commenced production of third generation anti malarial APIs i.e. artemisinin and its derivatives and niche APIs. The Company is also setting up a separate block for manufacturing anti cancer APIs and a separate cGMP block for manufacturing of niche APIs with enhanced capacity and a separate intermediate block for manufacturing the intermediates of niche APIs which have applications in various therapeutic segments.

The Company's present product portfolio consists of second generation, quinine based anti malarial APIs and third generation artemisinin based anti malarial APIs, niche APIs and FDFs. With the expansion of the existing facility and the acquisition of the formulation unit at Pune, the Company's product portfolio will consist of APIs and FDFs which shall be marketed in domestic and international markets as branded generics. In finished dosages, DDL will cover important therapeutic segments such as anti malarial, pain management, erectile dysfunction and hormone

replacement therapy, anti obesity and herbal supplements in syrup and tablet form amongst others. The herbal formulations are for cough and cold, liver protection, throat congestion and osteoporosis. Presently, DDLL is supplying APIs, niche API's and FDFs both domestically and exporting to around 17 countries namely Kenya, Uganda, Argentina, Cyprus, South Africa, Indonesia, Tanzania, Yemen, West Indies, Switzerland, Vietnam, Congo, Hong Kong, Haiti, Syria, Jamaica and Jordan. In formulation segment, as contract manufacturer, DDLL supplies to companies like Wockhardt, Cipla, Glenmark and others. In own branded generic segment, DDLL is offering products like Anjtil, Rankorex, Doktor Qure, Prosils, LivChek, Herbal Drops and Eshil. The Company has also launched products like Aanrich, Actipros, Aantox, Aarmex, Aanzol, Aanjatrim, Ulsacare, Apticatch, Anjeniya Curcumacare, Aanmycin Cream, Aarnovita Cream, Aamatosone Cream, Vonli Gel, Aanjalik Gel and Nicco-nil amongst others.

At present, DDLL has 5 patents registered and 5 patents applied in the name of the Company in India. Further, DDLL has also acquired rights for 3 patent applications filed for improved and non infringing process for producing anti cancer APIs namely Gemcitabine Hydrochloride, Capacitabine and Docetaxel which are yet to be granted.

At DDLL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of DDLL 432 staff members and is consciously upheld by a network of approximately 180 distributors. The Company has entered into a management consultancy services agreement dated 26 June 2010 with Rx Pharma India for availing their services for sales management, marketing, and logistics to market its products.

During the financial year 2011-12, the Company has acquired a manufacturing unit located at Survey number 14 and 10, Gadda Potham Industrial Area, Jinnaram Mandal, Medak District, Andhra Pradesh owned by Apex Drugs & Intermediates Limited (Apex) under Slump Sale Agreement dated 1 March 2012.

THE OFFERING

The following is a general summary of the terms of the Bonds. The summary of the terms of the Bonds is derived from and should be read in conjunction with, the full text of the terms and conditions of the Bonds (the "**Conditions**") and the trust deed (the "**Trust Deed**") to be dated the Closing Date, and made between the Company and the Trustee constituting the Bonds. Capitalized terms used herein and not otherwise defined have the respective meanings given to such terms in the "Terms and Conditions of the Bonds".

Cancellation	All Bonds, which are redeemed, purchased or in respect of which conversion rights are exercised will be cancelled and may not be reissued or resold. Certificates in respect of the Bonds redeemed, converted or purchased by the Company will be surrendered for cancellation and may not be reissued or resold.
Clearance and Settlement of Bonds	The Bonds will clear and settle solely through the book-entry transfer facilities maintained by the Clearing Systems.
Closed Period	Period in which conversion right may not be exercised by Bondholders as defined in Condition 5.1.2
Continuing Disclosures	A Shareholder who holds 5 per cent or more of the total equity share capital of the Company is required under Indian law to make disclosures of his shareholding to the Company. See " <i>Indian Securities Market</i> ".
Conversion notice	A duly completed and signed notice of conversion, in the form (for the time being) obtainable from the specified office of the Principal Paying and Conversion Agent.
Conversion of the Bonds	<p>The Bonds are convertible by Bondholders into Shares, at any time after the Closing Date and prior to the close of business (at the place the Bonds are deposited for conversion) on 16 October 2019 unless converted, redeemed or repurchased and cancelled and except during a Closed Period (as defined in the Conditions).</p> <p>If the Company is unable to convert the Bonds into Shares within 35 Business Days after receiving the Conversion Notice, the Company shall have the option to pay to the relevant Bondholder an amount of cash in U.S. dollars equal to the Cash Settlement Amount (as defined in Condition 5.4.5) in satisfaction of Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the "Cash Settlement Option").</p> <p>A Bondholder exercising its Conversion Right (as defined in the Conditions) for Shares in uncertificated form will be required to open a depository account with a depository participant under The Depositories Act, 1996 for the purpose of receiving the Shares in uncertificated form.</p>
Conversion Price	Each Bond is initially convertible at the Conversion Price of Rs.14.25 per share (" Initial Conversion Price ") with a fixed rate of exchange on conversion of Rs.61.6165 to US\$1.00. The number of Shares issued on conversion of the Bonds shall be calculated by dividing the aggregate of the principal amount of the Bonds as converted into Indian Rupees at the time of conversion by the then Conversion Price.
Conversion adjustment	Standard adjustment for any dilution will be applied, including i) bonus or special dividends paid with respect to the Shares, ii) free distribution or issuance of shares, iii) sub-division, consolidation and reclassification of Shares, iv) rights offering, v) warrants and vi) creation of additional convertible or exchangeable bonds and vii) other issues in a dilution of Shares as described in terms and conditions of the Bond.
Definitive Certificates	A certificate representing an individual holding of the Bond.
Events of Default	For a description of certain events that will cause the Bonds to immediately become due and payable at their principal amount, see " <i>Terms and Conditions of the Bonds — Events of Default</i> ".
Exchange Rate on Conversion	The exchange rate of US\$ to Indian Rupee will be fixed at the Reserve Bank of India's US\$ to Rupee Exchange Rate on the Closing Date.
Existing Shares	The equity shares in the capital of the Company of the nominal value of Rs.10 each as at the date of this Offering Circular.
Floor Price	The minimum conversion price of a convertible bond as calculated under the provisions of Press Note dated 21 November 2008 issued by Ministry of Finance, Govt. of India.

Form and Denomination of the Bonds	The Bonds will be issued in registered form in denominations of US\$100,000 each or integral multiples thereof. The Bonds will be represented by a single Global Certificate (as defined in the Conditions) which will be issued in the name of a nominee of the common depository on behalf of the Clearing Systems and deposited with the common depository. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form. See “ <i>Terms and Conditions of the Bonds</i> ”.
Further Issue	The Company may from time to time, without the consent of the Bondholders, create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) and so that such further notes, bonds or debentures shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, subordination (if any), premium, conversion, redemption and otherwise as the Company may determine at the time of their issue.
General Market for the Shares, Listing and Share Ownership Restrictions	The Company’s issued and paid-up Shares are listed on the Indian Stock Exchanges. The Shares issued upon conversion of the Bonds will be listed on the Indian Stock Exchanges. There are restrictions on investments in shares of Indian companies by non-residents of India. See “ <i>Foreign Investment and Exchange Controls</i> ”.
Global Certificate	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a common depository for the Clearing Systems, payments of principal in respect of the Bonds represented by the Global Certificate will be made against presentation for endorsement and, if no further payment is to be made in respect of the Bonds, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing Systems. See “ <i>Global Certificate — Payments</i> ”.
Governing Law	The Bonds will be constituted under the Trust Deed which is governed by, and construed in accordance with, the laws of England.
Government Approvals	Pursuant to the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended and the Master Circular dated 1 July 2014 issued by the RBI Indian companies other than those in hotel, hospital and software sectors, are permitted to issue FCCBs up to US\$750 million or the equivalent in other currencies under the “automatic route” (without the prior approval of the RBI) during a financial year subject to compliance with certain conditions specified therein. See “ <i>Foreign Investment and Exchange Controls</i> ”. Overseas corporate bodies, that is, corporate bodies located and established outside India that are owned to the extent of at least 60% by NRIs, who are ineligible to invest in India through the portfolio investment route, cannot subscribe to the Bonds. In addition, entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to the Bonds. See “ <i>Foreign Investment and Exchange Controls — Portfolio Investments by NRIs</i> ”. The Company is undertaking this offering of the Bonds pursuant to the foregoing Government regulations.
Indian Taxation	Payments of principal, premium and interest, if any, on the Bonds made by the Company in respect of the Bonds and all deliveries of Shares made upon conversion of the Bonds will be made without deduction or withholding in respect of Indian taxation save to the extent required by law. Where so required, the Company will gross up the net taxable amount so that the net amounts received by holders are the same as if no withholding were made and will be required to account separately to the Indian tax authorities for any withholding taxes applicable on such amounts. The Bonds will have the benefit of the tax concessions available under the provisions of Section 115AC of the Income Tax Act, 1961 of India (the “Income Tax Act”) and The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 promulgated by the Government (the “Depository Receipt Scheme”). These tax concessions include withholding at a reduced rate of 10.0% plus an applicable surcharge on such tax in respect of interest

	<p>and premium (if any) on the Bonds. Gains realised outside India on the sale or transfer of such Bonds (but not the Shares issued upon conversion of the Bonds) by a holder who is a non-resident of India to another non-resident of India are exempt from Indian capital gains tax. See “<i>Taxation</i>”.</p> <p>Under current Indian laws, no tax is payable by the recipients of dividends on shares of an Indian company, including the Shares deliverable upon conversion of the Bonds. However, the Company will be liable to pay distribution tax on dividends paid on the Shares at a rate of approximately 15% (plus surcharge and education cess at the applicable rates).</p>
Interest Payment Dates	31 st March and 30 th September of every year. First Interest Payment Date being 31 March 2015.
Interest Rate	The Bonds will bear interest from the Issue Date at the rate of 5.32% per annum, payable semi-annually in arrear on each Interest Payment Date adjusted for Business Days in accordance with the conditions. See “ <i>Terms and Conditions of the Bonds.</i> ”
Issuer or the Company	Dr. Datsons Labs Limited, a company incorporated in and subsisting under the laws of Republic of India with limited liability.
Issue or the Offering	<p>US\$13,000,000 5.32% Unsecured Foreign Currency Convertible Bonds due 2019.</p> <p>The Bonds are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act (“Regulation S”). Subject to certain exceptions, the Bonds may not be offered, sold or delivered within the United States (as defined in Regulation S).</p> <p>The Bonds may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India, except in certain limited circumstances.</p>
Issue Price	US\$100,000 per Bond payable in full on payment of subscription amount.
Issuer Clean-up Call	The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time at the Early Redemption Amount, having given not less than 60 days’ notice to the Bondholders, in the event of outstanding Bonds falling below 10% of the principal amount of the Bonds originally issued. Under current RBI regulations the company must obtain prior approval before serving notice or effecting such redemption prior to the Maturity.
Listing	Approval in-principle has been received for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Bonds are listed on the SGX-ST. The Company has undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing on the BSE and the NSE. The Company has received in-principle approval for listing of the Shares issuable upon conversion of the Bonds on the BSE and the NSE.
Maturity Date	23 October 2019.
Ratings	The Bonds are not, and are not expected to be rated by any rating agency.
RBI Approval Required for Early Redemption or Repurchase	Under current regulations of the RBI applicable to convertible bonds, the Company would require the prior approval of the RBI before providing notice for or effecting any redemption or repurchase prior to the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time at the Early Redemption Amount, in the event of certain changes affecting taxes in India as set out in the Conditions-see “ <i>Redemption for Taxation Reasons</i> ”. Under current RBI regulations the company must obtain prior approval before serving notice or effecting such redemption prior to the Maturity.
Redemption on Maturity	Unless the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company will redeem the Bonds on the Maturity Date at 100% of the principal amount of the Bonds.
Representations of Bondholders	A Bondholder will be required to represent and agree on conversion that, among other things, it is not a U.S. person or located in the United States (within the meaning of Regulation S).
Repurchase of Bonds in the Event of Change of Control	To the extent permitted by applicable law, unless the Bonds have been previously redeemed, repurchased and cancelled or converted, each Bondholder shall have the right, at such Bondholder’s option, upon the occurrence of a Change of Control (as

	defined in the Conditions) to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder's Bonds at the Early Redemption Amount on the date set by the Company for such repurchase, which shall be not less than 30 days nor more than 60 days following the date on which the Company notifies the Bondholders, the Trustee and the Agents of the Change of Control in accordance with the Conditions. See <i>"Terms and Conditions of the Bonds — Redemption, Repurchase and Cancellation — Repurchase of Bonds in the Event of Change of Control"</i> .
Repurchase of Bonds in the Event of Delisting	To the extent permitted by applicable law, unless the Bonds have been previously redeemed, repurchased and cancelled or converted, in the event that the Shares cease to be listed or admitted to trading on the BSE and the NSE (a "Delisting"), each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder's Bonds at the Early Redemption Amount on the date set by the Company for such repurchase. The date of such repurchase shall be not less than 30 days or more than 60 days following the date the Company gives notice to the Bondholders, the Trustee and the Agents of the Delisting in accordance with the Conditions. See <i>"Terms and Conditions of the Bonds — Redemption, Repurchase and Cancellation — Repurchase of Bonds in the Event of Delisting"</i> .
Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment	To the extent permitted by applicable law, unless the Bonds have been previously converted, redeemed or repurchased and cancelled, in the event that an event triggering an adjustment to the Conversion Price occurs and the Company is unable to provide the Trustee with a Price Adjustment Opinion confirming to the Trustee's satisfaction that such adjustment to the Conversion Price is permitted under then prevailing applicable Indian laws and regulations (a "Non-Permitted Conversion Price Adjustment Event"), each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiple thereof) of such Bondholder's Bonds at a price equal to their Early Redemption Amount on the date set by the Company for such repurchase. The date of such repurchase shall be not fewer than 30 days but not more than 60 days following the date on which the Company notifies the Bondholders of the occurrence of the Non-Permitted Conversion Price Adjustment Event in accordance with the Conditions. See <i>"Terms and Conditions of the Bonds — Redemption, Repurchase and Cancellation — Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment"</i> .
Requisite Approvals	No payments of principal or interest will be made prior to the Maturity Date (including on the occurrence of an Event of Default) if the requisite RBI approvals have not been obtained or any other applicable Indian laws and restrictions have not been complied with. The Company shall use its best endeavours to obtain such requisite RBI approvals or with respect to any other applicable Indian Laws that may be necessary to make any payments of principal or interest prior to the Maturity Date.
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, European Economic Area, Hong Kong, India, Japan, Singapore, United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see <i>"Plan of Distribution"</i> .
Share Ranking	Shares issued upon conversion of the Bonds will be fully paid and non-assessable and will rank pari passu, subject to listing, with the Shares in issue on the relevant Conversion Date (as defined in the Conditions). Shares issued on conversion of Bonds shall not be entitled to any rights, the record date for which preceded the relevant Conversion Date. See <i>"Description of the Shares — Dividends"</i> and <i>"Terms and Conditions of the Bonds — Conversion"</i> .
Status of the Bonds	The Bonds will constitute the Company's direct, unconditional, unsubordinated and unsecured obligations and will at all time rank pari passu and without any preference or priority among themselves. The Company's payment obligations under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated and unsecured obligations.

Trading Day	Any day of the week during which the BSE is open for business but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) if the Shares are not listed or admitted.
Use of Proceeds	The net proceeds from the issue of the Bonds are estimated to be approximately US\$12.48 million after deducting the Lead Manager's fee and the estimated expenses of the offering. See " <i>Plan of Distribution</i> ". The Company intends to use all or substantially all of the proceeds from the issue of the Bonds towards overseas direct investment and any other use, as may be permitted under applicable law or regulations, from time to time. See also " <i>Use of Proceeds</i> ".
Voting Rights	Bondholders will have no voting rights with respect to the Bonds at a general meeting of the Company. Bondholders will have voting rights at a meeting of Bondholders. Voting rights will attach to the Shares received upon conversion.
Identification Numbers for the Bonds	Common Code: 109978353 ISIN: XS1099783539

RISK FACTORS

This Offering Circular contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the following risk factors as well as other information included in this Offering Circular prior to making any decision as to whether or not to invest in the Bonds. The risks described below and any additional risks and uncertainties not presently known to the Company or that currently are deemed immaterial could adversely affect the business, financial condition, liquidity or results of operations of the Company. As a result, the trading price of the Shares and the Bonds could decline and investors may lose part or all of their investment.

RISKS RELATED TO THE COMPANY AND ITS BUSINESS

The Company is involved in a number of legal proceedings which, if determined unfavourably, may have a material adverse impact on the Company's financial condition and results of operations.

The Company is involved in a number of outstanding legal proceedings and other proceedings. These proceedings are presently pending at different levels of adjudication before various courts, tribunals, enquiry officers, appellate tribunals and other adjudicatory authorities and fora. Should any new developments arise, such as change in Indian law or rulings against the Company by appellate courts or tribunals, provision may need to be made in the Company's financial statements, which could increase the Company's expenses and liabilities.

Further, no assurances can be given that these matters will be settled in the Company's favour or that no further liability will arise out of these claims. Further, even where the Company is successful in such litigation / proceedings there is no certainty that the Company will be able to fully recover their costs from the counterparties to the litigation or proceedings. An adverse outcome in any of these proceedings could have a material adverse effect on the Company, as well as on the Company's business, prospects, financial condition and results of operations. For further details on the proceedings, see "Legal Proceedings" of this Offering Circular.

The Company occupies the premises of its Promoter, Dr. Kannan Vishwananth, wherein its Corporate Office is located on leave and license basis and any termination of this agreement and/or non renewal could adversely affect the operations of the Company.

The Company does not own the premises where its Corporate Office is located. The Company is utilizing the premises pursuant to a leave and license agreement entered by and between the Company and its Promoter, Dr. Kannan Vishwananth, which was valid for a period of 12 months commencing from 1 March 2013 up to 28 February 2014. The Company is in process of renewing the leave and license agreement. If the Company is unable to renew the leave and license agreement, the Company is required to vacate the premises, the Company may have to identify other premises to relocate its Corporate Office, which could disrupt its business operations. This leave and license agreement is not registered. Any adverse impact on the title/ownership rights of the licensor, from whose premises the Company operates its corporate office, may impede the Company's operations. Further, it cannot be assured that the Company will be able to obtain alternate premises on favourable terms, which may also adversely affect its financial condition.

The Company proposes to venture into manufacturing of new therapeutic segments such as anti cancer APIs, and niche APIs including narcotic APIs. These are new segments and the Company does not have any firm commitments / orders for the products to be manufactured. In the absence of any firm commitments from customers there can be no assurance that the Company will be successful in selling the new production.

The Company is proposing to enter new therapeutic segments within API and Formulation business in the pharmaceutical value chain by setting up a unit for manufacturing of anti cancer APIs, niche APIs including narcotic APIs. Being a new entrant in these business segments, the Company may be unable to commission and operate the proposed plant in a commercially successful manner. The Company cannot guarantee that it will be able to target customers across the proposed segments. In the absence of any firm commitments from customers there can be no assurance that the Company will be successful in selling the new production. Moreover, the Company may face stiff competition from established and/or new players in acquiring a requisite market share as the Company does not have any guaranteed customers for the proposed line of business. This may result in lower capacity utilization and adversely affect the operations, growth and financial results of the Company. Further, the Company would not be able to compute the market share of its competitors since there is no reliable source / report which carries data on market share of major competitors of Dr. Datsons Labs Limited, who are in the same segment in which Dr. Datsons Labs

Limited operates i.e. manufacturing of anti malarial API's and/ or finished dosage forms.

The Company requires a number of approvals, licenses, registrations and permits for its business from various regulatory authorities. Any delay or inability in renewing its existing licenses/approvals in a timely manner may have an adverse impact on the business of the Company.

The Company requires several statutory and regulatory licenses and approvals to carry on its business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. The Company is required to renew such licenses and approvals, as and when they expire. No assurance can be given that the Company would be granted the above mentioned licenses in a timely manner.

There can be no assurance that the relevant regulatory and statutory authorities will issue any of such licenses or approvals in time or at all. Further, these licenses and approvals are subject to several conditions, and the Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses/approvals. Failure by the Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension or revocation of any of the licenses or approvals may result in the interruption of the Company's operations and may have a material adverse effect on its business.

If the Company's promotional claims fail to comply or are alleged to fail to comply with applicable statutes and regulations, the Company could become subject to litigation, government proceedings, penalties or fines in which case its reputation and financial condition would suffer.

The promotional claims made by the Company at the time of marketing its products are occasionally based upon clinical studies conducted by independent universities and third party market research reports, but results tend to vary depending on customer expectations and usage. Further, even though some of the products are regulated, the level of scrutiny in relation to the manufacture and promotion of the products is not as stringent as pharmaceutical products, and definitive qualifying specifications against which the products could be tested to ensure desired outcomes have not been established. In the absence of rigorous clinical standards and testing prior to the promotion and sale of the products, it might difficult for the Company to adequately substantiate claims of products if challenged in court.

Moreover, the promotional claims are subject to statutes and regulations that govern the marketing of the products of the Company. For example, United States statutes and regulations do not permit sellers of certain dietary supplements, including many of the Company's products, to make claims that their products can treat, prevent or cure disease. If the promotional claims fail to comply or are alleged to fail to comply with such statutes and regulations, the Company could become subject to litigation, government proceedings, penalties or fines in which case its reputation and financial condition would suffer.

Various trademarks pertaining to the Company's products are not registered and it may lead to the dilution of its trademarks and limits its ability to defend its trade marks in infringement or passing off proceedings. Further, the Company has not registered certain documents with the concerned authorities for acquiring intellectual property which may not bestow the title to such trademarks and patents upon the Company, thus affecting its rights related to such intellectual properties.

The Company has filed various trademark applications pertaining to its products under various classes under the Trade Marks Act, 1999 and these applications are currently pending before Trademark Registry. There can be no assurance that these trade mark applications will be accepted and the trade marks will be registered. Further, the applications for the registration of certain trade marks made by the Company may be opposed by third parties, and the Company may have to incur significant cost in relation to these oppositions. In the event the Company is not able to obtain registrations or if any injunctive or other adverse order is issued against the Company in respect of any of its trademarks for which the registration have been applied, the Company may not be able to avail the legal protection and legal remedies (in case of infringement) or prohibit un-authorized use of such mark by third parties by means of statutory protection, available as a proprietor of registered trade marks.

Further, the Company has not registered the Deed of Assignment dated 1 April 2010 entered into with Prophylla Biologicals (P) Limited for acquiring Trade Marks and all rights under the trademark applications, mentioned thereunder. The Company has however submitted this Deed for adjudication, which is pending with the concerned authorities, thereby causing delay in registration of this Deed. Further, the Company has not registered the Deed of Assignment dated 9 June 2010 entered into with Mr. Kashi Vishwanathan and Dr. Kannan Vishwanath with the

concerned authorities for transferring all the rights in respect of the patent applications acquired thereunder. Pursuant to the assignment, the trademarks/patents assigned to the Company by the above mentioned persons are not being used by any other entity (including promoter/promoter group/directors etc).

The Company is subject to certain restrictive covenants due to the debt facilities provided by its lenders and the restrictive covenants and conditions could adversely affect its business and financial condition.

The Company has entered into agreements with banks and other financial institutions for working capital and term loan facilities. Sanction letters and other finance documents executed by the Company with the lenders contain certain covenants which restrict the Company from undertaking certain activities without prior written approval/consent of the lenders. Non availability of requisite permission/ approvals may delay the disbursement of loan or may revoke the loan. Further these restrictions would hamper the ability of the Company to take decisions including but not limited to:

1. Effecting changes in the Company's capital structure;
2. Formulating any scheme of amalgamation/re-constitution;
3. Entering into borrowing arrangements, either secured or unsecured, with any other bank, financial institution, company or person;
4. Undertaking guarantee obligations on behalf of any other company, firm or person;
5. Creating any further charge, lien or encumbrance over the assets and properties of the Company, which are charged to the aforesaid banks, in favour of any bank, financial institution, company, firm or person;
6. Selling, assigning, mortgaging or otherwise disposing off any of the fixed assets charged to the banks;
7. Effecting any material change in the composition of Board of Directors, management structure or equity pattern of the Company

There can be no assurance that the Company will be able to comply with these restrictive covenants or that the Company will be able to obtain the consents necessary to take the actions the Company believes are necessary to operate and grow the Company's business. Further, if the Company defaults on the repayment of the aforesaid loans, the said banks could enforce their security interests on the Company's assets limiting its ability to carry out operations.

The Company has entered into a lease agreement with Maharashtra Industrial Development Corporation (MIDC) for land situated at Additional MIDC, Mahad, Maharashtra, on certain terms and conditions. In the event of any breach of the terms and conditions by the Company, MIDC may terminate the lease, by giving a notice thereof and to recover possession of the entire plot leased or part thereof.

The land on which the Company's Mahad unit and Registered Office have been set up; being plot number K - 4/1 in Additional Mahad Industrial Area, District Raigad, is taken on lease for a period of 95 years, from MIDC *vide* a lease deed dated 9 April 2007. The right of the Company to occupy and enjoy the said plot of land is subject to and conditional upon the Company observing all the terms and conditions of the lease deed. In the event of any breach by the Company, MIDC may terminate the lease, by giving a notice thereof and recover possession of the entire plot leased or any part thereof. In which case, the Company would have to shift its plant to a new location which could have a materially adverse effect on the business, growth and financial conditions of the Company.

The top 10 customers of the Company contribute approximately 69.98% of its revenues for FY 2014. Further, the Company has not entered into long term contracts with any of its customers. Any loss of business from one or more of them may adversely affect the revenues and profitability of the Company.

The top ten customers of the Company contribute approximately 69.98% of its revenues for FY 2014. However, the composition and revenue generated from these clients might change as the Company continues to add new clients in normal course of business. The Company sells its products based on the purchase orders placed by its customers. The demand for the products manufactured by the Company is dependant on customers' requirements, which further depends on market conditions and competition. The Company does not have any long term contracts with any of its customers neither in APIs nor in formulations. Any decline in the quality standards, growing competition, change in regulations and any change in the demand for the products by these customers may adversely affect the Company's ability to retain them. The Company may be unable to correctly project future demand of its products. Thus, it cannot be assured that the Company 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 the revenues and profitability of the Company.

Short fall or non – availability of cinchona bark and any escalation in its price could have an impact on the

operations and financial condition of the Company.

The major raw material that is used by the Company in its production of salts of quinine is cinchona bark. For the FY 2014, the consumption of cinchona bark as a percentage to raw materials consumed was 23.32%. Any change in the price and/or supply of cinchona bark from which quinine is sourced could adversely affect the costing and thereby affect the margins of the Company. Any shortfall or non availability of the cinchona bark as well as any fluctuations in prices may affect the operations and margins of the Company.

As a result of increased competition, pricing pressures or fluctuation in the demand and supply of salts of quinine, the Company's sales and margins from this product may decline in the future. Volatility in price realization and loss of customers may adversely affect the profitability of the Company. While one of the aims of its research and development initiatives is to develop cost and time efficiencies, there is no assurance that the Company will be able to maintain low cost of operations or will be able to further reduce costs or develop new cost effective processes in the future. If the sales volume or pricing of such product declines in the future, the business, financial condition and results of operations of the Company could be materially adversely affected.

The Company's success is dependent on its distribution and marketing arrangements, for the sale and distribution of its products and on the relationship with its customers. If any of these arrangements is terminated for any reason, the business, financial condition and results of operations of the Company may be adversely affected.

The Company has been marketing its products to the domestic market and to certain countries in the semi regulated market. The success of its business relies, in part, on relationships with its customers directly and agencies through whom the Company markets its products. The Company has entered into a management agreement with M/s. RX Pharma India for sales management, marketing, logistics and collection of payments from stockists. Termination or breach of this agreement could amount to delay in supply goods and collection of payments, whereby the Company's relationship with the customers or stockists deteriorates and may have an adverse effect on the business, financial condition and results of operations of the Company.

Lack of experience in manufacturing formulations/Finished Dosage Forms could bring about increase in costs, drop in revenues and other operational inefficiencies.

Since inception, the Company has been in the business of manufacturing second generation anti malarial APIs. In FY 2010 with the takeover of the assets of the formulation unit in Pune from Prophyla Biologicals (P) Limited, the Company has made a foray in the Finished Dosage Forms/formulations and thus moving up the value chain in the pharmaceutical industry. The Company does not have long experience in the manufacturing of Finished Dosage Forms such as lozenges, syrups, ointments and gels. Since, the Company is primarily in the manufacture of APIs, it may be unable to increase the customer base and generate adequate sales in the formulation business. Further, the Company may be unable to run the unit efficiently due to lack of experience that could lead to cost over runs, affect quality of the products thereby affecting the goodwill, costs, revenues and operational efficiency of the Company.

The Company has entered into related party transactions in the past and may continue to do so in future. Such transactions or any future transactions with related parties may potentially involve conflict of interest and impose certain liabilities on the Company.

The Company has entered into certain related party transactions with the promoters, directors and promoter group. The total amount of related party transactions as on 31 March 2014 aggregated to Rs.76.07 million. The aggregate details of the related party transactions are as under:

(Rs. in million)

Particulars	For the financial years		
	2011-12	2012-13	2013-14
Net Sales of Goods to associate	-	-	-
Loan taken/ Loan repaid/ Converted to Equity	221.51	100.83	64.75
Equity shares allotted	-	-	-
Remuneration to Directors/ Employees	7.20	10.00	10.00
Rent for Premises	1.32	1.32	1.32
Professional fees Paid	-	-	-

For further information, please refer chapter titled "Index to Financial Statement" of this Offering Circular. There can

be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the financial condition and results of operations of the Company.

The Company is dependent on the success of its research and development and the failure to develop improved products/new drug delivery systems/process improvements could adversely affect the business of the Company.

The success of the Company depends on its ability to improve the existing products, develop new drug delivery systems, process improvements to give time, quality and cost efficiency. It cannot be assured that the investments made in research and development will yield satisfactory results in terms of improved products, or will yield any results at all. The development process for improving the Company's existing products and developing new drug delivery systems is lengthy and costly. Despite investments in this area, the research and development efforts may not result in the discovery or successful development of the products. There can be no assurance that the improved product/new drug delivery system will be commercially successful. Further, if the competitors develop processes that may give them first mover advantage, the Company may be unable to retain its customers, which shall adversely affect the revenues and profitability of the Company.

If the Company does not successfully commercialise its products, or if the commercialization is delayed, the business, financial condition and results of operations of the Company may be adversely affected.

The future results of operations of the Company depend, to a significant degree, upon its ability to successfully commercialize additional products in the key therapeutic areas such as anti cancer, niche APIs etc. To develop its product pipeline, the Company commits substantial efforts, funds and other resources towards research and development. The Company's planned investments in new blocks and equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues. If the Company is unable to develop and manufacture products or if the commercialisation of its products is delayed, the business, financial condition and results of operations of the Company may be adversely affected.

Both the Company's manufacturing facilities are geographically located in the State of Maharashtra. Any social unrest or natural disaster or breakdown of services and utilities in Maharashtra could have material adverse effect on the business and financial condition of the Company.

Both manufacturing units are based in the State of Maharashtra. As a result, any social unrest or natural disaster or breakdown of services and utilities including disruptions in infrastructural facilities such as electricity and water supply to such units, which could require the Company to incur additional costs or disrupt its operations to the extent that the Company would be required to find alternative sources of supply of such infrastructural facilities. Further, continuous addition of manufacturing facilities in Maharashtra without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure, which may also affect the business of the Company.

The Company's businesses are subject to a variety of safety, health and environmental laws and various labour, workplace related laws and regulations. Any failure on its part to comply with these applicable laws and regulations could have an adverse effect on the operations and consolidated financial condition of the Company.

The Company's operations are subject to numerous safety, health and environmental protection laws and various labour, workplace related laws and regulations, which are complex and stringent and may increase the compliance costs. Such regulations may restrict the operations and adversely affect the financial condition, results of operations and cash flows of the Company by imposing conditions such as limitations on sitting and constructing new waste disposal, transfer or processing facilities or expanding existing facilities, limitations, regulations or levies on collection and disposal prices, rates and volumes, limitations or bans on disposal or transportation of certain categories of waste. Significant fines and penalties may be imposed for non-compliance with the safety, health and environmental laws and regulations, and some of these laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person.

The Company is also subject to stringent labour laws. Such laws and regulations may expose the Company to liability arising out of the conduct of operations or conditions caused by others, or for its own acts including those which were in compliance with all applicable laws at the time such acts were performed. For example, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, the Company may be held responsible for any wage payments to be made to contract labourers hired by its sub-contractors in the event of default by such sub-contractors and the Company may also be required to absorb a portion of such contract labourers as permanent employees under certain

circumstances. Penalties for failure to comply with these laws, rules and regulations, many of which may be applied retroactively, may include:

- administrative, civil and criminal penalties;
- revocation of permits;
- corrective action orders; and
- breach of certain existing contracts with clients.

The regulatory framework in India is evolving. Future government policies and changes in laws and regulations in India may adversely affect the business and operations of the Company, and restrict its ability to do business in the existing and target markets. The timing and content of any new law or regulation is not in the Company's control and such new law or regulation could have an adverse effect on the business, results of operations and financial condition of the Company.

The Company's products are subject to government regulation, which could increase costs significantly or prevent the sale of its products.

The manufacture, packaging, labelling, advertising, promotion, distribution and sale of the Company's products are subject to regulation by numerous national, state and local governmental agencies in the countries where the Company conducts the business. The primary regulators in India are the Directorate General of Health Services, Central Drugs Standard Control Organization, Controller of Food and Drugs Administration and the State Pollution Control Board. In the United States, the Company is regulated by the Food and Drug Administration ("FDA"), the Federal Trade Commission, the Consumer Product Safety Commission, the Department of Agriculture and the Environmental Protection Agency, and also regulated by the Food Standards Agency and the Medicines and Health Care Products Regulatory Agency in the United Kingdom, or the UK-MHRA.

Failure to comply with regulatory requirements may result in various types of penalties or fines. These include injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. Any such government actions would result in additional costs, including lost revenues from any products that the Company is required to remove from the market or the delay in the manufacturing and sales, any of which could be material. Any such government actions could also lead to liabilities, substantial costs and reduced growth prospects.

Any defect in the products, may result in the manufacturing license of the Company being withdrawn and the Company could become liable to customers, suffer adverse publicity and incur substantial costs which in turn could adversely affect the value of the brand, and the sales could diminish if the Company is associated with negative publicity.

Any defect in the products could result in withdrawal of the Company's license for manufacturing, storing and selling the products. Further, deficiency in its products could result in a claim against the Company for damages, regardless of its responsibility for such a failure or defect. However, as on date, the Company has not witnessed any instances of defects in the products manufactured by the Company. The Company, currently carries no products liability insurance with respect to its products. Although, the Company attempts to maintain quality standards, it cannot be assured that all its products would be of uniform quality, which in turn could adversely affect the value of its brand, and its sales could diminish.

Further, the Company's business is dependent on trust of its customers have in the quality of its products. Any negative publicity regarding the Company, brand, or products, including those arising from a drop in quality of merchandise from its vendors, mishaps resulting from the use of its products, or any other unforeseen events could affect the reputation and the results from operations of the Company.

The insurance coverage may not adequately protect the Company against all losses. The extent of loss or damage which is not covered by insurance or exceeds the insurance coverage, the results of operations and financial performance of the Company could be adversely affected.

The Company has obtained insurance coverage in respect of certain risks. The significant insurance policies consist of, among others, burglary insurance policy for plant, machinery and equipments, fire policy for buildings, furniture and fixtures. The Company also has standard fire insurance policy for its plant situated at Mulshi, Pune. In addition, the Company has obtained separate insurance coverage for motor-vehicle risks. While, the Company believes that the insurance coverage maintained by it would reasonably be adequate to cover all normal risks associated with the

operation of its business, there can be no assurance that any claim under the insurance policies maintained by the Company will be honoured fully, in part or on time, nor that the Company has taken out sufficient insurance to cover all material losses. Furthermore, there can be no assurance that the Company will be able to maintain adequate insurance coverage in the future at acceptable costs. Further, the Company has not obtained insurance cover for some of its contracts that require the Company to maintain insurance e.g., product liability insurance. The extent of loss or damage for which the Company does not obtain or maintain insurance or exceeds the insurance coverage, the loss would have to be borne by the Company and its results of operations and financial performance could be adversely affected.

If the Company is unable to protect its intellectual property and proprietary information, or if the Company infringes the intellectual property rights of others, the business, financial condition and results of operations of the Company may be adversely affected.

The Company owns registered trademarks and patents. The Company may not always be able to safeguard the same from infringement or passing off activity occurring without its knowledge. Further, the Company may manufacture or sell products that infringe intellectual property rights of others. A third party may claim that the Company or its customers are using inventions covered by the third party's patent rights and may go to court to stop the Company from engaging in its normal operations and activities, including making or selling the products. There is a risk that a court could decide that the Company is infringing third party patent rights. This will subject the Company to potentially high value claims for infringement. Initiating or defending claims made by or against the Company diverts the management's time, adversely affects reputation and the marketability of the products of the Company as well as increases its costs.

A substantial portion of the Shares held by the Company's promoters are pledged with the lenders.

As of 30 June 2014, the Company's promoter, Dr. Kannan Vishwanath and corporate promoter, Finaventure Capital Limited, have pledged 86.73% of their total shareholding with certain corporate lenders as part of the security against loans availed by the Company from such lenders. If the Company defaults in repaying these loans and these lenders opt to enforce the pledge, the promoters may lose control of the Company. Also, if the price of the Company's shares declines, the lenders have the right to request additional collateral from the promoters, which, if the promoters are unable to provide such collateral, could also lead to the lenders enforcing the pledge and the promoters losing control of the Company.

The Company may not be able to sustain effective implementation of its business and growth strategy, including its expansion plans and the financing of such expansion, which may adversely affect the business and results of operations of the Company.

The success of the Company's business will depend greatly on its ability to effectively implement its business and growth strategy. There can be no assurance that the Company will be able to execute its strategy within the estimated budget, or that it will meet the expectations of targeted customers. The inability to manage its business and growth strategy may have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company's business strategies include setting up two more blocks for (a) anti cancer APIs and (b) niche APIs at its existing manufacturing facility at Mahad. The construction and equipping of new plants and the expansion of existing plants are subject to certain risks that could result in delays or cost overruns, which could require the Company to expend additional capital and adversely affect the business and operating results of the Company. Such potential events include: shortages and late delivery of building materials and facility equipment; delays in the delivery, installation, commissioning and qualification of manufacturing equipment; seasonal factors, such as a long and intensive wet season that limits construction; labour disputes; design or construction changes with respect to building spaces or equipment layout; delays or failure in securing the necessary governmental approvals, building sites or land use rights; and technological capacity and other changes to the Company's plans for new plants necessitated by changes in market conditions. Delays in the construction and equipping or expansion of any of the plants could result in the loss or delayed receipt of earnings and an increase in financing costs and would adversely affect the business, growth strategy and financial condition of the Company.

Increase in interest rates may materially impact the results of operations of the Company.

The Company is exposed to interest rate risk and most of its loans are on floating rate of interest. It cannot be assured

that the loans taken will remain commercially reasonable to the Company. Any increase in interest expense may have a material adverse effect on the business prospects, financial condition and results of operations of the Company.

Export destination countries may impose varying duties on products. Any increase in such duties may adversely affect the business and results of operations of the Company.

A substantial portion of the Company's products are exported and sold in various countries across the world. These destination countries and markets for these products may impose varying duties and other levies on such products, which may affect the Company's ability to compete with local manufacturers and other competitors with more widespread operations that may enable them to coordinate delivery and supplies from strategically located production facilities in a more cost competitive manner. There can be no assurance that the duties or other levies imposed on the Company's products by such destination countries will not change or increase, or that such change or increase will not adversely affect the business and results of operations of the Company.

Any adverse events in the pharmaceutical industry to which the products of the Company cater to could have a material impact on the performance of the Company.

The products manufactured by the Company find application in the pharma industry. Any change in demand, product specification or other adverse event pertaining to the industry may material adverse affect on the business and financial performance of the Company.

The Company operates in a competitive business environment, both globally and domestically. Competition from existing players and new entrants and consequent pricing pressures may adversely affect the business, financial condition and results of operations of the Company.

The Active Pharmaceutical Ingredient (API) product segment is intensely competitive. Growing competition may subject the Company to pricing pressures and require to reduce the prices of its products and services in order to retain or attract customers, which may have a material adverse effect on the revenues and margins of the Company. Further, several of the Company's competitors are larger international and national companies and have access to greater resources or may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for the Company, due to its current scale of operations. Any failure to keep abreast with technological advancements might place the competitors at an advantageous position in terms of cost, efficiency and timely delivery of final products. While, the Company is focused on research and development to develop cost and time efficiencies and to broaden its product range, in particular in certain niche segments, in the event its competitors develop better process technology or improved process yield or are able to source raw materials at competitive prices, and are therefore able to create new products or substitutes for the Company's products at competitive prices, the Company may not be able to maintain its growth rate and revenues and its profitability may decline. Any of these factors may have a material adverse effect on the business and prospects of the Company.

The Company may not be able to correctly assess the demand for its products, which may adversely affect the business, financial condition and results of operations of the Company.

Accurate assessment of market demand requires significant investment in the creation of a sales and marketing network and training of marketing personnel. There is no guarantee that the Company's estimate of market demand in India or in foreign countries will be accurate. In the event that the Company overestimates the demand for its products, the Company will have expended resources in manufacturing excess products, taxes on manufacture, export costs, insurance costs, distribution expenses, storage and warehousing and other allied expenditures. In the event of excess production, the Company might have to bear the cost of expiry and destruction of these goods. In the event that the Company underestimates the market demand, the Company will have lost out on sales opportunities that its competitors will capitalize on and thereby increase their respective market shares. Any incorrect assessment of the demand for its products may adversely affect the business, financial condition and results of operations of the Company.

If the Company fails to keep pace with advancements in technology in the pharmaceutical industry, create new intellectual property, or respond to changes in market demand or client requirements, the business and financial results of the Company could be adversely affected.

The pharmaceutical industry is characterized by frequent advancements in technology fuelled by high expenses incurred on research and development. To meet the customers' needs as well as keep pace with the competitors, the

Company regularly updates existing technology and acquires or develops new technology for its pharmaceutical manufacturing activities. In addition, rapid and frequent advancements in technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or write-downs of assets. The competitors of the Company may have filed patent applications, or hold patents, relating to products or processes which compete with those the Company is developing, or their patents may impair the ability of the Company to do business in a particular geographic area. There is no guarantee that the pending applications will result in any patent being granted to the Company, or that the patents which have been granted will result in the commercialization of products. In the future, the Company may not be able to obtain valuable intellectual property rights as it may not have the resources to continually improve its technology by investing in research and development. For more information relating to research and development, please refer chapter titled “*Business*” of this Offering Circular. The failure to anticipate or to respond adequately to advancements in technology, changes in market demand or customer requirements could adversely affect the business and financial results of the Company.

The success of the Company depends largely upon the services of its promoters, executive directors and key managerial personnel and its ability to retain them. The inability to attract and retain key managerial personnel may adversely affect the operations of the Company.

The Company and its promoters have over the years built relations with suppliers, customers and other persons who are connected with the business. Further, the key managerial personnel also possess the requisite knowledge for the pharmaceutical industry to deliver efficiently. Accordingly, the Company’s performance is dependent upon the services of its promoters, executive directors and key managerial personnel. The future performance of the Company will depend upon the continued services of these persons. Demand for key managerial personnel in the industry is intense and the inability to attract and retain key managerial personnel may affect the operations of the Company.

Delays or defaults in payment from the customers could impact the working capital cycle and thereby adversely affecting the profitability of the Company.

The Company may be subject to working capital shortages due to delays or defaults in payment by its customers. If customers default in their payments to which the Company has devoted significant resources it could have a material adverse effect on the business, financial condition and results of operations of the Company.

Mishaps or accidents could result in a loss or slowdown in operations and could also cause damage to life and property.

The services provided by the Company are subject to operating risks, including but not limited to, breakdown or accidents and mishaps. While, till date, there have not been any incidents involving mishaps or major accidents, it cannot be assured that these may not occur in the future. Any consequential losses arising due to such events will affect the operations and financial condition of the Company.

The Company relies extensively on its systems, including quality assurance systems, products processing systems and information technology systems, the failure of which could adversely affect the business, financial condition and results of operations of the Company.

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

The Company is subject to stringent labour laws and trade union activity, labour disputes could lead to lost production and/or increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for the Company to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect the business, financial condition and results of operations of the Company. As on date the Company has not witnessed any major labour disputes which would adversely have an impact on the Company’s financials but the Company may in the future face,

strikes or work stoppages, which could have an adverse impact on the business, financial conditions and results of operations of the Company.

The employees of the Company at the unit situated at Mulshi, Pune are represented by a trade union. The Company may not be able to satisfactorily renegotiate its wage settlement agreements when they expire and may face tougher negotiations or higher wage demands from unionized labour than would be the case for non-unionized labour. In addition, existing labour agreements may not prevent a strike or work stoppage in the future. However, any incidents or strikes and work stoppage by the employees could have an adverse effect on the business, financial operation and results of operations of the Company.

RISKS RELATING TO INDIA

A significant change in the Central and State Governments' economic liberalisation and deregulation policies could disrupt the Company's business.

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. The Company's business and the market price and liquidity of its Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

The new Government, which has recently come to the power may announce new policies and take initiatives which may have impact on the economic policies pursued by the previous Governments, foreign investment policies and other matters affecting investment in the Company's securities. Whilst the new Government is expected to continue the liberalisation of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued.

A change in the Government's policies in the future that could adversely affect business and economic conditions in India, could also adversely affect the Company's financial condition and results of operations. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally, and specifically those of the Company, as substantially all of the Company's assets are located in India.

Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and the Company's business and cause the trading price of the Shares to decrease.

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general.

A slowdown in economic growth in India could cause the Company's business to suffer.

The GDP growth of India which was 8% in Fiscal 2010 and 8.5% in Fiscal 2011 dropped to 6.9% in the Fiscal 2012. Again, the GDP growth in Fiscal 2013 & 2014 was further dropped to 4.5% and 4.7% respectively. The slowdown in the Indian economy could adversely affect the Company's business, including its ability to grow, the quality of its assets, its financial performance and the trading price of the Company's equity shares.

Terrorist attacks, civil disturbances and regional conflicts in South Asia may have a material adverse effect on the Company's business and on the market for securities in India.

Terrorist attacks, such as the 11 September 2001 attacks in the United States, the attack on the Indian Parliament on 13 December 2001, the train blasts in Mumbai on 11 July 2006, terrorist attack on Mumbai on 26 November 2008, the train bombings in Madrid on 11 March 2004, the bombings in London on 7 July 2005 and such other acts of violence or terrorism may negatively affect the Indian and other markets where the Shares of the Company are traded and can also adversely affect the worldwide financial markets.

India has from time to time experienced instances of hostilities with neighbouring countries, including between India and Pakistan. In recent years, military confrontations between India and Pakistan have occurred in Kashmir and along

the India-Pakistan border although the governments of India and Pakistan have recently engaged in conciliatory efforts. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies.

If regional hostilities, terrorist attacks or social unrest in India increase, the Company's business could be adversely affected and the price of the Shares could decrease.

South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries, including between India and Pakistan. Military activity or terrorist attacks in India, for instance the recent terrorist attack in Mumbai could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a materially adverse effect on the Indian economy, the Company's business and future financial performance and the trading price of the Shares. Further, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have a materially adverse effect on the Company's business, future financial performance and the price of the Shares.

Natural disasters could have a negative impact on the Indian economy and harm the Company's business.

India has experienced natural calamities such as earthquakes, floods, drought, tsunami and other natural calamities in recent years. The recurrence of these calamities could have an adverse impact on the Indian economy, which could adversely affect the Company's business and the price of the Company's Shares.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on the business and results of operations of the Company.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern such as swine influenza around the world could have a negative impact on economies, financial markets and business activities worldwide, which could have a material adverse effect on the Company's business. The outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia had a significant adverse impact on the economies of many of the countries affected. Many countries, including India, are currently experiencing an outbreak of the influenza A/H1N1 virus among humans. On 11 June 2009, the World Health Organisation raised its global pandemic alert to phase 6 after considering data confirming the outbreak. Although the Company has not been adversely affected by such outbreaks, the Company can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concern will not have a material adverse effect on the business of the Company.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Company's business.

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact the Company's ability to raise additional financing and the interest rates and their commercial terms at which such additional financing is available. This could have an adverse effect on its financial performance and its ability to obtain financing to fund its growth on favourable terms or at all.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact the Company's financial condition.

India's foreign exchange reserve which was US\$279.1 billion in Fiscal 2010 increased to US\$305.5 billion in Fiscal 2011. However, the same remained at US\$294.4 billion and 292.6 billion for Fiscal 2012 & 2013 respectively. The same marginally increased to US\$303.7 billion in Fiscal 2014. A decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy. On the other hand, continuing high levels of foreign funds inflows could add excess liquidity into the system, leading to policy interventions, which will also slow down economic growth. Either way, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Company's business, its future financial performance and the price of its Shares.

There may be less information available in Indian securities markets than in securities markets in more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. Moreover, under the terms of the listing agreement, which every listed company enters into with the relevant stock exchange, certain information needs to be disclosed to the stock exchange which is then made available to the general public. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result you may have access to less information about the Company's business, results of operations and financial conditions, and those of the Company's competitors that are listed on the BSE, NSE and other stock exchanges in India, on an ongoing basis than you may have in the case of companies subject to reporting requirements of other more developed countries. In addition, the Company does not maintain monthly accounts on a basis consistent with the Company's quarterly reporting on either a consolidated or a non-consolidated basis, and may be unable to readily determine and accordingly report any changes in the Company's results of operations as timely as other companies.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The Company's Articles of Association, regulations of its Board of Directors and Indian law govern the Company's corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

Investors may have difficulty enforcing foreign judgments against the Company or its management.

The Company is a limited liability Company incorporated under the laws of India. Substantially all of its directors and executive officers are residents of India and a substantial portion of its assets and the assets of such persons are located in India. As a result, it may be difficult for investors or the Trustee to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against the Company or such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 of India (as amended) (the "Code") on a statutory basis. Section 13 of the Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Under the Code, a court in India shall, upon production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Code provides that where a foreign decree or judgment has been rendered by a superior court within the meaning of Section 44A in any country or territory outside India which the Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. For the purposes of this section, foreign judgment means a decree which is defined as a formal expression of an adjudication which, so far as regards the court expressing it, conclusively determines the rights of the parties with regard to all or any of the matters in controversy in the suit.

The United Kingdom has been declared by the Government to be a reciprocating territory but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is

unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

The Company's business and activities are regulated by the Competition Act, 2002.

The Parliament has enacted the Competition Act, 2002 (the "Act") for the purpose of preventing practices having an adverse effect on competition under the auspices of the Competition Commission of India. Under the Act, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement, inter alia, which directly or indirectly determines purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Act and the Competition Commission of India will affect industries in India.

Upward change in the domestic tax laws.

Any upward changes in the tax laws in India, particularly income tax, might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

Post-Issue volatility in prices of the scrip

The price of the Company's equity shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors, including:

- a) Volatility in the Indian and Global securities market
- b) Significant development in India's economic liberalization and deregulation policies; and
- c) Significant development in India's fiscal and environmental regulations

RISKS RELATING TO THE BONDS AND THE SHARES

An active market for the Bonds may not develop, which may cause the price of the Bonds to fall.

The Bonds are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received for the listing of the Bonds on the SGX-ST, no assurance can be given that the listing if obtained will continue in the future. The Bonds may be traded on the SGX-ST in a minimum board lot size of US\$200,000 only. This large minimum board lot size may adversely affect the liquidity and price of the Bonds on the SGX-ST. No assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Bonds to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or can not be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the Bonds. The Lead Manager has no obligation to make a market in the Bonds. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the Bonds.

Bondholders will bear the risk of fluctuation in the price of the Shares.

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares and it is impossible to predict whether the price of the Shares will rise or fall. Trading prices of the Shares will be influenced by, among other things, the Company's financial position, the results of operations and political, economic, financial and other factors. Any decline in the price of the Shares may have an adverse effect on the market price of the Bonds.

In addition, the market value of the Bonds or the Shares may fluctuate due to the volatility of the Indian securities market, which may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have experienced problems which, if these were to continue or recur, could affect the market price and liquidity of the

securities of Indian companies, including the Bonds and the Shares. These problems have included broker defaults and settlement delays. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of the Company's Equity Shares.

Application will be made for the listing of the Equity Shares issuable upon conversion of the Bonds to each of the BSE and the NSE. However, there could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict prospective investors' ability to trade in the Equity Shares.

The Indian securities markets are more volatile than the securities markets in certain other countries, which are members of the Organisation for Economic Co-operation and Development ("OECD"). The Indian Stock Exchanges, in the past, have experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Bonds and the Equity Shares will trade in the future. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies, and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There is a lower level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in certain other countries that are OECD members. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets.

Bondholders will have no rights as shareholders until they acquire Equity Shares upon conversion of the Bonds.

Unless and until the Bondholders acquire Equity Shares upon conversion of the Bonds, the Bondholders will have no rights with respect to Equity Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to Equity Shares. Bondholders who acquire Equity Shares upon the exercise of a Conversion Right will be entitled to exercise the rights of Shareholders only in respect of actions for which the applicable record date occurs after the Conversion Date.

Rights to receive payment on the Bonds are subordinated to the Company's secured indebtedness and structurally subordinated to the indebtedness and liabilities of the Company's subsidiary.

As at 31 March 2014, the Company's secured debt was Rs.2,159.86 million. The Bonds will be effectively subordinated to any of the Company's secured obligations with respect to the assets that secure such obligations. The terms of the Bonds do not prevent the Company from incurring additional debt.

RBI approval is required for repayment of the Bonds prior to maturity.

Under the guidelines on policies and procedures for external commercial borrowings issued by the RBI, any prepayment of an external commercial borrowing prior to its minimum average maturity requires the prior approval of the RBI. Therefore, any repayment of the Bonds prior to maturity as a result of early redemption pursuant to any adverse change in the tax treatment of the Bonds and any adjustment in the conversion price which is not in accordance with the terms and conditions of the Bonds or acceleration of the Bonds upon the occurrence of an event of default or otherwise would require the prior approval of the RBI. There can be no assurance that RBI approval of such action would be obtained in a timely manner or at all.

Certain adjustments to the Conversion Price of the Bonds may require the approval of the MOF.

The MOF, through a notification dated November 27, 2008, amended the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended from time to time (the “FCCB Scheme”) and prescribed certain pricing guidelines in relation to the conversion of FCCBs. The FCCB Scheme provides, among other things, that the conversion price of a convertible bond should not be lower than a “floor price” which is calculated with reference to the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the date of the meeting in which the Board or the Committee of Directors duly authorised by the Board decides to open the proposed issue of the FCCBs. Applicable Indian regulations in effect as at the date of issue of the Bonds set a minimum conversion price of Rs.13.81 per share for this issue of Bonds.

The FCCB Scheme applies to the issue and offering of the Bonds. There can be no assurance that the potential adjustments to the Conversion Price which are provided for under the terms and conditions of the Bonds would be permitted by the MOF if an adjustment resulted in the Conversion Price falling below the “floor price” referred to above. There can also be no assurance (i) as to how the MOF will apply or interpret the FCCB Scheme or whether the restrictions set forth in the FCCB Scheme would prevent the Company from undertaking certain corporate actions, or (ii) that the MOF will not prescribe any further pricing guidelines which would deem any adjustments by way of certain corporate actions (including declaration of dividends, issue of Shares by way of capitalization of profits or reserves and division of outstanding Shares) to be in contravention of the FCCB Scheme.

The Company may not be in a position to redeem the Bonds in certain circumstances beyond its control.

In the event of a Change of Control, a Delisting of the Shares from the BSE or the NSE or a Non-permitted Conversion Price Adjustment Event, Bondholders may require the Company to repurchase all (or a portion of) such Bondholder’s Bonds. Further information can be found under the heading “Terms and Conditions of the Bonds”. The Company may not be able to repurchase all or any of such Bonds if (i) the requisite regulatory approval is not received or (ii) the Company does not have sufficient cash flow to repurchase the Bonds.

Upon the occurrence of an event triggering an adjustment of the conversion price, the conversion price shall be adjusted as provided in the “Terms and Conditions of the Bonds”. It is unclear as to whether the above regulations will affect the adjustment of the conversion price upon the occurrence of an event triggering such an adjustment. Should an event triggering an adjustment to the conversion price occur and the Company is unable to provide the Trustee with an opinion of an independent legal counsel confirming to the Trustee’s satisfaction that such adjustment to the conversion price is permitted under then prevailing applicable Indian laws and regulations, Bondholders may require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder’s Bonds at a price equal to their Early Redemption Amount. However, the Company may not be able to repurchase all or any of such Bonds if (i) the requisite regulatory approval is not received or (ii) the Company does not have sufficient cash flow to repurchase the Bonds.

There may be less information available in Indian securities markets than in securities markets in more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. Moreover, under the terms of the listing agreement which every listed company enters into with the relevant stock exchange, certain information needs to be disclosed to the stock exchange which is then made available to the general public. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result an investor may have access to less information about the Company’s business, results of operations and financial conditions and those of the Company’s competitors, which are listed on the BSE, NSE and other stock exchanges in India on an ongoing basis as compared to those of the companies, which are subject to reporting requirements of other more developed countries. In addition, the Company does not maintain monthly accounts on a basis consistent with the Company’s quarterly reporting on either a consolidated or a non-consolidated basis, and may be unable to readily determine and accordingly report any changes in the Company’s results of operations as timely as other companies.

Fluctuations in the exchange rate between the Rupee and the U.S. dollar may have a material adverse effect on the value of the Bonds or the Shares independent of the Company's operating results.

Investors are required to pay for any Bonds they purchase in U.S. dollars. The market value of the Bonds is subject to currency fluctuation and convertibility risk since the Shares are quoted in Indian rupees on the Indian Stock Exchanges on which they are listed. Bondholders who seek to sell in India any Shares issued upon conversion of the Bonds and to convert the Rupee proceeds of such sale into foreign currency for remittance in foreign currency from India, will require the approval of the RBI for each such transaction (unless such Shares are sold on a stock exchange in India on which the Shares are listed). A delay in obtaining such approval might adversely affect the rate of exchange available for such conversion.

The exchange rate between the Rupee and the US dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Shares and returns from the Shares, independent of the Company's operating results. For historical movements, see "Exchange Rates".

Future issues or sales of the Shares may significantly affect the trading price of the Bonds or the Shares.

The future issue of Shares by the Company or the disposal of Shares by any of the major shareholders or the perception that such issues or sales may occur, could significantly affect the trading price of the Bonds or Shares. If, for example, the Company completes one or more significant acquisitions through the issuance of Shares, holders of Shares could suffer dilution of their interests. There is no restriction on the Company's ability to issue Shares or the Company's shareholders' ability to dispose of their Shares, and there can be no assurance that the Company will not issue Shares or that any shareholder will not dispose of, charge, or pledge, its Shares in the future.

Conditions in the Indian securities market may affect the price or liquidity of the Company's Shares and Bonds.

Securities markets in India are smaller and more volatile than securities markets in more developed economies. The Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations in the Indian securities markets could have a material adverse effect on the price of the Company's Shares and Bonds.

Settlement of trades of the Company's Shares on the Indian Stock Exchanges may be subject to delays.

Settlement of transfers of the Shares listed on the Indian Stock Exchanges may be subject to delays and an investor who converts the Bonds into Shares may not be able to settle trades on these stock exchanges in a timely manner.

Financial instability in other countries, particularly emerging market countries, could disrupt the Indian share market and affect the price of the Company's Shares and the Bonds.

Although economic conditions are different in each country, investors' reactions to developments in one country may have an adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates, this could adversely affect the Indian financial sector in particular. Any financial disruption could have an adverse effect on the Company's business, future financial performance, shareholders' equity and the price of the Company's Shares and the Bonds.

Bondholders will bear the risk of fluctuation in the price of the Shares if there is a delay between the conversion of Bonds into Shares and the approval for listing and trading of Shares on the Indian Stock Exchanges.

There will be a time gap from the date on which a Bondholder notifies the Conversion Agent of his intention to convert the Bonds into Shares and the date of allotment of the Shares to the Bondholder, and a further time gap from the date of allotment of the Shares to the Bondholder and the date on which the Indian Stock Exchanges grant their final approval for the Shares to be listed and traded. Within these time gaps, the price of the Shares may fluctuate and this may have an adverse effect on the price that the Bondholder anticipates to receive for the transfer of Shares received upon conversion of the Bonds.

The price of the Company's Shares has declined sharply in the past and may continue to fluctuate, which may make future prices of the Shares difficult to predict.

The price of the Company's Shares has declined sharply in the past. Further, some of the factors that could affect its share price are:

- speculation in the press or investment community about, or actual changes in, the business, strategic position, market share, organizational structure, operations, financial condition, financial reporting and results, value or liquidity of the investments, exposure to market volatility, prospects, business combination or investment transactions, or executive team of the Company;
- the announcement of new projects, comparative services or acquisitions by the Company or its competitors;
- quarterly increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by the Company, and variations between actual and estimated financial results.

General or industry-specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to the Company's performance also may affect the price of the Company's shares. In particular, the stock market as a whole recently has experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to those companies' operating performance.

The Bonds are subject to restrictions on resale and transfers.

The Bonds have not been registered under the Securities Act or any US state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Bonds may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the safe harbour provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resale and transfers, refer "Plan of Distribution" of this Offering Circular.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Bonds and the Shares and there may be higher taxes applicable in future.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months is exempted from capital gains tax in India if securities transaction tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Bonds or the Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of Bonds or Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Interest payments on the Bonds, until the conversion option is exercised, shall be subject to deduction of tax at source at the rate of ten per cent. Tax on dividend on the converted portion of the bond shall be subject to deduction of tax at source at the rate of ten per cent. Due to change in regulatory policy the rate of taxation may be enhanced in future.

Bondholders will have no right to enforce payment obligation of the Company directly and will have to rely on the Trustee to initiate action.

In terms of the provisions contained in the Trust Deed only the Trustee is entitled to enforce payment obligations of the Company as against the Bondholders and only in certain circumstances. Provided further that the Trustee will initiate enforcement action only (i) if they are so directed by an Extraordinary Resolution of the Bondholders, or (ii) so requested in writing by the Bondholders holding not less than 25 per cent of the principal amount of the Bonds outstanding, and (iii) shall have been prefunded, indemnified and/or secured to its satisfaction for all of the expenses to be incurred to take such enforcement action.

Significant differences exist with Indian GAAP used throughout the Company's financial information and other accounting principles with which investors may be more familiar.

The Company's Financial Statements are prepared in accordance with Indian GAAP, consistently applied during the periods stated, except as provided and no attempt has been made to base any of the information given in this Offering Circular in any other accounting principles or accounting standards. Indian GAAP differs from accounting principles and accounting standards with which prospective investors may be familiar with other countries. For more information please see "Summary of Significant Differences between Indian GAAP and IFRS".

PRICE RANGE OF EQUITY SHARES

The Shares of the Company are traded on the BSE and NSE. The shares of the Company were listed and admitted to trading on the BSE and the NSE with effect from 27 May 2011. The prices for Shares as quoted on the official list of the BSE and the NSE are expressed in Indian rupees.

The following table sets forth the reported high and low closing prices of the Shares on the BSE and the NSE during each of the periods indicated:

Calendar Period	BSE					NSE				
	High		Low		Average Daily Equity Share Trading Volume	High		Low		Average Daily Equity Share Trading Volume
	Rs.	US\$	Rs.	US\$		Rs.	US\$	Rs.	US\$	
2012										
January	524.55	8.73	481.65	8.01	71,459	522.85	8.70	485.05	8.07	132,465
February	588.50	9.79	519.65	8.65	47,160	586.85	9.76	523.90	8.72	81,300
March	586.20	9.75	520.30	8.66	78,354	578.45	9.62	520.65	8.66	81,219
April	645.10	10.73	509.95	8.49	62,474	645.30	10.74	509.90	8.48	109,465
May	584.65	9.73	451.00	7.50	86,171	584.15	9.72	444.00	7.39	149,654
June	552.95	9.20	462.55	7.70	51,261	549.70	9.15	470.60	7.83	98,672
July	531.40	8.84	479.70	7.98	26,584	535.70	8.91	482.70	8.03	63,729
August	640.90	10.66	500.45	8.33	40,986	641.85	10.68	500.90	8.33	88,038
September	725.80	12.08	591.75	9.85	22,614	728.80	12.13	602.35	10.02	49,397
October	684.30	11.39	625.85	10.41	44,350	684.35	11.39	628.50	10.46	52,830
November	790.60	13.15	630.55	10.49	43,996	787.25	13.10	630.40	10.49	67,694
December	803.40	13.37	741.25	12.33	33,995	807.45	13.44	745.50	12.40	61,734
2013										
January	844.85	14.06	701.60	11.67	59,225	847.25	14.10	707.70	11.78	101,229
February	779.75	12.97	369.00	6.14	33,951	780.95	12.99	372.60	6.20	55,505
March	332.15	5.53	132.15	2.20	698	335.35	5.58	133.55	2.22	2,753
April	125.55	2.09	72.85	1.21	154,880	126.90	2.11	73.85	1.23	181,067
May	90.70	1.51	60.70	1.01	81,375	90.60	1.51	60.85	1.01	137,764
June	61.40	1.02	49.50	0.82	30,807	61.65	1.03	49.50	0.82	50,254
July	49.10	0.82	34.25	0.57	18,265	49.50	0.82	34.60	0.58	40,972
August	38.85	0.65	32.00	0.53	8,870	39.35	0.65	32.75	0.54	37,951
September	66.50	1.11	30.90	0.51	33,529	66.50	1.11	31.60	0.53	48,120
October	84.70	1.41	56.70	0.94	9,981	86.00	1.43	56.90	0.95	22,081
November	86.25	1.44	74.75	1.24	6,623	86.00	1.43	74.60	1.24	17,362
December	78.00	1.30	71.50	1.19	4,819	76.95	1.28	71.40	1.19	13,801
2014										
January	82.20	1.37	70.65	1.18	22,127	82.15	1.37	71.45	1.19	65,784
February	75.05	1.25	61.70	1.03	2,376	75.75	1.26	61.25	1.02	8,511
March	66.00	1.10	42.15	0.70	14,756	66.80	1.11	42.45	0.71	25,159
April	49.65	0.83	25.00	0.42	236,204	49.45	0.82	24.95	0.42	933,578
May	25.90	0.43	18.35	0.31	351,115	26.00	0.43	18.25	0.30	1,422,909
June	19.65	0.33	15.60	0.26	454,960	19.50	0.32	15.50	0.26	1,525,284
July	15.55	0.26	11.00	0.18	534,410	15.40	0.26	11.00	0.18	1,575,990
August	12.56	0.21	9.01	0.15	352,734	12.55	0.21	9.00	0.15	1,299,828
September	19.48	0.32	9.91	0.16	799,455	19.40	0.32	9.90	0.16	1,074,829
October (up to 16.10.2014)	14.85	0.25	12.20	0.20	273,168	14.85	0.25	12.20	0.20	651,693

(Source- Official website of the BSE and the NSE)

As on 16 October 2014, the closing price of the Shares on the BSE and NSE was Rs.12.20 and Rs.12.20 per Share, respectively.

As of 30 September 2014, the Company had 20807 Shareholders.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) based on the reference rates released by the Reserve Bank of India. In 1994, the Rupee was permitted to float fully for the first time. The exchange rate as at 17 October 2014 was Rs.61.6165 = US\$1. (*Source: Reference rate as released by the Reserve Bank of India*). No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates or at all.

	(Rs. per US\$1)			
	Year ended December 31			
	Period End	Average	High	Low
2010	44.81	45.74	47.57	44.03
2011	53.266	46.6715	54.2355	43.9485
2012	54.7773	53.4945	57.2165	48.6790
2013	61.897	58.611	68.3611	52.9730
2014 (up to 16 October 2014)	61.4795	60.7436	62.9898	58.4260
	Quarter ends			
First Quarter 2012	51.1565	50.3139	53.2975	48.6790
Second Quarter 2012	56.309	54.2214	57.2165	50.5645
Third Quarter 2012	52.6970	55.2443	56.3755	52.6970
Fourth Quarter 2012	54.7773	54.1386	55.7045	51.6185
First Quarter 2013	54.3893	54.1741	55.3278	52.9730
Second Quarter 2013	59.6995	55.9491	60.5880	53.7355
Third Quarter 2013	62.7770	62.1278	68.3611	58.9133
Fourth Quarter 2013	61.8970	62.0339	63.6545	61.1570
First Quarter 2014	60.0998	61.7883	62.9898	60.0998
Second Quarter 2014	60.0933	59.7674	61.1163	58.4260
Third Quarter 2014	61.6135	60.5876	61.6135	59.7225
Fourth Quarter 2014 (up to 16 October 2014)	61.4795	61.3259	61.7511	61.0368

Source: (www.rbi.org.in)

USE OF PROCEEDS

The net proceeds from the issue of the Bonds are estimated to be approximately US\$12.48 million after deducting the fee and expenses of the offering.

The aggregate net proceeds received by the Company from the offer will be used towards overseas direct investment and any other use, as may be permitted under applicable law or regulations issued by RBI and the Government of India, from time to time.

Pending the use of the net proceeds from the offering for the purposes described above, the Company intends to invest the net proceeds in the instruments as permitted by applicable laws or regulations issued by RBI and the Govt. of India.

The Company will not directly or indirectly use the proceeds from the issue to lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or any other person or entity for the purpose of financing the activities of, or otherwise for the benefit of, any country, territory, person or entity currently subject to any international sanctions or such that the same will result in a violation of international sanctions by any person, including any person participating in the issue whether as underwriter, advisor or investor.

DIVIDEND POLICY

Under the Companies Act, a company pays dividends upon a recommendation by the board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits of previous fiscal years.

Dividends are payable within 30 days of approval by shareholders at the Company's AGM which is held not later than six months from the close of the financial year (or as extended for up to another three months by permission of Indian Government authorities). The Shares issued upon conversion of the Bonds will rank *pari passu* with existing shares in respect of dividends. When dividends are declared, all the Shareholders whose names appear in the share register as at the "Record Date" or "book closure date" are entitled to be paid the dividend declared by the Company. Under the Companies Act, 2013, the Board has been granted the discretion to declare and pay interim dividends without obtaining Shareholder approval.

The management of the Company does not have a stated dividend policy and determines the amount of dividends to be recommended for approval by the Shareholders on a year-by-year basis by reference to the Company's earnings, cash flow, financial condition and other factors prevailing at the time.

Currently, the Company is liable to pay a dividend distribution tax of 15% (plus surcharge and education cess at applicable rates) in respect of dividends paid by the Company. These are direct taxes paid by the Company and are not payable by shareholders and are not withheld or deducted from the dividend payments.

Historic dividends

Dividends declared and paid by the Company during the last five years are specified below:

Year ended 31 March	Dividend (Rs. in Million)	Dividend per Share (Rs./Re.)	Dividend Rate (%)
2014	Nil	Nil	Nil
2013	1.388	0.10	1
2012	27.77	2.00	20
2011	Nil	Nil	Nil
2010	Nil	Nil	Nil

Future Dividends

The form, frequency and amount of future dividends on the Shares will depend upon the Company's earnings, cash flow, financial conditions and other related factors and moreover, the same shall be at the discretion of the Board.

There is no assurance that any dividend in future will be declared or paid or that the same rate will be maintained.

CAPITALISATION

The following table sets forth the Company's capitalisation as at 31 March 2014 prepared in accordance with Indian GAAP, and adjusted to give effect to the issuance of the Bonds offered hereby.

The following table should be read together with the financial statements included under the heading "Financial Statements" in this Offering Circular.

Particulars	As at 31 March 2014			
	Actual		As Adjusted for Offer	
	Rs./Mn.	US\$/Mn.	Rs./Mn.	US\$/Mn.
Short term debt				
Secured	1,532.43	25.50	1,532.43	25.50
Unsecured	1,725.35	28.71	1,725.35	28.71
Long term debt				
Secured	627.43	10.44	627.43	10.44
Unsecured	1,043.35	17.36	1,824.65	30.36
Total debt	4,928.56	82.01	5,709.86	95.01
Shareholders' funds				
Equity share capital	316.55	5.27	316.55	5.27
Reserves and surplus	3,760.95	62.58	3,760.95	62.58
Total Shareholders' funds	4,077.51	67.85	4,077.51	67.85
Total	9,006.07	149.85	9,787.37	162.85

Notes:

1. The above table contains the capitalisation statement of the Company as on 31 March 2014 on consolidated basis.
2. Reserves and surplus does not include revaluation reserves and is net of Miscellaneous Expenditure (to the extent not written off/adjusted).
3. As at 31 March 2014, the authorised share capital of the Company was Rs.500 million divided into 50 million equity shares of Rs.10 each. The authorised share capital of the Company has been increased to Rs.1100 million divided into 110 million equity shares of Rs.10 each pursuant to an ordinary resolution of the Shareholders of the Company passed through Postal Ballot on 12 August 2014.
4. There has been no material change in the Company's capitalisation since 31 March 2014 except FCCBs aggregating Rs.1194.41 outstanding as on 31 March 2014 have been converted into 21,716,593 equity shares of Rs.10 each in the Company resulting into an increase in Equity Share Capital by Rs.217.17 million, increase in Reserves by Rs.977.24 million and decrease in Unsecured Short Term Debt by Rs.1194.41 million.
5. As on the date of this Offering Circular, there are no outstanding warrants or securities which are convertible into the Shares of the Company.

SELECTED REFORMATTED FINANCIAL INFORMATION

The following financial data should be read in conjunction with the financial statements and schedules attached thereto included elsewhere in this Offering Circular. The selected income statement data and balance sheet data for the fiscal year ending, 2012, 2013 and 2014 and for three months period ended 30 June 2014 have been derived from the Company's audited consolidated financial statements and schedules attached thereto for each year in the three-year period ended 31 March 2014, which have been prepared in accordance with Indian GAAP and have been examined by M/s. Agarwal, Desai & Shah and from the Company's unaudited non-consolidated financial statements for three months period ended 30 June 2014. For a discussion of the principal differences between Indian GAAP and IFRS, see "Summary of Significant Differences between Indian GAAP and IFRS".

Particulars	Year ended					
	31-Mar-14		31-Mar-13		31-Mar-12	
	US\$/Mn.	Rs./Mn.	US\$/Mn.	Rs./Mn.	US\$/Mn.	Rs./Mn.
Total Income	71.37	4,289.24	87.43	5,254.64	80.25	4,823.21
Expenditure	60.60	3,641.95	69.06	4,150.43	62.33	3,745.97
EBITDA	10.77	647.29	18.37	1,104.21	17.92	1,077.24
EBITDA margin (%)	15.09	15.09	21.01	21.01	22.33	22.33
Financial Costs	7.16	430.15	7.10	426.46	4.83	290.52
Depreciation & amortisations	3.40	204.42	3.36	202.22	2.61	156.65
Exceptional Items	0.03	1.78	7.47	449.05	0.00	0.01
Profit before Tax	0.18	10.94	0.44	26.48	10.48	630.06
Profit after Tax	0.08	4.83	0.07	4.26	6.82	409.88
PAT margin (%)	0.11	0.11	0.08	0.08	8.50	8.50
	(US\$)	(Rs.)	(US\$)	(Rs.)	(US\$)	(Rs.)
Earning per Share						
Basic	0.01	0.33	0.01	0.31	0.57	34.38
Diluted	0.00	0.13	0.00	0.28	0.57	34.38

Note: EPS is expressed in US\$/Rs. and not in millions.

UNAUDITED NON-CONSOLIDATED RESULTS FOR THREE MONTHS PERIOD ENDED 30 JUNE 2014			
S. No.	Particulars	US\$/Mn.	Rs./Mn.
1	Net Sales / Income from Operations	33.52	2,014.38
	Total	33.52	2,014.38
2	Expenditure		
	Cost of Materials Consumed	4.54	272.63
	Purchases of Traded Goods	2.92	175.37
	Changes in Inventories of Finished Goods, WIP and Stock-in-trade	24.20	1,454.34
	Employee Benefit Expenses	0.14	8.51
	Depreciation and Amortisation expense	0.21	12.45
	Other Expenses	0.05	3.28
	Total	32.06	1,926.57
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items	1.46	87.81
4	Other Income	-	-
5	Profit from Ordinary Activities before Finance Costs and Exceptional Items	1.46	87.80
6	Finance Costs	1.45	86.94
7	Profit from Ordinary Activities after Finance Costs but before Exceptional Items	0.01	0.87
8	Exceptional Items	-	-
9	Profit/(Loss) from Ordinary Activities before Tax	0.01	0.87
10	Tax Expense	0.00	0.27
11	Net Profit/(Loss) for the period	0.01	0.60
12	Extraordinary Items (net of Tax)	-	-
13	Net Profit	0.01	0.60
14	Paid -up equity share capital (Face value of Rs.10 each)	8.88	533.72
15	EPS before Extraordinary items (in Rs) (not annualised)		
	Basic & Diluted EPS before Extraordinary items	0.00	0.02
	EPS after Extraordinary items (in Rs) (not annualised)	-	-
	Basic & Diluted EPS after Extraordinary items	0.00	0.02

Note: EPS is expressed in US\$/Rs. and not in millions.

INDUSTRY OVERVIEW

The information in the section below has been derived from various public and private publications and from communication with government agencies in India. This information has not been independently verified by the Company, the Lead Manager or any of their respective affiliates or legal advisors. The information may not be consistent with other information compiled within or outside India.

THE PHARMACEUTICAL INDUSTRY

The pharmaceutical value chain can be widely broken down into 3 distinct parts:

- Intermediates
- Active Pharmaceutical Ingredients also known as Bulk Drugs
- Formulations

Active Pharmaceutical Ingredient (“API”) or Bulk Drug means any substance that is represented for use in a drug and that, when used in the manufacturing, processing, or packaging of a drug, becomes an active ingredient of the drug e.g. Paracetamol in Crocin, Ibuprofen in Combiflam. The starting or intermediate raw material for an API is a raw material called “Intermediate”. Intermediate is a chemical substance that is produced during API processing that undergoes further molecular change or purification before it becomes the API. Formulations are the final medicinal product that includes an API and excipients which is made available for consumption.

Organization Types

The pharmaceutical industry is a complex matrix of various organizations specializing in different sections of the Pharmaceutical Value Chain, namely Intermediates or APIs or Formulations. There are companies that undertake a mix of all these activities and are typically known as “integrated” pharmaceutical companies. Pharmaceutical companies can be classified into two broad types:

- a) Innovators – involved in drug discovery, development, manufacturing and marketing of branded (patented) drugs usually found in developed countries like USA and Europe, and
- b) Generic Companies – involved in manufacturing and marketing of off-patent drugs (branded as well as unbranded) The outsourcing phenomenon has given rise to a host of companies that undertake research and development and manufacturing services on a contract basis. These are typically known as CRAMS companies.

GLOBAL PHARMACEUTICAL INDUSTRY

According to IMS Health Incorporated (“IMS Health”), a leading industry body, the global pharmaceutical market is expected to grow at a compound annual growth rate (“CAGR”) of 5-8% through 2015 to reach market size of USD1.1 trillion. This is backed by robust growth expected in 17 emerging markets led by China with increasing government support in these countries to make more medical facilities available to their citizens. This growth will, despite significant worldwide patent losses and fewer blockbuster drugs reaching the markets coupled with lower growth expected in the United States, be the largest pharmaceutical market.

INDIAN PHARMA INDUSTRY

The Indian Pharmaceutical industry is highly fragmented with about 24,000 players (around 330 in the organised sector). The top ten companies make up for more than a third of the market. The Indian pharma industry (IPM) grew by 16% year-on-year in 2012 to Rs.629 bn. It accounts for about 1.4% of the world's pharma industry in value terms and 10% in volume terms.

The demand for pharmaceutical products in India is significant and is driven by low drug penetration, rising middle-class and disposable income, increased government and private spending on healthcare infrastructure, increasing medical insurance penetration etc. Besides the domestic market, Indian pharma companies also have a large chunk of their revenues coming from exports. While some are focusing on the generics market in the USA, Europe and semi-regulated markets, others are focusing on custom manufacturing for innovator companies. Biopharmaceuticals is also increasingly becoming an area of interest given the complexity in manufacture and limited competition.

The Indian pharmaceutical industry is growing at about 8 to 9 percent annually according to “A Brief Report Pharmaceutical Industry in India,” published in January 2011. The Pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules,

orals and injectables. There are approximately 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

Current Scenario

Globally, India ranks third in terms of manufacturing pharma products by volume. According to McKinsey, the pharmaceutical market is ranked 14th in the world. By 2015 it is expected to reach top 10 in the world beating Brazil, Mexico, South Korea and Turkey. More importantly, the incremental market growth of US\$14billion over the next decade is likely to be the third largest among all markets. The USA and China are expected to add US\$200bn and US\$23bn respectively.

McKinsey & Company's report, "India Pharma 2020: Propelling access and acceptance, realizing true potential," predicted that the Indian pharmaceuticals market will grow to US\$55 billion in 2020; and if aggressive growth strategies are implemented, it has further potential to reach US\$70 billion by 2020. Market Research firm Cygnus' report forecasts that the Indian bulk drug industry will expand at an annual growth rate of 21 percent to reach \$16.91 billion by 2014. The report also noted that India ranks third in terms of volume among the top 15 drug manufacturing countries.

Further, McKinsey reports Healthcare grew from 4 per cent of average household income in 1995 to 7 per cent in 2005 and is expected to grow to 13 per cent by 2025.

(Source: India Biznews)

STRENGTHS OF THE INDIAN PHARMACEUTICAL INDUSTRY

Cost efficiency: On comparing India with some prominent manufacturing locations, it is seen that India rates higher on cost efficiency than all the other countries. This has been possible due to the intrinsic nature of the Indian pharmaceutical Industry and its evolution. The three key factors that contribute to this efficiency include:

Manufacturing costs: The Indian market is highly fragmented with almost 8,000 manufacturers. This high competition has driven Indian companies to relentlessly drive their costs down over the life cycle of a product. The competency developed as a result also reflects in the manufacturing costs of USFDA plants in India, whose costs are 65% lower than that in the USA and 50% lower than that in Europe

Installation costs: The cost of setting up a plant in India is 30% lower than that of establishing an FDA plant in the USA.

Manpower costs: India's pool of trained chemists and pharmacists is six times as large as the USA's and is available at less than 1/10th the cost.

MARKETS

The global pharmaceuticals market can be classified into 2 categories: a) regulated and b) unregulated/semi-regulated. The regulated markets such as USA and EU are markets with more stringent quality and manufacturing controls, environmental protection, developed marketing channels and relatively more sophisticated regulatory systems and patent laws. As a result, regulated markets have greater stability for both volumes and prices of a drug till the time the product enjoys intellectual property protection. On the other hand, unregulated/semi-regulated markets have lower entry barriers in terms of manufacturing, regulatory, quality and safety requirements; hence they are highly competitive, with industry players primarily competing on the basis of price and brand value. However, even semi-regulated markets are becoming more and more stringent and leading to increasing entry barriers.

DRUG TYPES

Patented Drugs and Generic Equivalents: When a pharmaceutical company develops a new medication typically known as a New Chemical Entity ("NCE"), it obtains a patent or a family of patents for it. If the company is successful in getting an approval for this NCE as a drug, then it has exclusive rights to market the medicine under its own brand for the licensed uses for a certain period of time, usually about 15 to 20 years from the time the patent is filed. This enables the pharmaceutical company, the "Innovator", to recoup the research and development costs of the NCE before other drug companies are allowed to produce and market it. Typically, when the patent/s of a NCE expires, other drug companies are allowed to produce and sell the "generic version" of the drug. The generic version of a drug must use the same API(s) as the branded drug and it must meet the same efficacy, quality and safety standards.

Prescription Drugs and OTC Drugs: Prescription drugs are medicines that can be sold only against a prescription

from a doctor, while over the counter (“OTC”) drugs are medicines that may be sold directly to a consumer without any prescription. In a nutshell, the global pharmaceutical industry consists of businesses that are primarily engaged in discovery, development, manufacturing and processing medicinal substances into finished pharmaceuticals products for human and veterinary use. Ethical brand name drugs, generic products and non-prescription or over-the-counter medication constitutes the pharmaceutical industry sub-sector. Pharmaceutical markets worldwide can be classified as Regulated (such as USA and EU) and Semi-Regulated/Non- Regulated markets (certain African, Asian and Latin American countries and the rest of the world).

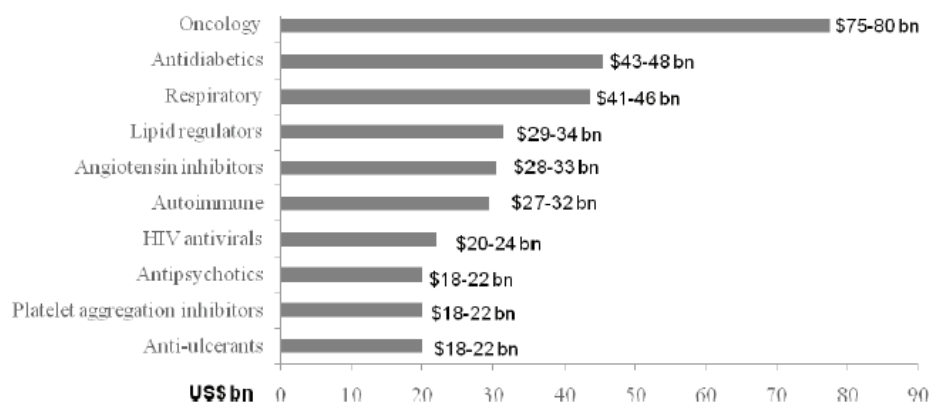
Top therapeutic segments: Oncology has remained the largest therapeutic segment globally in the last few years and is expected to grow to market size of US\$75-80 billion by 2015 growing at a CAGR of 5-8% which is considerably slower compared to its growth in the last few years. Major demand drivers for oncology segment are potential in pharma emerging markets, novel mechanisms, research and development breakthroughs and demand for recently launched conventional drugs.

Top 15 therapeutic segments globally by Sales in 2010

Therapeutic Segment/Drug Class	Rank	Global Sales (USD billions)	Y-o-Y Growth
Oncologics	1	56.0	6.7%
Lipid Regulators	2	36.4	2.0%
Respiratory Agents	3	35.9	7.0%
Anti-diabetics	4	34.4	12.2%
Anti-ulcerants	5	28.0	(6.5%)
Angiotensin-II Antagonists	6	26.6	4.5%
Antipsychotics	7	25.4	9.0%
Autoimmune Agents	8	20.7	14.7%
Antidepressants	9	20.2	3.4%
HIV Antivirals	10	15.4	13.2%
Platelet Aggr. Inhibitors	11	15.2	1.8%
Vitamins & minerals	12	12.9	6.1%
Anti-epileptics	13	12.5	(3.3%)
Narcotic analgesics	14	12.0	6.4%
Cephalosporins & combs	15	11.5	6.1%

Source: IMS Health

Top 10 therapeutic segments globally by 2015



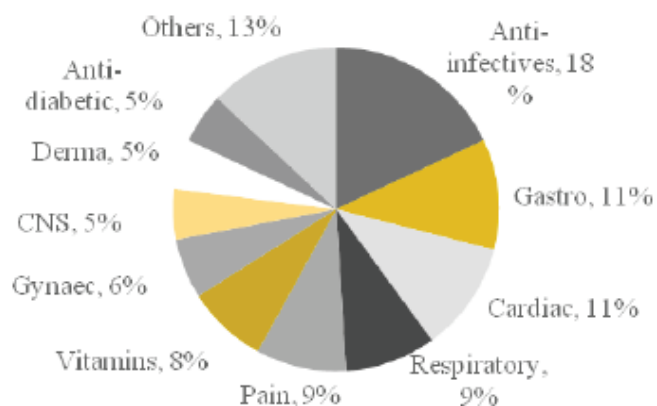
Source: IMS Health

Top therapeutic segments in India

In the domestic Indian pharmaceutical market, anti-infectives remain the most crucial segment and accounts for approximately 18% of the total market revenue. Cardiovascular preparations, cold remedies, pain killers and respiratory solutions have a proportion of approximately 10% each. Chronic therapies like anti-diabetes, cardiovascular and central nervous system have grown at a higher rate compared to other therapy classes indicating a shift in disease profile towards that prevailing in the developed countries. Moreover, the market for treating diseases such as diabetes and obesity, or so-called lifestyle drugs such as anti-depressants, anti-wrinkle drugs etc, form a

smaller portion of the market at present, but are expected to grow in the future given the changing demographics pattern.

Top 10 Therapeutic Segments in India



Source: IMS Health

PROSPECTS

- The product patents regime heralds an era of innovation and research resulting in the launch of new patented product launches. In the longer run, domestic companies would face fresh competition from MNCs, as they would make aggressive new launches. However, the latter would most likely be subject to price negotiation.
- Drugs having estimated sales of over US\$80 bn are expected to go off patent between CY12 and CY15. With the governments in the developed markets looking to cut down healthcare costs by facilitating a speedy introduction of generic drugs into the market, domestic pharma companies will stand to benefit. However, despite this huge promise, intense competition and consequent price erosion would continue to remain a cause for concern.
- The developing markets viz; Brazil, Turkey, Mexico, Russia etc are expected to witness growth of around 25% during 2014-15. Like India, emerging markets are also “Branded” by nature, thus Indian companies are well poised to capitalise on the opportunities in these markets as well.
- The life style segments such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers will continue to be lucrative and fast growing owing to increased urbanisation and change in lifestyle patterns. High growth in domestic sales in the future will depend on the ability of companies to align their product portfolio towards the chronic segment as the lifestyle diseases like hypertension, congestive heart failure, depression, asthma, and diabetes are on the rise.
- Contract manufacturing and research (CRAMS) is expected to gain momentum going forward. India’s competitive strengths in research services include English-language competency, availability of low cost skilled doctors and scientists, large patient population with diverse disease characteristics and adherence to international quality standards. As for contract manufacturing, both global innovators and generic majors are finding it profitable to outsource production. Although the scenario has yet not improved for this space after the financial crisis, it is expected to improve going forward as the pressure to prune costs increases.
- As per the McKinsey report, the Indian pharmaceuticals market is expected to grow to US\$55 bn in 2020 and has the potential to reach US\$70 bn by 2020.

BUSINESS OF THE COMPANY

Dr. Datsons Labs Limited (DDLL) was incorporated on 3 January 2006 as a private limited company under the name of Anjaneya Biotech Limited. The name of the Company was changed to Aanjaneya Biotech Private Limited on 8 March 2007. Further, the Company was converted into a public limited company on 12 April 2010. The name of the Company was changed to Aanjaneya Lifecare Limited vide Certificate of Incorporation dated 19 June 2010. The name of the Company was further changed to Dr. Datsons Labs Limited vide Certificate of Incorporation dated 7 August 2013. The registered office of the Company is situated at K-4/1, Additional MIDC, Mahad, Raigarh – 402309, Maharashtra (India).

The Company has been promoted by Dr. Kannan Vishwanath. Dr. Vishwanath is a bachelor in chemical engineering and MBA & Phd. in business administration. He has more than 14 years of rich experience in pharmaceutical industry.

The Company made its initial public issue of 5 million equity shares of Rs.10 each at a premium of Rs.224 per share aggregating Rs.1170 million in May 2011.

The Company has made an issue of US\$40 million 5.44% Unsecured Foreign Currency Convertible Bonds due 2018 (FCCBs) in March 2013 which is listed on Singapore Stock Exchange (SGX-ST). The Company has utilised the proceeds of the FCCB issue towards overseas acquisitions. All the Bonds having face value of US\$40 million have already been converted into 39,484,717 equity shares of Rs.10 each of the Company and as on the date of this Offering Circular, no FCCB is outstanding.

DDLL is an integrated pharmaceutical company engaged in manufacturing of active pharmaceutical ingredients (“API”) and finished dosage forms (“FDF”) and contract research and manufacturing services (“CRAMS”). DDLL is the world’s third-largest manufacturer of quinine products (APIs) and the second-largest in India (capacity 500 MTPA).

API	<ul style="list-style-type: none">•The Company manufactures second-generation anti-malarial APIs like quinine and its salts and third generation anti-malarial products like Artemisinin-based salts, Niche APIs, Ace Inhibitors, CNS, ARVs and Pain Management.
FDFs	<ul style="list-style-type: none">•The Company engages in contract manufacture for leading Indian pharmaceutical brands;•The Company has its own distribution network pan-India for its range of branded generics;•the Company exports its range of branded formulations to 40 countries worldwide.
CRAMS	<ul style="list-style-type: none">•The Company is engaged in the manufacture of advance intermediates and APIs for global clients.

DDLL has API manufacturing facility in Mahad, Maharashtra while formulations are prepared in Pune. The Company has a dedicated research and development block in Mahad to manufacture highly potent anti-cancer products (from 100 to 500 grams). The research and development block is in operation with batch size of maximum 1 kg per batch. DDLL’s manufacturing units comply with stringent global good manufacturing practices. The Mahad plant is WHO-GMP certified. It has been awarded the ISO 14001:2004 (Environment Management System), ISO 9001:2008 & ISO 22000:2008, & ISO 18000 (OSHAS) certifications by BSI Systems. The Pune plant is WHO-GMP and ISO 9001:2008 certified by BSI Systems.

Since inception, DDLL has made continuous efforts to grow and expand its business and product lines. The Company’s installed capacity for processing quinine has grown from 200 TPA in the Fiscal year 2007 to 500 TPA in the Fiscal year 2012. The Company has already commenced production of third generation anti malarial APIs i.e. artemisinin and its derivatives and niche API’s. The Company is also setting up a separate block for manufacturing anti cancer APIs and a separate cGMP block for manufacturing of niche APIs with enhanced capacity and a separate intermediate block for manufacturing the intermediates of niche APIs which have applications in various therapeutic segments.

The Company’s present product portfolio consists of second generation, quinine based anti malarial APIs and third generation artemisinin based anti malarial APIs, niche APIs and FDFs. With the expansion of the existing facility and the acquisition of the formulation unit at Pune, the Company’s product portfolio will consist of APIs and FDFs which

shall be marketed in domestic and international markets as branded generics. In finished dosages, DDLL will cover important therapeutic segments such as anti malarial, pain management, erectile dysfunction and hormone replacement therapy, anti obesity and herbal supplements in syrup and tablet form amongst others. The herbal formulations are for cough and cold, liver protection, throat congestion and osteoporosis. Presently, DDLL is supplying APIs, niche API's and FDFs both domestically and exporting to around 17 countries namely Kenya, Uganda, Argentina, Cyprus, South Africa, Indonesia, Tanzania, Yemen, West Indies, Switzerland, Vietnam, Congo, Hong Kong, Haiti, Syria, Jamica and Jordan. In formulation segment, as contract manufacturer, DDLL supplies to companies like Wockhardt, Cipla, Glenmark and others. In own branded generic segment, DDLL is offering products like Anjtil, Rankorex, Doktor Qure, Prosils, LivChek, Herbal Drops and Eshhil. The Company has also launched products like Aanrich, Actipros, Aantox, Aarmex, Aanzol, Aanjatrim, Ulsacare, Apticatch, Anjeniya Curcumacare, Aanmycin Cream, Aarnovita Cream, Aamatosone Cream, Vonli Gel, Aanjalik Gel and Nicco-nil amongst others.

At present, DDLL has 5 patents registered and 5 patents applied in the name of the Company in India. Further, DDLL has also acquired rights for 3 patent applications filed for improved and non infringing process for producing anti cancer APIs namely Gemcitabine Hydrochloride, Capacitabine and Docetaxel which are yet to be granted.

At DDLL, success is measured in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of DDLL 432 staff members and is consciously upheld by a network of approximately 180 distributors. The Company has entered into a management consultancy services agreement dated 26 June 2010 with Rx Pharma India for availing their services for sales management, marketing, and logistics to market its products.

During the financial year 2011-12, the Company has acquired a manufacturing unit located at Survey number 14 and 10, Gadda Potham Industrial Area, Jinnaram Mandal, Medak District, Andhra Pradesh owned by Apex Drugs & Intermediates Limited (Apex) under Slump Sale Agreement dated 1 March 2012.

KEY EVENTS IN THE COMPANY'S HISTORY

Year	Events
2006	<ul style="list-style-type: none"> Incorporated as a Private Limited Company
2007	<ul style="list-style-type: none"> Commencement of commercial production of APIs – Second Generation anti malarial Quinine
2008	<ul style="list-style-type: none"> Increase of manufacturing capacity from 200,000 kgs. per annum to 360,000 kgs. per annum
2009	<ul style="list-style-type: none"> Increase of manufacturing capacity from 360,000 kgs. per annum to 450,000 kgs. per annum Received ISO 14001:2004 and 9001:2008 from BSI Management Systems to manufacture, market and sale of drug intermediates and APIs Received GMP Certificate from joint commissioner for the facility at MIDC, Mahad, Maharashtra Received excellence award from Institute of Economic Studies Became a subsidiary of Finaventure Capital Limited
2010	<ul style="list-style-type: none"> Received ISO 22000:2005 certification for manufacturing and despatch of Quinine Salts for its use as food additive Conversion from private to public limited company Acquired certain assets of Prophyla Biologicals (P) Limited constituting the formulation unit at Pune Commenced manufacturing of third generation, artemisinin based antimalarial APIs in the unit at Mahad, Maharashtra Launched brands such as Anjtil, Rankorex, Doktor Qure, Prosils, LivChek, Herbal Drops, Eshhil etc. Received WHO- GMP Certificate from joint commissioner for facility at Pirangut, Pune, Maharashtra
2011	<ul style="list-style-type: none"> Recognised as an export house by the Zonal Joint Director General of Foreign Trade Public Issue and Listing of the Equity Shares of the Company Received Emerging Pharma Company of Year 2011 Award at 3rd Annual Business Leadership Awards at Bangalore in August 2011 Received the IMC Ramkrishna Bajaj National Quality Award Certificate of Merit at Mumbai on November 2011 Received the Best Corporate Governance & Sustainability Award at 5th Annual Pharma Leadership Awards & Business Conclave at Hands of His Excellency Shri Shankaranarayanan, Governor of Maharashtra at Mumbai in October 2011
2012	<ul style="list-style-type: none"> Acquisition and purchase of manufacturing unit owned by Apex Drugs & Intermediates Limited at Hyderabad

	<ul style="list-style-type: none"> • Annual Report for FY2011-12 honoured among top 100 global communication materials at Annual LACP Communications Competition at Los Angeles, USA • Ranked 9th Globally in Annual IR Global Competition for Corporate Governance at Global IR Ranking New York, USA sponsored by KPMG & Sodelli • Received the “BSE Best Returns to Investors Award 2012” • Received the “Best Exporter of Year- Silver Medal “by Pharmexcil & Ministry of Commerce- India at Hyderabad in September 2012 • Ranked 2 Industry wise in Asia Pacific region at the Global Investor Relations Summit coordinated by KPMG and MZ Associates for Corporate Governance. • Received Golden Peacock National Quality Award, 2012
2013	<ul style="list-style-type: none"> • Received Asia's Emerging Pharmaceutical Company on Innovation Award 2013 at Assocham's 10th knowledge Millennium Summit by Associated Chambers of Commerce and Industry of India. • Received Corporate Governance and Sustainability Vision Awards, 2013 awarded by Indian Chamber of Commerce.
2014	<ul style="list-style-type: none"> • Chosen for International Star Award for Quality to be conferred upon the Company at the ISAQ Convention to be held in September 2014 for: <ul style="list-style-type: none"> – being the third-largest quinine salts manufacturer in the world. This level of operational success demonstrates a clear commitment to ongoing good practices. – the high quality of its production process, as demonstrated by its ISO9001:2008, ISO 14001:2004 and ISO 22000 certifications. – its social and environmental initiatives, like its support of IDA programs (focused on the elimination of animal abuse). – its important contributions to community improvement through education, particularly of women.

COMPETITIVE STRENGTHS

Vertically integrated business model

The Company has a vertically integrated business model with research and development, manufacturing, marketing and distribution capabilities, with respect to certain finished dosage forms. DDLL believes that this will help the Company in moving up the value chain, control production costs, reduce dependency on third parties and strengthen its position as a low-cost producer, while its research and development team provides additional support for the integrated business model through continued efforts by increasing the number of APIs which can be used to produce the FDF products.

The Company is an integrated manufacturer of anti malarial drugs which makes DDLL eligible to directly participate in global tender and institutional business. The Company is an integrated manufacturer of herbal formulations and have introduced its brand LivChek and Prosils in the domestic market and recently in semi regulated export market.

Multiple Finished Dosage Forms catering to various therapeutic segments

In its herbal medication segment, DDLL has expertise in extraction of herbal extracts from plants and herbs which are further formulated as syrups, capsules and tablets and sold under its brand name. DDLL manufactures codeine based cough syrups and have introduced the brand ‘Rankorex’ in the Indian market and are in the process of introducing the same in the semi regulated markets such as Africa, Central America and Middle East.

DDLL has installed an independent lozenges block in compliance with EUGMP Guidelines and will start the production once DDLL gets WHO GMP inspection and their approval. The Company is developing lozenges as Ethical Prescription Dosages for the following therapeutic segments such as irregular bowel movement, insomnia, stress management, smoking de-addiction, appetite enhancer in kids, prostate cancer (cur cumin), joint pain and diabetics amongst others which the Company believes is a Novel Drug Delivery System (NDDS) since this dosage form is sublingual and has better absorption. Further, the Company has recently launched lozenges for insomnia, stress management, smoking de-addiction, appetite enhancer in kids, prostate cancer, etc.

In the gels and cream segments, the Company has patents granted by Indian patent office in 2008. The same are used for hormone replacement therapy in gel form.

Facility designed to serve multiple products range

DDLL is presently manufacturing second generation anti malarials which are Quinine and its salts and commenced commercial production of third generation anti malarial which are Artemisinin based salts. The Company is in the

process of expanding its existing manufacturing facility at Mahad by setting up separate units for manufacturing niche APIs in a separate cGMP block, herbal extracts in a separate Intermediate Block and anti cancer APIs in a dedicated and isolated block. The Company is also providing a separate and centralised quality control and quality assurance department common to all API blocks. The Company has also installed a research and development Block, a Product Development Laboratory for development of APIs. Further, the Company proposes to construct a dedicated stores building which will provide segregation for liquid, synthetic, cytotoxic and herbal raw materials. Further, the production equipment employed at the production facilities are multipurpose and multi-product. This equipment allow the production of a variety of APIs and their intermediates by changing the process parameters, input mix and following cleaning validations procedures.

Further, the production facility at the formulation unit is also multipurpose in nature. Therefore, with its flexible manufacturing infrastructure and multiple product range, DDLL can change its product mix in response to changes in the demands of its customers. Currently, the Company is manufacturing lozenges, liquid syrups, gels and ointments. DDLL plans to commission the tablets and capsule manufacturing section by March, 2013.

Compliance with quality standards to serve international markets

DDLL's GMP certified unit at Mahad, Maharashtra is presently manufacturing quinine and quinine salts and the same is awarded with ISO 14001:2004 (Environment Management System), ISO 9001:2008 and ISO 22000:2008 & ISO 18000 (OSHAS) certifications. The formulations plant at Pune is also GMP and ISO 9001:2008 certified. Such certifications would allow DDLL to market its products in regulated and semi regulated markets.

DDLL has a qualified and experienced employee base and management team with knowledge in healthcare domain

The Company is managed by a team of experienced and qualified personnel, possessing an average experience of 15 years in the domestic and international pharmaceutical industry, including in the areas of production, quality control, marketing and finance. DDLL's chairman Emeritus, Mr. Kashi Vishwanathan has 47 years of experience in the pharmaceutical industry and is the guiding force behind the strategic decisions taken at management levels. Dr. Kannan Vishwanath, the vice chairman and managing director holds a bachelors' degree in chemical engineering from University of Pune and a masters' degree in business administration from Hamilton College USA. He has also been conferred with an Honorary Doctorate from International University of Vienna Austria. With more than 12 years of experience in pharmaceutical industry, he is responsible for spearheading the Company's management, global operations and guiding it through its next phase of growth. Mr. Prabhat K. Goyal, a director on the Board is a post graduate in organic chemistry and has 35 years of working experience in reputed pharmaceutical companies and is responsible for the day to day operations of API manufacturing facility in Mahad. Mr. Shashikant B. Shinde, a director on the Board is a post graduate in business administration and holds a Bachelor's degree in Science with over 32 years experience in this industry and is responsible for the day to day operations of the formulation manufacturing facility in Pune.

The promoters and directors are backed with a team of qualified personnel with relevant domain experience which provides DDLL with a competitive advantage as DDLL seeks to expand in its existing product portfolio.

BUSINESS STRATEGY

DDLL's strategic objective is to continue to improve on and consolidate its position in the market by adopting latest technologies. DDLL intends to achieve this by implement the following:

Continue to expand and diversify the product portfolio

DDLL intends to continue to expand and diversify its existing product offerings in order to cater to different therapeutic segments. Presently, the Company is manufacturing second and third generation anti malarial APIs, niche APIs and FDFs and niche APIs for its intermediates. Going forward, DDLL intends to expand its current facility at Mahad, Maharashtra, for producing APIs for anti cancer and herbal extracts.

Further, as a part of its business strategy, the Company has acquired the formulation unit of Prophyla Biologicals (P) Limited, a contract manufacturer of syrups, lozenges and ointment/gels which will help DDLL in expanding its product portfolio. The Company is also in the process of expanding the above acquired unit by setting up a facility for manufacturing and packaging of tablets and capsules by March, 2013. Through this acquisition, DDLL shall cover important therapeutic segments such as anti malarial, anti cancer, pain management, erectile dysfunction and hormone replacement therapy, anti obesity amongst others with a focus to offer a wider product portfolio to its existing customer base. This acquisition enables the Company to be present in the entire value chain of its products leading to cost, quality and time control and customisation thereby improving the margins and increase in customer satisfaction.

The Company is holding a license from Food and Drug Administration, Maharashtra for manufacture of liquids, lozenges and ointments for its Pune facility. In addition to this, DDLL will be outsourcing the products in tablet and capsule dosage form for various therapeutic segments like irregular bowel movement, insomnia, stress management, smoking de-addiction, appetite enhancer, natural immunity booster etc from various companies till its new facilities are commissioned at Pune.

Further, the Company has entered in a Slump Sale Agreement dated 1 March 2012 for acquisition and purchase of manufacturing unit owned by Apex Drugs & Intermediates Limited at Hyderabad.

Establishing the brands across therapeutic segments

In the year 2007, the Company started as an API manufacturer and has moved up the value chain by manufacturing FDFs and Branding. The Company has launched brands such as Anjtil (diareahhea), Rankorex (cough syrup), Doktor Qure (pain management), Prosilis (herbal lozenges), EshyHil (crack heel cream), Aanmycin (skin – anti fungal) under the branded generic segment in the domestic market and have launched these brands in the semi regulated markets like Kenya, Tanzania, Haiti, Egypt, Dominican Republic and Jamica.

Further, in 2011-12, the Company has launched products like Aanrich, Actipros (asthama), Ulsacare (mouth ulcers), Apticatch (appetite enhancer in kids), Anjeniya Curcumacare (prostate cancer) and Nicco-nil (smoking de-addiction), amongst others under the branded generic segment in the domestic market, and the Company is proposing to launch these brands in the semi regulated markets.

Focus on increasing the market share for life style and high valued drugs

The Company has been supplying APIs to domestic and international markets and has established relationships with its clients. However, going further DDLL intends to enter into life style and value drugs due to better margins in various therapeutic segments namely, hormone replacement therapy, anti obesity and oncology etc. being given in various drug forms. In 2011-12, the Company has entered into the life style and value drugs segments by catering to therapeutic segments namely erectile dysfunction and herbal supplements. These drugs are marketed by the Company in the domestic market and have also been launched in the semi regulated markets like Kenya, Tanzania, Haiti, Egypt, Dominican Republic, Sudan and Jamica.

These products have large markets worldwide. Based on DDLL's internal management estimates, these products are manufactured in India only by limited companies for the global markets. DDLL plans to focus its sales and marketing efforts on these product groups to capture larger market shares.

Establish the presence in international markets

DDLL plans to establish its presence in the international markets including Russia, Middle East, Central and Latin America, South East Asia, South Africa, Cyprus and Greece in the European Union by filing dossiers in international markets and developing long-term relationships with customers. DDLL believes that demand for its products in these markets will continue to grow in line with changes in healthcare standards, insurance penetration and government spending on healthcare. Increased sales in such countries would allow DDLL to achieve economies of scale. DDLL plans to establish its presence in these markets by product registrations and filings and by increasing its customer base through marketing arrangements with local pharmaceutical companies.

Develop presence in oncology segment

The Company intends to develop products for the oncology segment in its portfolio. The Company has set up a dedicated small research and development block in Mahad, Maharashtra for manufacturing highly potent anti cancer product from 100 grams to 500 grams and is in the process of setting up a separate facility for manufacturing anti cancer APIs by June 2013. Further, The Company has 5 patents registered and 5 patents applied in its name and also acquired rights for 3 patent applications filed for improved and non infringing process for producing anti cancer APIs namely Gemcitabine Hydrochloride, Capacitabine and Docetaxel which are yet to be granted.

Further, the Company has a trading license from the Food and Drug Administration, Maharashtra for buying and selling of bulk drugs and FDFs. The Company proposes to outsource oncology APIs and FDFs from various companies till its new facilities are commissioned at Pune.

Continue focus on research and development

The Company has a research and development centre at its existing facilities at Mahad and Pune, Maharashtra. The research and development team is engaged in improving the processes for existing products thereby improving the cost efficiencies. DDLL's research and development centre at its facility in Mahad is operational and the Company is

also in the process of expanding its research and development centre at its facility in Pune, which shall be operational by March, 2013.

PRODUCTS

The Company is into the following product segments:

1. Active Pharmaceutical Ingredients
2. Formulations/ FDFs

Active Pharmaceutical Ingredients and intermediates

The Company is presently engaged in the manufacture of APIs, which are off-patent and has developed non-infringing processes for manufacture of APIs. The Company is focused on the following therapeutic segments:

Present:

S. No.	Therapeutic Category	Active Pharmaceutical Ingredients and intermediates	Applications
1	Anti Malarial (Quinine and its salts)	Quinine Sulphate	<ul style="list-style-type: none"> ▪ Antimalarial (falciparum malaria) ▪ Nocturnal leg cramps
		Quinine Hydrochloride	<ul style="list-style-type: none"> ▪ Antimalarial ▪ Nocturnal leg cramps ▪ Antiseptic wash
		Quinine Bi sulphate	<ul style="list-style-type: none"> ▪ Antimalarial ▪ Nocturnal leg cramps
		Quinine Di hydrochloride	<ul style="list-style-type: none"> ▪ Antimalarial (falciparum malaria)
2	Anti Malarial (Artemisinin based derivatives)	Arteether	<ul style="list-style-type: none"> ▪ Antimalarial (Cerebral and Chloroquine resistant malaria)
		Artemether	<ul style="list-style-type: none"> ▪ Antimalarial ▪ Blood Fluke
3	Niche APIs	Bromhexine Hydrochloride – EP	<ul style="list-style-type: none"> ▪ Expectorant
		Perindopril	<ul style="list-style-type: none"> ▪ Ace Inhibitor
		Ethopabate	<ul style="list-style-type: none"> ▪ Vetinary
		Oxyclozanide	<ul style="list-style-type: none"> ▪ Anthelminthics

Proposed:

S. No.	Therapeutic Category	Active Pharmaceutical Ingredients and intermediates	Applications
1.	Anti Cancer	Docetaxel	Treatment of breast, ovarian, and non-small cell lung cancer. (used for chemotherapy)
		Gemcitabine Hydrochloride	Treatment of advanced ovarian, breast and non-small cell lung cancer. (used for chemotherapy)
		Capecitabine	Treatment of metastatic breast and colorectal cancers (orally administered)
		Paclitaxel	Anti Cancer
		Irinotecan Hydrochloride	Anti Cancer
		Topotecan Hydrochloride	Anti Cancer
		Imatinib Mesylate	Anti Cancer
		Gefitinib	Anti Cancer
2	Narcotic drugs	Diphenoxylate Hydrochloride	Diarrhea Obstructive jaundice
		Hydrochlorothiazide – USP	Diuretic
		Metoclopramide Hydrochloride – USP	Emitic
		Clorsulon	Vetinary
		Primaquine Phosphate	Malaria
		Mefloquine Hydrochloride	Malaria
		Albendazole	Antiparasitic.

		Rafoxanide	Anthelmintics
		Dihydroartemisinin	Anti Malarial
		Artesunate	Anti Malarial
		Lumefantrine	Anti Malarial
3	Niche APIs	Bromhexine Hydrochloride	Expectorant
		Hydrochlorothiazide	Diuretic
		Metoclopramide Hydrochloride	Emitic
		Clorsulon	Veterinary
		Perindopril	Ace Inhibitor
		Primaquine Phosphate	Malaria
		Mefloquine Hydrochloride	Malaria
		Albendazole	Antiparasitic.
		Ethopabate	Veterinary
		Rafoxanide	Anthelmintics
		Dihydroartemisinin	Anti Malarial
		Artesunate	Anti Malarial
		Lumefantrine	Anti Malarial
4	Intermediate Drugs	Intermediates of all above Niche APIs	-

Finished Dosage Forms (FDFs)

Present:

Products	Product/Brand Manufactured	Application/Therapeutic segment
Lozenges	Prosils D Cough Lozenges	<ul style="list-style-type: none"> ▪ Dry Cough ▪ Allergic Cough ▪ Smoker's Cough
	Doktor Qure Herbal Lozenges	<ul style="list-style-type: none"> ▪ Dry Cough ▪ Allergic Cough ▪ Smoker's Cough ▪ Productive Cough Bronchitis Nasal Congestion ▪ Cold Symptoms Sinusitis
	Prosils Herbal Throat Lozenges	<ul style="list-style-type: none"> ▪ Dry Cough ▪ Allergic Cough ▪ Smoker's Cough ▪ Productive Cough Bronchitis Nasal Congestion ▪ Cold Symptoms Sinusitis
	Herbal Drops Throat Lozenges	<ul style="list-style-type: none"> ▪ Sore throat and Cough
	Aanfresh Throat Lozenges	<ul style="list-style-type: none"> ▪ Local Anaesthetic ▪ Antiseptic Dry/Allergic Cough ▪ Sore Throat
Syrups	Fercifol Syrup	<ul style="list-style-type: none"> ▪ Pregnancy ▪ Anaemia
	Rankorex Syrup	<ul style="list-style-type: none"> ▪ Dry Cough, ▪ Allergic Cough ▪ Smoker's Cough ▪ Productive Cough Bronchitis Nasal Congestion ▪ Cold Symptoms Sinusitis
	Livchek Syrup	<ul style="list-style-type: none"> ▪ Liver Tonic, ▪ Correct Liver Dysfunction ▪ Increases appetite ▪ An Liver Protector
	Doktor Qure Herbal Cough Syrup	Productive and non-productive of varied Etiology along with antimicrobials in respiratory tract infections. For long term use as Respiratory Immunomodulator
	Vitaal Syrup (Multi-vitamin Syrup)	<ul style="list-style-type: none"> ▪ Pregnancy ▪ Anaemia
Ointments	Doktor Qure Pain Reliever	<ul style="list-style-type: none"> ▪ Lower back ache

		<ul style="list-style-type: none"> ▪ Muscle sprain, strain ▪ Inflamed and painful joints ▪ Bursitis, ▪ Fibromylgia, ▪ Deep aching pain, ▪ Rib pain, ▪ Wrist and ankle pain
	Esyhil Cream	<ul style="list-style-type: none"> ▪ Dry skin disorder such as cracked heels, chapped hand, fissures
	Aanmycin Cream	<ul style="list-style-type: none"> ▪ Fungal infection with eczema ▪ Secondary dermatoses
Tablets	Anjtil Tablet	<ul style="list-style-type: none"> ▪ Diarrhea

Proposed:

The Company proposes to develop a range of formulations in various therapeutic segments across various dosage forms such as tablets, capsules, ointments, gels, liquids and lozenges. The Company also plans to develop products which address obesity, erectile dysfunction, etc. and also develop animal health products, herbal supplements, stimulant/anti-pyritic, etc.

LOCATION

Currently, the Company is operating from the following units:

Location	Activity	Total Land Area
K/4-1, Additional Mahad, MIDC, Raigad – 402309, Maharashtra, India	Manufacturing of APIs, Intermediates drugs and Research and Development	Total area of 15,000 sq. mtrs.
Gut No.123, Pirangut, Taluka- Mulshi, Pune – 412108, Maharashtra, India	Finished Dosage Forms (Lozenges, Ointments/gels, Syrups)	Total area of 6,430 sq. mtrs.

PLANT AND MACHINERY, TECHNOLOGY AND PROCESS

Plant and Machinery

The manufacturing unit at Mahad, Maharashtra has indigenous plant and machinery, which includes stainless steel reactors, glass lined reactors, fractionating columns, centrifuges, thermal fluid heaters, cooling towers, vacuum pumps, transfer pumps and support equipments like steam boilers, fluid bed driers. These machines are used for different processes including filtrations, reactions and distillations for manufacturing bulk drugs.

The Company is currently in the process of upgrading its manufacturing facility at Mahad, Maharashtra, to enable it to qualify to USFDA standards. The manufacturing facility is being upgraded by refurbishing the existing flooring with latest epoxy coating and by upgrading the HVAC (ventilations systems). The manufacturing facility for Quinine is upgraded by providing epoxy flooring and crude manufacturing area is enclosed and provided with filtered air supply. The column and condenser are installed to one of the reactor to carry out distillations. Also, the Company is in process of upgrading the plant and machinery like the steam boiler, coal fired boiler and others. The filtration systems are being attached with ultra filtration units.

Major manufacturing equipments used at the Pune unit consist of continuous cooker, batch forming machine, cooling conveyor, pillow packing machines, integrated ointment compounding plant, planetary mixer, monoblock liquid filling/sealing machine, labeling machine, boilers, water treatment plant, effluent treatment plants, generators, air compressors etc. These equipments are of appropriate design and adequate size to facilitate manufacturing of lozenges, ointments and liquids.

At the Pune unit, the Company is upgrading the manufacturing facility of liquids and ointments. The HVAC (ventilation systems) and the doors are being changed to qualify as per UKMHRA and USFDA guidelines for manufacturing syrups and ointments. Also, the Company is the process of building a new lozenges unit of 22,500 sq. feet which is as per EUGMP & USFDA Guidelines. The Company has completed the construction for the unit and has ordered the required plant and machinery for the same. The commercial production for this unit is expected to commence from March, 2013.

Further, the Company has also constructed an underground tank with a capacity of 1.05 million liters and 0.65 million liters at Mahad and Pune respectively to harvest rain water that would be used to manufacture bulk drugs, syrups, ointments and lozenges after it is purified through the water purification system.

Technology and Manufacturing Process

The manufacture of Active Pharmaceutical Ingredients involves a series of multiple step processes by both chemical and physical means under controlled conditions of temperature and pressure. These drug substances can be manufactured by number of processes like chemical synthesis, fermentation and extraction or by recovery from natural resources to produce finished products and intermediates which are saleable.

For each product, the Company identifies several alternative methods of manufacture and chooses the one which is most appropriate for the situation viz., economic, patent non-infringing, achieving a desired quality standard, environment impact etc. Depending on the requirements of the customers, the finished products can be either in different forms. It is then suitably packed in different packaging material.

RAW MATERIALS

Unit I - Mahad

The basic raw materials used for manufacturing bulk drugs by the company are cinchona bark, artemisinin powder, lime, caustic soda, sulphuric acid, HCL, liquor ammonia and charcoal. Apart from these raw materials various solvents namely water and toluene are required for manufacturing bulk drugs. All these raw materials are procured from both domestic as well as international market from various suppliers. The Company generally maintains adequate stock of raw material to cover the existing order book position, which mitigates any adverse effect due to price fluctuation.

Unit II - Pune

The raw materials required for Pune unit are procured in the ordinary course of business from various domestic suppliers.

UTILITIES

Manpower

The manufacturing process requires an appropriate mix of skilled, semi-skilled and un-skilled labour, which is readily available. As on 31 March 2014, the Company had 432 employees. The detailed break-up of the employees is as under:

Particulars	Management	Officers/Clerks	Workers	Total
Corporate	25	14	12	51
Mahad unit	10	31	143	184
Pune unit	10	42	145	197
Total	45	87	300	432

Power and Fuel

The manufacturing facilities have adequate power supply position from the public supply utilities. The total power required in manufacturing units at Mahad and Pune is 350 KVA and 220 KVA respectively. The break up of sanctioned load is as under:

Details of the Unit	Sanctioned load
Unit I – Mahad	500 KVA
Unit II – Pune	350/180 KVA

Power supply at the above locations is adequate to carry out the manufacturing activities. In case of power failure, the Company has back up facilities in the form of diesel generator sets. This power capacity will be adequate to meet the expanding needs.

For Mahad unit, the Company currently uses coal for the steam boilers. Further, the Company has a dedicated feeder line from MSEB providing power for 365 days a year. For the Pune unit, the Company currently uses light diesel oil as a fuel for operating the boiler.

Water

Unit I - Mahad

The current water consumption is sourced from MIDC. It is used for the manufacturing processes, for cooling and chilling arrangements, for steam generation and other general purposes. The Company has recently built an underground water storage plant for harvesting rain water.

Unit II - Pune

The water requirement for the formulation unit is sourced from borewell. The borewell water is then pumped into the water treatment plant for manufacturing processes, drinking, sanitization of premises, washing and cleaning of equipments. The Company has recently built an underground water storage plant for harvesting rain water.

ENVIRONMENTAL ASPECTS

During the manufacturing process of APIs, intermediates and formulations, varied effluents and contaminants are produced. The effluent treatment plants are used in the removal of high amount of organics, debris, dirt, grit, pollution, toxic, non toxic materials, polymers etc. The Company has installed infrastructure to ensure adequate treatment of all effluents at its manufacturing facilities. The Company also believes in complying with common Effluent Treatment Plant regulations in relation to the discharge of treated effluents, and common treatment, storage and disposal facilities regulations with respect to the disposal of hazardous wastes.

The units at Mahad and Pune are members of CHW-TSDF (Common Hazardous Waste Treatment Storage Disposal Facility), managed by Mumbai Waste Management Limited and Maharashtra Enviro Power Limited respectively for disposal of solid /hazardous waste. The Company has also obtained consents from the respective State Pollution Control Boards, regarding the emission and discharge of effluents in air and water.

RESEARCH AND DEVELOPMENT

The Company believes that research and development is the backbone of a pharmaceutical company. In order to meet the business challenges, the Company has set up a research and development centre for APIs at Mahad and a research and development centre for formulations at Pune which are focused on development of non-infringing processes, new drug delivery systems, new dosage formulations, applying new technology for better processes and achieving cost efficiencies. Further, research and development centre for APIs at Mahad is recognized by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India.

Unit I - Mahad

The research and development centre at Mahad comprises of a team of 4 scientists, 4 associates and 7 chemists, as at 31 March 2014, with expertise in Thin Layer Chromatography (TLC), fractionation, chemical compounds column chromatography. The centre is well equipped with the latest equipments like drying oven, karl fischer titrator, pH meter, HPLC, stability chambers, vaccum ovens with pumps and all types of glassware and fume hoods to carryout various reactions in the laboratory. The laboratory is also equipped with the analytical instruments like gas chromatographs (GC), UV visible spectrophotometers, infrared spectrophotometer, polarimeter, laminar air flow, BOD incubator and electronic balances.

Going further, the Company has expanded the research and development centre at its facility in Mahad. The research and development centre at Mahad is recognized by Department of Scientific & Industrial Research, Ministry of Science & Technology, Government of India. The centre is well equipped with the latest equipments in synthetic as well in analytical labs. The research and development centre has an exclusive Analytical Development Laboratory (ADL) within research and development apart from Quality Control department. The ADL within research and development is well equipped with instruments Karl fischer titrator, pH meter, Preparative HPLC, Gas chromatographs, UV visible spectrophotometers, infrared spectrophotometer, Polarimeter, Analytical Balance, Automatic Titrator etc. Moreover, synthetic lab also consists of equipment with latest technology, such as, diaphragm pumps, fume hoods rota evaporator etc.

Unit II - Pune

The Company also has a Research and Development centre at Pune with a team of 3 scientists and 4 associates, as at 31 March 2014, with expertise in formulations and herbal development. The centre is well equipped with various equipments for conducting quality research activities like HPLC, Infrared spectrophotometer for identification, Gas Liquid Chromatography (GLC) for analysis of pesticides, High Pressure Thin Layer Chromatography (HPTLC) for detection and chemical analysis of certain photochemical such as alkaloids, tannins, etc. as well as herbal ingredients.

Going further, the Company is expanding the research and development centre at its facility in Pune which is expected to be commissioned by March, 2013. The Company intends to leverage its research and development capabilities towards improvement in recoveries of various solvents and intermediates; development of new processes, filing dossiers with various regulatory agencies for increasing its penetration into the semi regulated and regulated markets.

MAJOR SUPPLIERS

The top ten suppliers of the Company contribute to 93.53% of the total purchases made during financial year 2013-14. Other than in normal course of business as on date none of the suppliers are related, associated or have a connection in any manner with the Company. Further, the Company's major suppliers are Arch Pharmed Labs Limited, Nipro Tubes Glass Limited, Vikas Industries & Chemicals Private Limited, Calyx Chemicals & Pharmaceuticals Limited, Anshul Impex Private Limited, Avaya Industries Limited, Medichem Life Sciences Private Limited, Veritas (India) Limited, Sanman Trade Impex Private Limited and Minechem Impex Limited..

COMPETITION

The Company operates in the pharmaceutical sector which faces competition from domestic as well as international players. Competition emerges not only from the organized and unorganized sector but also from small and big players. Its competitiveness depends on several factors including quality, price and customer service.

In its existing line of business, the Company faces competition from domestic companies like Indoco Remedies Limited, IPCA Laboratories Limited, Torrent Pharmaceuticals Limited, Plethico Pharmaceuticals Limited and others. In oncology segment, major players include Shilpa Medicare Limited and NATCO Pharma Limited.

MAJOR CUSTOMERS

The Company's major customers are Victory Mercantile Corporation Pte Limited, Singapore, Hita Pharmachem Private Limited, Medichem Life Sciences Private Limited, Hazel Mercantile Limited, Somatico Pharmacal Private Limited, Annex Pharmaceuticals, Vasu Healthcare Limited, Cipla Limited and Wockhardt Limited. None of its customers for the year ended 31 March 2014 are related, associated or have connection in any manner with the Company.

MARKETING AND MARKETING SET-UP

DDLL's approach to marketing has been direct to the customers as well as through a network in the local as well as global markets. Traders primarily identify the customers, negotiate with them, submit the samples along with necessary documentation and ensure product approval. Further, as part of the regular business promotional measures, DDLL participates in various exhibitions/seminars /conferences and pharma-related events that also help DDLL in getting information on various potential products are growing in the regulatory and semi regulated markets. The Company in turn inform the same to its research and development for working on the development of these APIs. Further, the Company currently has a distributor network comprising of approximately 180 distributors and has also entered into a management consultancy services agreement with Rx Pharma India for availing their services for sales management, marketing, and logistics to market its products.

Business Promotional activities

As a part of its regular sales promotional measure, the Company also participates in various exhibitions / seminars /conferences and pharma-related events. Contacts made during the sales conferences and trade fairs are closely followed up by organizing the detailed product offers samples and specifications. The Company also locates and identifies companies whose formulations have usage for its APIs. Some of the important events in which the Company has participated in exhibitions such as CPHi India, CPHi South America, CPHi – World wide (International Conference on Pharmaceuticals and Intermediates), FCE Brazil, Medica Apteka – Kenya. The Company looks for participating in International exhibitions such as Apteka Moscow etc.

Export Market

The company has already been exporting to countries like; Kenya, Uganda, Argentina, Cyprus, South Africa, Indonesia, Tanzania, Yemen, West Indies, Switzerland, Vietnam, Congo, Hong Kong, Haiti, Syria, Jordan, Sudan, Jamaica etc. However, the Company plans to establish its presence into the emerging markets such as Russia, Middle East, Latin America; South East Asia etc. In global markets, the Company shall retain and enhance cost efficient quality leadership in anti malarial drugs. It is the endeavor of the Company to achieve this by resolving complex chemistry challenges, improving process efficiencies, adopting global scale manufacturing and using cost effective market networks.

PROPERTIES

The detail of immovable properties owned and/or taken on lease by Company for its uses is as under:

S. No.	Address	Area (sq. mtr.)	Usage	Owned/ Leased
1	Plot 34, Postal Colony Chembur, Mumbai – 400071	3,500	Corporate & Administrative office	Taken on lease from Dr. Kannan Viswanath for a period of 12 months vide Leave and License Agreement dated 1 March 2013 [#]
2	K/4-1, Additional Mahad, MIDC, Raigad – 402309, Maharashtra	15,000	Factory	Taken on lease from Maharashtra Industrial Development Corporation for a period of 95 years vide Lease Deed dated 9 April 2007
3	Gut No.123 and Land at Gut No.97 & 122 Pirangut Taluka- Mulshi Pune – 412108 Maharashtra	7,220.516	Factory	Owned

#The Company is in process of renewing the leave and license agreement. For further details, refer to Risk related to the Company and its Business in the section titled “Risk Factors”

INTELLECTUAL PROPERTY

Trademarks and other proprietary rights are essential to the Company’s business. The Company also relies on patents, trade secrets and know-how to develop, maintain and strengthen its competitive position.

Trade secret protection of unpatented confidential and proprietary information is also important to the Company. It is the policy of the Company to protect its products and technology through patents and trademarks.

Trademark

The Company has 186 registered trademarks in India and further applied to register 40 trademarks. Further, pursuant to a Deed of Assignment dated 1 April 2010, the Company has acquired 3 registered trademarks and 21 pending trademarks from Prophyla Biologicals Private Limited. As on date there are 19 registered and 5 pending trademarks in the name of Prophyla Biologicals Private Limited. The Company is in the process of submitting to the Trade Mark registry to carry out necessary changes.

Patents

The Company has 5 registered patents which have been acquired pursuant to a Deed of Assignment dated 28 May 2008 from Benzochem Life Sciences Private Limited. Further, pursuant to a Deed of Assignment dated 9 June 2010, the Company has acquired the rights to 3 pending applications for process patents from its Chairman, Mr. Kashi Vishwanathan and Vice Chairman & Managing Director, Dr. Kannan Vishwanath. The Company is in the process of submitting this Deed of Assignment to the concerned authorities to effect the change. The Company has also submitted three patent applications in its name. Therefore, as on date, the Company has 5 registered patents and 8 patent applications pending registration.

INVESTMENTS

As on 31 March 2014 and during the last three financial years, the Company has made investments as under:

	(Rs. in million)		
Investments in	31.03.2014	31.03.2013	31.03.2012
Subsidiaries & overseas acquisitions	2,127.28	23.48	7.26
Non-trade investments (unquoted)	0.50	0.50	0.50
Total	2,127.79	23.98	7.77

Besides aforesaid, the Company does not hold a proportion of the capital of any other undertaking, which is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

OUTSTANDING DEBT

As at 31 March 2014, the outstanding debts of the Company are as follows:

(Rs. in million)		
Particulars	Sanctioned Limit	Outstanding as on 31.03.2014
Secured Loans		
Term Loan	602.90	627.43
Working Capital	1,250.00	1532.43
Non-fund Based Facilities	150.00	1.86

The Term Loan is secured by way of first charge on the immovable assets and second charge on movable assets of the Company. The Working Capital limits are secured by way of first charge on the current assets of the Company.

INSURANCE

The Company's principal types of insurance coverage include standard fire and special perils insurance and burglary insurance for building, plant and machinery, utility equipment and stock. In addition, the Company also maintains vehicle insurance policies. The management of the Company believes that the amount of insurance presently maintained by the Company represents an appropriate level of coverage required to insure the business and operations of the Company, and is in accordance with industry standards in India.

SEGMENTAL REVENUES

The Company has only one reportable segment and that is pharmaceutical. Further, the Company operates in domestic as well as export market. The product and market wise sale of the Company for the last three years is as under:

(Rs. in million)			
Product wise	31.03.2014	31.03.2013	31.03.2012
API	1,975.70	3,115.73	28,75.30
Formulation	969.98	2,078.08	19,21.09
Trading	1,265.16	13.76	3.25
Total	4,210.54	5,207.57	4,799.64
Market wise			
Domestic	3,246.50	4,312.51	4,397.63
Export	964.04	895.06	4,02.01
Total	4,210.54	5,207.57	4,799.64

EMPLOYEES AND EMPLOYEE RELATIONS

As at 31 March 2014, the Company and its subsidiary had 432 employees as against 427 employees as on 31 March 2013 and 403 employees as on 31 March 2012. The Company has harmonious and cordial relations with its employees and has, so far, not suffered any labour problem. However, there can be no assurance that the Company will not experience future disruptions in its operations due to disputes or other problems with their work force, which may adversely affect its business and results of operations.

EMPLOYEE STOCK OPTION SCHEME

The officials of the Company and its subsidiaries do not hold any stock under the employees' stock option scheme.

EMPLOYEES' BENEFITS

Employees' benefits include an employees' provident fund.

GOVERNMENTAL REGULATIONS

The Company is required to obtain certain approvals from various Government authorities including specifically, the Drug Controller Authority in respect of its business of manufacturing drugs. The Company has all the requisite approvals for carrying on its existing activities and no further approval from any government authority is at present required by the Company to undertake its current activities.

LITIGATION

See the section entitled "Legal Proceedings" in this Offering Circular.

CONTINGENT LIABILITY

As on 31 March 2014, the Company has a contingent liability on account of Service Tax amounting to Rs.82.09 which may arise. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

WORKING CAPITAL

Taking into account the available banking facilities, the Company believes that it has sufficient working capital for the Company's present and budgeted expenditure for the forthcoming 12 months at least.

GEARING

The Company's gearing ratio in FY 2012, 2013 and 2014 was 0.42:1, 0.52:1 and 0.39:1, respectively. For these purposes, the gearing ratio represents total debt over total assets, however, current liabilities have been excluded from total debt at each of the relevant balance sheet dates.

SUBSIDIARIES OF THE COMPANY

The Company has the following subsidiaries:

Eros Pharmachem Pte. Limited (EPPL)

Eros Pharmachem Pte. Limited (EPPL) was incorporated on 16 July 2010 bearing registration number 201015120D in Singapore as a private company, limited by shares, under the Companies Act, CAP 50. The registered office of EPPL is situated at 20, Cecil Street, #14 – 01, Equity Plaza, Singapore, 049705. EPPL became the subsidiary of the Company with effect from 28 February 2012.

EPPL is engaged in the business of trading of pharmaceuticals products. The total issued and paid up capital EPPL as on 31 March 2014 is SGD200,000 comprising of 200,000 equity shares of SGD1 each, which is entirely held by the Company. The investment in the paid up capital of EPPL is valued at Rs.8.07 million in the books of accounts of the Company.

As on 31 March 2013, the latest audited financials of EPPL, the reserves of EPPL stands at US\$(0.01) and net loss stands at US\$(0.01) million. EPPL has not proposed any dividend for the financial year 2013.

As on 31 March 2014, there is no amount outstanding in the books of EPPL as unsecured loan given by the Company.

AANJ Pharmalabs Limited FZE (APLF)

AANJ Pharmalabs Limited FZE (APLF) was incorporated on 21 January 2013 bearing registration number DAFZ/1077 in Dubai Airport Free Zone, Dubai as a free zone establishment with limited liability pursuant to Law No. 2 of 1996 of H. H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai. The registered office of APLF is situated at 5 WA G05, Dubai Airport Free Zone, Dubai, UAE.

APLF is engaged in the business of trading of pharmaceuticals products. The total issued and paid up capital APLF as on 31 March 2014 is UAE Dirhams1,000,000 comprising of one share of UAE Dirhams of one million, which is held by the Company. The investment in the paid up capital of APLF is valued at Rs.15.40 million in the books of accounts of the Company.

As on 31 December 2013, the latest audited financials of APLF, the reserves of APLF stands at US\$0.02 million and net profit stands at US\$0.02 million. APLF has not proposed any dividend for the financial year 2013.

As on 31 March 2014, there is no amount outstanding in the books of APLF as unsecured loan given by the Company.

Dr. Datsons Labs Limited (Datsons)

Dr. Datsons Labs Limited (Datsons) was incorporated on 23 July 2013 bearing company number 8621067 in England and Wales as a private company, limited by shares, under the Companies Act, 2006. The registered office of Datsons is situated at Singhanian & Co. 1 Uqeen Annes Gate, London, England, SW1H9BT.

Datsons is engaged in manufacturing of pharmaceuticals products. The total issued and paid up capital Datsons as on 31 March 2014 is GBP100 comprising of 100 share of GBP1 each, which is entirely held by the Company. The investment in the paid up capital of Datsons is valued at Rs.0.01 million in the books of accounts of the Company.

As on 31 December 2013, the latest audited financials of Datsons, the reserves of Datsons stands at US\$nil and net loss stands at US\$0.002 million. Datsons has not proposed any dividend for the financial year 2013.

As on 31 March 2014, there is no amount outstanding in the books of Datsons as unsecured loan given by the Company.

Fair Success (HK) Limited (FSL)

Fair Success (HK) Limited (FSL) was incorporated on 11 April 2012 bearing registration number 1726829 in Hong Kong as a private company, limited by shares, under the Company Ordinance (Chapter 32 of the Laws of Hong Kong). The business registration number of FSL is 59623306-000-04-13-7. The registered office of FSL is situated at Flat / RM 2101, 21/F, Hong Kong Trade Center, 161-167, Des Voeux Road, Hong Kong. FSL became the subsidiary of the Company in April 2013.

FSL is engaged in the business of trading of pharmaceuticals products. The total issued and paid up capital FSL as on 31 March 2014 is HK\$10,000 comprising of 10,000 shares of HK\$1 each, which is entirely held by the Company.

LEGAL PROCEEDINGS

Save as described below, the Company believes that the Company is not involved in any material legal proceedings, and in the opinion of the Company no proceedings are threatened, which may have or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Company's business, financial position, profitability or results of operations. A summary of legal proceedings involving the Company is set forth below.

S. No.	Case Number	Appellant/ Petitioner/ Applicant/ Complainant/ Plaintiff/ Claimant	Respondent/ Defendant/ Opponent	Name and Address of the Court/ Arbitration Panel	Nature of Case	Relief claimed and Status
CIVIL CASES FILED AGAINST THE COMPANY						
COMPANY PETITION/WINDING UP PETITION						
1.	Company Petition No. 414 of 2013	Dr. Hemen A. Shah	The Company	Bombay High Court	Winding Up Petition under Sections 433(e) and 434 of the Companies Act	The Company failed to pay a sum of Rs.5,000,000 along with interest at the rate of 18.50%, hence the Petition. Next date for hearing is 13 January 2015.
2.	Company Petition No. 330 of 2013	Wazir Financial Services Private Limited	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	The Company failed to pay a sum of Rs.5,726,752 along with interest of Rs.5,502,916, hence the Petition. Next date of hearing is 6 August 2014.
3.	Company Petition No. 82 of 2012	M/s. Forbes Pharmaceuticals	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	The Company failed to pay a sum of Rs.2,502,580 along with interest at the rate of 24% per annum, hence the Petition. High Court of Judicature at Bombay <i>vide</i> its order dated 4 July 2012 has directed matter to arbitration and further that the matter be endeavored to be disposed off with six (6) months of the first meeting held with the

						parties and their advocates. Arbitration Proceedings have been initiated before Learned Sole Arbitrator Mr Rohan Rajadhyaksha
4.	Company Petition No. 271 of 2014	M/s. Ishan Industries	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	Next date of hearing is 6 August 2014.
5.	Company Petition No. 105 of 2014	Sailesh Vinaychandra shah	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	--
6.	Company Petition No. 247 of 2014	World Botanical Products	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	--
7.	Company Petition No. 534 of 2013	Stramline Shipping Company Private Limited	The Company	Bombay High Court	Winding Up Petition under Sections 433(e), 434 and 439 of the Companies Act	Hearing to be held on 6 August 2014.
8.	Summary Suit No. SJ/21/2014	ACG Pam Pharma Technologies Private Limited	The Company	Bombay High Court	Suit for Recovery of Money	--
9.	Recovery Suit No	M/s. Omkar Traders	The Company and Its Directors	Civil Court at thane	Suit for Recovery of Money	Hearing to be held on 17 September 2014.
10.	Summary Suit No. 251/2014	M/s. Chetan Industrial Corporation	The Company	City Civil Court At Bombay	Summary Suit for Recovery of Money	--
OPPOSITION						
1.	Opposition No. 762781 filed against trademark application No. 1729232 filed by the Company.	Amira Foods (India) Ltd	The Company	Trademark Registry, Mumbai	It is filed for opposing registration of the DDLL's trademark "ADDING GOOD HEALTH TO LIFE" published under application no. 1729232 in class 29 in the	The opposition is pending.

					Trademark Journal No. 1434-0 dated 16 February 2010 on page 2238, which they allege is deceptively and similar to the trademark "GOOD HEALTH" registered by Amira Foods (India) Ltd, under no.1086168 in the class 30.	
2.	Opposition No. 762780 against trademark application No. 1729233	Amira Foods (India) Ltd	The Company	Trademark Registry, Mumbai	It is filed for opposing registration of the Company's trademark "ADDING GOOD HEALTH TO LIFE" published under application no. 1729233 in class 30 in the Trademark Journal No. 1434-0 dated 16 February 2010 on page 2368, which they allege is deceptively and similar to the trademark "GOOD HEALTH" registered by Amira Foods (India) Ltd, under no.1086168 in the class 30.	The opposition is pending.
SUMMONS						
1.	Summons issued in Case No. C/18874/13	Salrpuria Investment Private Limited	The Company and its Directors Summons issued to the Company and Paul Chakkpan and Shashikanta	17 th Metropolitan Magistrate, Calcutta	Complaint under Section 138 read with Section 141 of the NI Act	For an amount of Rs.10,000,000 + Rs.471,205 pursuant to an inter corporate loan Hearing to be held on 9 December 2014

			Babnrao Shinde, Directors			
2	Summons issued in Case bearing C.C. No. 3715/SS/12	State Bank of Hyderabad	The Company and its Directors	23 rd Court At Esplanade, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	For an amount of Rs.20,000,000 pursuant to Availing the loan Facility. Hearing to be held on 10 September 2014.
3	Summons issued in Case bearing C.C. No. 03/SS/14	Unilazer Ventures Private Limited	The Company and its Directors	7 TH Court at Dadar, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 20 August 2014.
4	Summons issued in Case bearing C.C. No. 372/SS/14	Sun colour Industry Private Limited	The Company and its Directors	7 TH Court at Dadar, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 20 September 2014.
5.	Summons issued in Case bearing C.C. No. 1242/SS/13	ACG Pam Pharma Technologies Private Limited	The Company	Metropolitan Magistrate Court, Borivali	Complaint under Section 138 read with Section 141 of the NI Act.	For an amount of Rs.25,388,356. Hearing to be held on 11 September 2014.
6	Summons issued in Case bearing C.C. No. 1447/SS/13	Wazir Financial Services Private Limited	The Company and its Directors	23 rd Court At Esplanade, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 12 September 2014.
7	Summons issued in Case bearing C.C. No. 2565/SS/13	Wazir Financial Services Private Limited	The Company and its Directors	23 rd Court At Esplanade, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 12 August 2014.
8	Summons issued in Case bearing C.C. No. 2733/SS/13	Mr. Sailesh Vinaychandra Shah Proprietor of M/s. Sailesh Kumar & Co.	The Company and its Directors	23 rd Court At Esplanade, Mumbai	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 10 November 2014.
9	Summons issued in Case bearing C.C. No. 2733/SS/13	The Jammu and Kashmir Bank	The Company and its Directors	02 nd Court At Dwarka Courts, New Delhi	Complaint under Section 138 read with Section 141 of the NI Act	Hearing to be held on 1 November 2014.
10.	Summons under Section 131 of the Income Tax Act, 1961 vide a letter dated 3 March 2011		The Company	Deputy Director of Income Tax (Investigation), Unit-II (4)	Summons under Section 131 of the Income Tax Act, 1961	The Company has been directed to appear before the Deputy Director of Income Tax (Investigation), Unit-II (4), along with the following documents: i)

						<p>audited balance sheet of the Company for the last two years; ii) details of purchase of the Company for the last two years and current year for Rs. 0.5 million and above; and iii) details of unsecured loans for the last two years and current year.</p> <p>By its letter dated 9 March 2011, DDLL has submitted the abovementioned documents.</p> <p>There are no further communications on this matter.</p>
ARBITRATION						
1.	Statement of Claim before the Learned Sole Arbitrator	M/s Forbes Pharmaceuticals	The Company	Learned Sole Arbitrator Mr Rohan Rajadhyaksha	Statement of Claim of the Claimant under Arbitration and Conciliation Act, 1996 Kindly refer to Company Petition No 82 of 2012 filed by M/s. Forbes Pharmaceuticals.	DDLL has defaulted in payment of Rs.3,603,702, hence the Claim. Next date for hearing is 17 January 2015

DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

The composition of the Board of Directors is governed by the provisions of the Companies Act and the Listing Agreements.

Pursuant to the Companies Act, not less than two-thirds of the total numbers of Directors shall be persons whose period of office is subject to retirement by rotation and one third of such Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The Directors to retire are those who have been the longest in the office since their last appointment. A retiring director is eligible for re-election. The Company's Directors are not required to hold any shares of the Company by way of qualification shares.

The Board of Directors may appoint any person as an additional Director, but the total number of Directors shall not at any time exceed the maximum number fixed as above. Any such Director shall hold office only up to the date of the next annual general meeting unless appointed by the shareholders in accordance with the provisions of the Companies Act.

Presently, the Board of Directors of the Company comprises five Directors with two executive directors, four non-executive and three independent directors. The following table sets forth information on the Company's Directors, their residential address and directorships in other companies:

S. No.	Name and Address	Designation	Category	Other Directorships
1	Mr. Rajendra V. Kamat F-10, Above Muslin Co. Bank Mavtri Market Hadapsar Pune 411028	Chairman	Independent, Non-Executive	Tajgi Dairy India Private Limited Finaventure Capital Limited
2	Dr. Kannan Vishwanath Flat-1205, Maitri Street Plot-69&70, Sector 21 Mumbai Kamothe Navi Mumbai 410209	Vice-Chairman & Managing Director	Executive, Non-Independent	Aanjaneya Remedies Private Limited Finaventure Capital Limited
3	Mr. Shashikant Shinde A 503, Vimal Co-operative Housing Society Limited Off. Veera Deesai Road Near Rukmini Vaihav Andheri (West) Mumbai 400058	Whole-time Director	Executive, Non-Independent	Dr. Ashleys Labs Limited
4	Mr. Prabhat Goyal KL-6 A 1, Flat No. 9 Pachvati Residents Association Sector 7, Kalamboli Navi Mumbai 410218	Director	Non-Executive, Non-Independent	Nil
5	Mr. Giridhara Pulleti 7-1-307/17/A3/1, Subhash Nagar, Sanath Nagar Hyderabad 500038	Director	Independent, Non-Executive	Sanova Pharma Chem Private Limited Nutra Specialities Private Limited Finaventure Capital Limited Raichar Laboratories Private Limited Abhusan Pharma Private Limited

6	Mr. Minhaj Khan 509, Sadoday Plaza Near Ram Mandir C A Road Nagpur 440032	Director	Independent, Non- Executive	Nil
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Brief Profile of Directors

Mr. Rajendra V. Kamat

Mr. Rajendrs V. Kamat, aged 52 years, is a far sighted individual with excellent business development skills. With hands on knowledge of directing the activities of all projects, he has excellent knowledge of supporting the Company's strategic alliances and participating in marketing strategies. He has experience of over 35 years of supervising employees across different departments in order to facilitate the process of production and marketing. He has received an honorary doctorate from the prestigious University of Southampton- United Kingdom for his exemplary services in field of finance and management

Dr. Kannan Vishwanath

Dr. Kannan Vishwanath, aged 39 years, is the Promoter and the Vice Chairman and Managing Director of the Company. He holds a Bachelor's degree in chemical engineering from University of Pune and Masters Degree in Business Administration from Asia-E-University & Doctor of Philosophy in Business Administration from International University of Business and Law. He is also a member of the Indo American Chamber of Commerce. He has an experience of 14 years in the pharmaceutical industry. As the Vice Chairman and Managing Director, Dr. Vishwanath, has been the backbone of the Company's operations and is involved in formulating strategies and policies of the Company. Dr. Vishwanath is responsible for guiding our Company's management and global operation to its next phase of growth. Under his vision the Company has ventured into new geographies with a wide range of products in various therapeutic segments.

Mr. Shashikant Shinde

Mr. Shashikant Shinde, aged 62 years, is the Whole-time Director of the Company. He holds a master's degree in management from Marathwada University, Aurangabad, and is a gold medallist in bachelor's of science from Marathwada University, Aurangabad. He has over three decades of experience in the pharmaceutical industry. In the past, he has been associated with companies like Aristo Pharmaceuticals Limited, Geno Pharmaceuticals Limited, Rathi Brothers Poona Limited and Lyka Labs Limited. He is an approved Technical Expert Staff in Liquid and Capsule Department by the Maharashtra Food and Drug Administration. Currently, he is responsible for overseeing the operations of the unit in Mulshi, Pune.

Mr. Prabhat Goyal

Mr. Prabhat Goyal, aged 60 years, is the non-executive Director of the Company. Mr. Goyal is a post-graduate in organic chemistry from Vikram University, Ujjain. In the past, he has been associated with Elder Pharmaceuticals Limited, IPCA Laboratories Limited, Ranbaxy Laboratories Limited and Jayant Vitamins Limited. He has an experience of over three decades in the pharmaceutical basic drug industry. He also has almost two decades of experience in pharmaceutical manufacturing and research and GMP and USFDA manufacturing compliances. He has designed and commissioned the Company's manufacturing facility at Mahad. He has helped broaden the product portfolio of the Company. He is currently in-charge of developing a research centre at the unit situated at Mahad.

Mr. Giridhara Pulleti

Mr. Giridhara Pulleti, aged 45 years, is an Independent Director of the Company. He holds a bachelor's degree in science from the Nagarjuna University and a master's degree in science with specialisation in organic chemistry and has an experience of over two decades in the pharmaceutical industry. He advises the Board on strategic planning and pilots the implementation of joint ventures. He also provides guidance to the Company on emerging technologies in API like asymmetric synthesis, biocatalysis, reaction calorimeter and peptides.

Mr. Minhaj Khan

Mr. Minhaj Khan, aged 34, is an Independent Director of the Company. He holds a bachelor's degree in Commerce from the Pune University. He is a member of Institute of Chartered Accountant of India ("ICAI"). He is a practicing Chartered Accountant with more than four years of experience in company law matters, direct and indirect taxes, international taxation, business consultancy, investment & portfolio management and audits.

Director's Compensation

The following table sets out details of remuneration paid to the directors for the financial year 2013-14:

Name	Designation	Remuneration (Rs./Million)
Dr. Kannan Vishwanath	Vice-Chairman & Managing Director	10.00
Mr. Shashikant Shinde	Whole-time Director	2.04
Mr. Prabhat Goyal	Director	2.14

The Company has not paid any remuneration to the Non-Executive Directors during the financial year 2013-14 except sitting fees of Rs.250,000 for attending the meeting of the Board/ Committee thereof.

At present, the Company is paying the following remuneration to its Directors:

Name	Designation	Remuneration per month (Rs./Million)
Dr. Kannan Vishwanath	Vice-Chairman & Managing Director	1.25
Mr. Shashikant Shinde	Whole-time Director	0.25

Besides the above, no other remuneration is currently being paid by the Company to its directors except sitting fee of Rs.3,000 per meeting to Non-Executive Directors for attending the meeting of the Board.

Director's Shareholding

The following table sets out the shareholdings of the Directors in the Company as at 30 June 2014:

Name of the Director	Designation	No. of Shares held
Dr. Kannan Vishwanath	Vice-Chairman & Managing Director	1,718,400
Mr. Shashikant Shinde	Whole-time Director	10
Mr. Prabhat Goyal	Director	10

Besides the above, no other director holds any Shares in the Company.

Loan and guarantees to Directors and Management

As at the date of this Offering Circular, there are no loans or guarantees that have been provided or are outstanding to either the Directors or the management of the Company.

ESOP Option

As at the date of this Offering Circular, neither any option nor any right to subscribe for any option on the Shares has been granted by the Company to the Directors of the Company.

CORPORATE GOVERNANCE

The Company has complied with the corporate governance code in accordance with Clause 49 of the listing agreements with the Stock Exchanges, particularly in respect to appointment of independent directors on the Board and constitution of the Audit Committee, the Shareholders'/ Investors' Grievance Committee and the Remuneration Committee. The Company's corporate governance policies recognize the accountability of its Board of Directors and the importance of transparency to all of its constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of the Company's economic activities.

The Board functions through various committees, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. The constitution and main functions of the various committees are given below:

1. Audit Committee

The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, compliance and legal requirements and associated matters. The terms of reference of the Audit Committee are as follows:

- Oversight of the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible.

- Reviewing with the management, performances of statutory and internal auditors.
- Recommending to the Board the appointment and removal of Statutory Auditors and remuneration payable to the Statutory Auditors and also approval of payment for any other services rendered by Statutory Auditors.
- Reviewing with the management the financial statements before submission to the Board, with reference to:
 - Matters required to be included in Director’s Responsibility Statement in terms of Section 217(2AA) of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices;
 - Compliance with Accounting Standards;
 - Major accounting entries involving estimates based on exercise of judgment by the management;
 - Compliance with legal requirements relating to financial statements;
 - Significant adjustments made in the financial statements arising out of audit findings; and
 - Disclosure of any related party transactions that may have potential conflict of interest with the Company.
- Reviewing the adequacy of internal audit function including the structure, staffing, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors for any significant finding and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature which require reporting the matter to the Board.
- Reviewing with the Statutory Auditors scope of audit and any area of concern.
- Looking into any other matter, as may be required, as per the provisions of the Companies Act, or the SEBI Act and rules framed under the said Acts.

The Audit Committee consists of three members, namely Mr. Minhaj Khan, Mr. Giridhara Pulleti and Dr. Kannan Vishwanath, out of which two are independent directors. Mr. Minhaj Khan is the chairman of the Audit Committee. The company secretary acts as the secretary of the Audit Committee. All members of the Audit Committee possess sufficient knowledge and experience in the field of Finance and Accounts.

2. Remuneration & Nomination Committee

The terms of reference of the Remuneration & Nomination Committee are as follows:

- To consider and approve payment of remuneration including pension rights and compensation payment, if any, other than sitting fees payable to the Directors and re-imbursement of expenses incurred by Directors for attending meetings of the Board or committee thereof, payable to the Executive and non-Executive Directors of the Company including Managing Director(s)/ Whole-time Director(s) or Managers, if the remuneration payable is within the limits prescribed by Part II of Schedule XIII to the Companies Act, 1956.
- To determine the employees stock option policy for the Company.
- To determine the promoters and employees of the Company who are eligible to participate in various employee stock option plans of the Company and to determine number of options/shares to be granted to each eligible employee.
- To consider and approve any other matter, relating to remuneration of Directors and employees stock options.
- To look into any other matter, as may be required, as per the provisions of the Companies Act or the SEBI Act and rules framed under these statutes.

The Remuneration & Nomination Committee consists of two independent and non-executive directors namely Mr. Minhaj Khan, Mr. Giridhara Pulleti and Mr. Prabhat Goyal. Mr. Minhaj Khan is the chairman of the Remuneration & Nomination Committee.

3. Shareholders’/Investors’ Grievance Committee

The terms of reference of the Shareholders’/ Investors’ Grievance Committee are to consider shareholders’ and investors’ complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrants, etc. and to redress genuine grievances of shareholders and investors.

The Shareholders’/ Investors’ Grievance committee consists of two independent and non-executive directors namely Mr. Minhaj Khan, Mr. Giridhara Pulleti and Mr. Prabhat Goyal. is the chairman of the Shareholders’/Investors’ Grievance Committee.

Other Committees

To enable efficient functioning with regards to various activities, the Company has constituted the Investment Committee, Corporate Governance Committee and Health, Safety & Environment & Corporate Social Responsibility Committee of the Board.

Policy on disclosures and internal procedure for prevention of insider trading

Pursuant to Regulation 12(1) of the Insider Trading Regulations, the Company is required to implement a code of internal procedures and conduct for the prevention of insider trading. The Company has a Code of Conduct for Prevention of Insider Trading in Securities of the Company, in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992 in this regard and this code is applicable to the Directors and designated employees of the Company.

BRIEF PROFILE OF COMPANY'S SENIOR MANAGEMENT

S. No	Name & Address	Designation	Age	Qualification	Years with the Company	Experience in years	Present Remuneration per annum (Rs./million)
1	Mr. Lalit Shukla B2/503, Hyde park Galaxy CHS Ltd Chiitalsar, off Ghod Bunder Road Thane (West) 400610	President – Finance & Accounts	64	B. Com.	3 years	43	0.66
2	Dr. Prafull Mathur Flat No – 09, Wing A Golden Plaza Apartment, Prabhat Colony, Raigad, Mahad 402301	Head – Research and Development (APIs)	38	M. Sc., Ph. D	3 years	13	0.69
3	Ms.Indira Surendran A/8-, Ellora, DAE Colony, Anushakthinagar, Deonar Mumbai 400094	Corporate – Regulatory Affairs	49	M. Sc.	5 years	27	0.64
4	Mr. Yogesh Patel C/209, Panchsheel-3, Raheja Township, Malad (East), Mumbai 400097	Company Secretary and Compliance Officer	27	B.Com., CS	3 years	4	0.59

Mr. Lalit Shukla holds bachelor's degree in Commerce from Nagpur University. He has an experience of over 43 years in managing financial operations across industry sectors, which included capital mobilisations, financial structuring and turn-around, investor relations, joint ventures, improvement of systems, reporting processes and controls in both established and green-field projects. He is responsible for finance and accounts in the Company. He has previously been associated with various companies including Abbot India Limited, Arch Pharma Limited and Richardson Hindustan Limited.

Dr. Prafull Mathur holds a bachelors' degree in Science and masters degree in Organic Chemistry from Dr. Bhimrao Ambedkar University. He holds Ph. D in Synthetic Organic Chemistry from National Physical Laboratory, New Delhi and is a Senior Research Fellow at CSIR at NPL. He has over 13 years of experience in process development of APIs, medicinal chemistry, drug discovery, pre-clinical and clinical development of new chemical entities and development of generic drugs for a wide range of APIs. He represents the Company at various academic and research institutions in India. He has published 12 papers in reputed International and National Journals & two patents contribution. He is the reviewer of three international journals, few journals member in editorial board and a recipient of the prestigious Endeavor Research Fellowship, Australia for Postdoctoral Research, 2007. He has previously been associated with Vani Pharma Labs Limited and Organo Fine Chemicals. He is currently responsible for leading the research and development team of the Company.

Ms. Indira Surendran holds bachelors' degree in Chemistry from Kerla University and masters degree in Chemistry from the Madurai Kamaraj University. She has over 27 years of experience in quality assurance, quality control, pharmaceutical quality systems and GXP compliance management. She has managed quality and compliance systems for oral solid dosage, sterile products and biologic dosage forms for both finished products and APIs. She has previously been associated with Kopran Limited, Amoli Organics Private Limited and Amri India Private Limited. She is currently involved in corporate regulatory affairs in the Company.

Mr. Yogesh Patel holds bachelors degree in commerce from the University of Mumbai. He is a qualified Company Secretary from the Institute of Company Secretaries of India. He is the Company Secretary and Compliance Officer of the Company. He is currently responsible for legal compliances and secretarial matters of the Company.

Bonus or profit sharing plan for Senior Management Personnel

Currently, the Company does not have a performance linked bonus policy or a profit sharing scheme for its employees.

Code of Conduct

The Company has laid down a Code of Conduct and Ethics for Directors and Senior Management ("Code") applicable to all its Board members and the senior management and the Code is available on its website www.drdatsons.com. In compliance with the Clause 49 of the Listing Agreement, the Code has taken effect from 27 June 2011 as approved by the Board in its meeting held on that date.

Shareholding of Senior Management Personnel

As on the date of this Offering Circular, none of the senior management personnel holds any share in the Company.

ESOP

As at the date of this Offering Circular, neither any option nor any right to subscribe for any option on the Shares has been granted by the Company to its employees including the senior management personnel of the Company.

In the preceding financial year and in the current financial year, the Company has not entered into any transaction of an unusual nature with members of the Board of Directors or any of its senior management employees.

PRINCIPAL SHAREHOLDERS

The Company's principal Shareholders as at 30 September 2014 who are holding more than 1% of the paid up capital of the Company are:

S. No.	Name of Shareholder	No. of Equity Shares	% share holding
1	Kannan Vishwanath	1,518,400	2.84
2	Religare Finvest Ltd.	1,390,611	2.61
3	Apex Drugs And Intermediates Limited	1,310,484	2.46
4	R B Jaju Securities India Pvt. Ltd.	968,387	1.81
5	Prime Broking Company (India) Limited	961,324	1.80
6	Finaventure Capital Ltd.	900,000	1.69
7	Shree Dhoot Trading & Agencies Limited	693,688	1.30
	TOTAL	7,742,894	14.51

Shareholding Pattern

The table below sets forth the shareholding pattern of the equity share capital of Company as on 30 September 2014:

S. No.	Category	No. of Shares held	% share holding
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/ Hindu Undivided Family	1,518,400	2.84
(b)	Central Government/ State Government(s)	-	-
(c)	Bodies Corporate	900,000	1.69
(d)	Financial Institutions/ Banks	-	-
(e)	Any other (specify)	-	-
	Sub – Total (A) (1)	2,418,400	4.53
(2)	Foreign		
(a)	Individuals (Non-Resident/ Individuals/Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any other (specify)	-	-
	Sub – Total (A) (2)	-	-
	Total shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	2,418,400	4.53
(B)	Public shareholding		
(1)	Institutions		
(a)	Mutual Funds/ UTI	-	-
(b)	Financial Institutions/ Banks	720,500	1.35
(c)	Central Government/ State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	-	-
(g)	Foreign Venture Capital Investors	-	-
(h)	Any other (specify):	-	-
	Sub – Total (B) (1)	720,500	1.35
(2)	Non-Institutions		
(a)	Bodies Corporate	13,469,047	25.24
(b)	Individuals –		
	Individuals holding nominal share capital up to Rs.One hundred thousand	18,642,043	34.93
	Individuals holding nominal share capital in excess of Rs.One hundred thousand	13,334,541	24.98
(c)	Any other (specify)		

	Clearing Member	3,024,132	5.67
	Non Resident Indians	1,763,205	3.30
	Sub - Total (B) (2)	50,232,968	94.12
	Total Public Shareholding (B) = (B) (1) + (B) (2)	50,953,468	95.47
	TOTAL (A) + (B)	53,371,868	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-
	GRAND TOTAL (A) + (B) + (C)	53,371,868	100.00

As far as known to the Company, except promoters, no natural or legal persons indirectly, severally or jointly, exercise or could exercise control over the Company and apart from the promoters, no person directly or indirectly, hold 10% or more of its capital.

Any company in which the Company has a direct or indirect holding of more than 50% has not acquired or holds any shares of the Company.

The detail of the promoters who directly or indirectly, exercise or could exercise the control over the Company is given as under:

S. No.	Name of Shareholder	No. of Equity Shares	% share holding
1	Finaventure Capital Ltd.	900,000	1.69
2	Kannan Vishwanath	1,518,400	2.84
	TOTAL	2,418,400	4.53

Build up of Authorised and Issued Share Capital of the Company

S. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
1	Rs.0.1 Million	At the time of incorporation	
2	From Rs.0.1 million to Rs.20 million	28-Jun-07	EGM
3	From Rs.20 million to Rs.60 million	17-Jan-08	EGM
4	From Rs.60 million to Rs.200 million	17-Sep-09	EGM
5	From Rs.200 million to Rs.300 million	19-Apr-10	EGM
6	From Rs.300 million to Rs.500 million	10-Sep-12	AGM
7	From Rs.500 million to Rs.800 million	16-Jun-14	Postal Ballot
8	From Rs.800 million to Rs.1100 million	12-Aug-14	Postal Ballot

The following are the particulars of the changes affecting the issued and paid up equity share capital of the Company since its incorporation –

Date of Allotment	No. of Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Issue
03-Jan-06	10,000	10	10	Cash	Subscribers to Memorandum
29-Feb-08	1,990,000	10	10	Cash	Further allotment
30-Mar-09	2,950,000	10	10	Cash	Further allotment
23-Mar-10	826,667	10	270	Cash	Further allotment
11-Aug-10	1,800,000	10	270	Cash	Further allotment
20-May-11	5,000,000	10	234	Cash	Initial Public Offering
28-Mar-12	1,310,484	10	496	Nil	Allotment against the acquisition of Apex Drugs and Intermediates Limited
18-Mar-14	17,768,124	10	55	Cash	FCCBs Conversion
15-May-14	11,055,720	10	55	Cash	FCCBs Conversion
02-Jun-14	7,205,960	10	55	Cash	FCCBs Conversion
27-Jun-14	3,454,913	10	55	Cash	FCCBs Conversion
Total	53,371,868				

Information on the Company's Share Capital as on 30 September 2014:

Share Capital	Rs.
Authorised Share Capital: 110,000,000 Equity Shares of Rs.10 each	1,100,000,000
Issued, Subscribed and Paid-up Capital: 53,371,868 Equity Shares of Rs.10 each	533,718,680

Note:

As on the date of this Offering Circular, there are no outstanding warrants or securities which are convertible into the Shares of the Company.

Information concerning the Company's shares

1. In the preceding financial year and in the current financial year, there has been –
 - a) Neither a takeover or exchange offer by a third party in respect of the Company's shares;
 - b) Nor the Company has made a takeover or exchange offer in respect of any other company's shares.
2. The Company has not issued either to the public or for private placement, any share of the same class or other classes simultaneously with the issue of shares in terms of this Offering Circular.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company, the Lead Manager, the Trustee, any of the Agents or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. India's first stock exchange was established in Mumbai in 1875.

Stock Exchange Regulations

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and, the SCRR. On 20 June 2012, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "SCR (SECC) Rules"). The SCRA, the SCRR and the SCR (SECC) Rules along with the rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into and enforced between members of the stock exchanges.

The SEBI Act, granted powers to SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries in capital markets, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies.

SEBI has also issued guidelines and regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, credit rating agencies and other capital market participants. The SEBI has the powers to amend the listing agreements and bye-laws of stock exchanges in India. Any amendment of the bye-laws of the stock exchanges in India requires the prior approval of SEBI.

The Companies (Amendment) Act, 2000, amended the Companies Act, 1956 and incorporated significant provisions relating to securities, options in securities and equity shares with differential rights. SEBI is empowered under the Companies Act, to administer certain provisions of the Companies Act in so far as they relate to the issue and transfer of securities and non payment of dividends by listed public companies as well as companies intending to list their securities on any recognised stock exchange in India, and to conduct inspection of a company's records in respect of matters relating to the issue and transfer of securities. The power to prosecute defaulting companies in compliance with the said matter has also been vested with SEBI.

In order to keep with the evolving corporate and business environment, and to revamp the legislation governing Indian companies, the Companies Act 2013 was enacted on 29 August 2013. The new Act which is more comprehensive than the Indian Companies Act, 1956 has 470 sections and will eventually replace the six decade old Indian Companies Act, 1956 and is intended to promote self regulation, investor protection and transparency. The Ministry of Corporate Affairs has as on date notified 282 sections of the new Companies Act, 2013 and rules which have replaced the corresponding provisions in the old Companies Act, 1956. While 98 sections were notified and made effective 12 September 2013, the remaining 184 sections have been made effective from 1 April 2014.

Listing of Securities

The listing of securities on recognised Stock Exchanges is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and the listing agreement of the respective stock exchanges. Further, under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of our Company's obligations under such agreement, subject to our Company receiving prior notice of the intent of the stock exchange. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to set aside the suspension, to the Securities Appellate Tribunal, established under the SEBI Act. SEBI has the power to veto stock exchange decisions in this regard. SEBI also has the power to amend such Listing Agreements and the bye-laws of the stock exchanges in India.

Clause 49 of the Listing Agreement introduced by SEBI encompasses the framework of Corporate Governance for all listed companies. Every company that wants to list its shares on the stock exchanges in India must enter into a listing agreement with the concerned stock exchange. Clause 49 inter-alia provides that:

- the Board shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors.
- Where the Chairman of the board is a non-executive director, at least one-third of the board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise of independent director However where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

Any non-compliance with the terms and conditions of the Listing Agreements with the Stock Exchanges may entail the delisting of the Issuer's Shares from such stock exchanges, which will affect future trading of those Shares.

Minimum Level of Public Shareholding

The minimum public shareholding norms have been amended twice by the Securities Contracts (Regulation) (Amendment) Rules, 2010 and Securities Contracts (Regulation) (Second Amendment) Rules, 2010. The said rules inter alia provide as follows:

- At least 25% of each class of equity shares or debentures convertible into equity shares issued by a company should have been offered and allotted to the public.
- Existing listed companies having less than 25% public holding have to reach the prescribed minimum level within a period of three years from the date of the commencement of the 2010 Rules.
- Companies which have a post issue capital (when calculated at the offer price) of more than Rs.40,000 million are required to offer at least 10% of each class or kind of equity shares or debenture convertible into equity shares to the public. Such companies are required to increase their public shareholding to at least 25% by increasing its public shareholding by at least 5% annually within a period of three years from the date of listing of the securities.
- If the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such reduction.
- Every listed public sector company shall maintain public shareholding of at least 10%
- Existing listed public sector companies having less than 10% public shareholding have to reach the prescribed minimum level within a period of three years from the date of the commencement of Securities Contracts (Regulation) (Second Amendment) Rules, 2010.
- If the public shareholding in a listed public sector company falls below 10% at any time, such company shall bring the public shareholding to 10% within a maximum period of 12 months from the date of such reduction.

Clause 40A of the listing agreement of stock exchanges prescribes methods to raise the public shareholding as envisaged in 2010 Rules. Earlier, only four methods were prescribed to achieving minimum public shareholding i.e. issuance of shares to public through prospectus; or offer for sale of shares held by promoters to public through prospectus; or sale of shares held by promoters through the secondary market; or Institutional Placement Programme in terms of Chapter VIIIA of SEBI ICDR Regulations. SEBI has allowed additional methods for achieving minimum public shareholding. These methods are: (i) Rights Issues to public shareholders, with promoters/promoter group shareholders forgoing their rights entitlement; and (ii) Bonus issues to public shareholders, with promoters/promoter group shareholders forgoing their bonus entitlement.

Further, SEBI has also given the option of using any other method to achieve the minimum public shareholding requirements, as approved by SEBI on case to case basis. Such requests would be considered by SEBI based on merit.

Delisting

The equity shares of a listed company can be delisted under the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**"), which govern voluntary and compulsory delisting of equity shares of Indian companies from the stock exchanges where they are listed. No company can apply for permission to de-list: (i) pursuant to a buyback of equity shares or preferential allotment made by a company or (ii) unless a period of three (3) years has elapsed since the listing of that class of equity shares on any recognized stock exchange or (iii), if any instruments issued by the company which are convertible into the same class of equity shares that are sought to be delisted are outstanding.

A company may be delisted through a voluntary delisting sought by the shareholders of the said company or a compulsory delisting by the stock exchange. However, a company is not permitted to delist its equity shares if any instruments issued by the company which are convertible into the same class of equity shares as are also sought to be delisted are outstanding. A company may voluntarily delist its equity shares from the stock exchanges where its equity shares are listed provided that an exit opportunity has been given to the investors at an exit price to be determined in accordance with a book-built method prescribed under the Delisting Regulations, subject to a minimum price to be determined in accordance with a specified formula specified in the Delisting Regulations. The procedure for compulsory delisting requires appointment of an independent valuer by the stock exchange to determine the fair value of the equity shares proposed to be delisted.

For a voluntary delisting, prior approval of the shareholders of the company is required to be obtained by a special resolution passed through postal ballot, where the votes cast by public shareholders in favour of the resolution should be at least two times the number of votes cast by the public shareholders against the resolution. A voluntary delisting offer would be successful if post the offer, the shareholding of the promoter (along with persons acting in concert with the promoter) taken together with the shares accepted in the offer reaches the higher of: (a) 90% of the total issued shares of that class, excluding the shares which are held by a custodian and against which depository receipts have been issued overseas; or (b) the aggregate percentage of the pre-offer promoter shareholding (along with persons acting in concert with him) and 50% of the offer size.

A delisting proposal also requires (i) a public notice to be given in accordance with the Delisting Regulations; (ii) application for in-principle approval to the stock exchanges; and (iii) final application to the stock exchange to be made within one year of the special resolution approving the delisting.

A company is not permitted to list the equity shares that have been voluntarily delisted for a period of five years from delisting. In respect of equity shares that have been compulsorily delisted, a company is not permitted to list the equity shares for a period of ten years from the delisting.

Circuit Breakers

To restrict abnormal price volatility, SEBI has instructed the stock exchanges in India to apply the following price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

- *Market Wide Circuit Breakers:* In order to restrict abnormal price volatility in any particular stock, SEBI has instructed the stock exchanges to apply daily circuit breakers, which do not allow transactions beyond certain price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 5%, 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for BSE and the Nifty for the NSE (the "NSE Nifty"), whichever is earlier. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide.
- *Price Bands:* Price bands are circuit filters of 2% to 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. The stock exchanges can also exercise the power to suspend trading during periods of market volatility. At the discretion of the stock exchanges and under instructions from SEBI, the stock exchanges can also impose ad hoc margins on the stockbrokers, for specific stocks in the event of extreme volatility in price movements.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public issue of equity securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, and the SEBI ICDR Regulations. The prospectus must be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated, which in the case of our Company is the Registrar of Companies located at Mumbai, Maharashtra. A company's directors and other officers are subject to civil and criminal liability for misstatements/misrepresentations in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and regulates and imposes restrictions in connection with the payment of commissions in relation to the subscription of and/or the sale of securities of an Indian company. The SEBI has issued detailed guidelines through the SEBI Regulations concerning disclosures by public companies and investor protection.

All companies, including public limited companies are required under the Companies Act to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts, which comply with the disclosure

requirements specified in the Companies Act. Under section 93 of the Companies Act a listed company is required to file a return with respect to change in the number of shares held by promoters and top ten shareholders of such company, within fifteen days of such change. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its Listing Agreements with the stock exchanges and SEBI regulatory requirements. The companies are also required to publish unaudited reviewed financial statements (subject to a limited review by Auditors), on a quarterly basis and are required to inform stock exchanges immediately regarding any price sensitive information, which includes but is not restricted to:

- a) issue of any class of securities;
- b) acquisition, merger, de-merger, amalgamation, restructuring, scheme of arrangement, spin off or selling divisions of the company;
- c) change in market lot of the company' shares, sub-division of equity shares of the company;
- d) voluntary delisting by the company from the stock exchanges;
- e) forfeiture of shares;
- f) any action which will result in alteration in, the terms regarding redemption/cancellation/ retirement in whole or in part of any securities issued by the company;
- g) information regarding opening, closing of status of ADR/GDR or any other class of securities to be issued abroad; and
- h) cancellation of dividend/rights/bonus etc.

Further under the listing agreement our Company is required to

- (i) intimate the stock exchanges of any Board meeting at which proposal for buy back, declaration of dividend or issue of convertible debentures,
- (ii) recommend or declare all dividend and/or cash bonuses at least five days before commencement of the closure of its transfer books or the record date fixed for the purpose.
- (iii) in case of a further public offer to be made through the fixed price route, the company shall notify the stock exchange, at least 48 hours in advance, of the proposed meeting of its Board of Directors convened for determination of issue price.

The above information is required to be made public.

The ICAI and the SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts with subsidiaries, categorise reporting and to increase their disclosure of related party transactions from 1 April 2001 and accounting for investments in associated companies and joint ventures in consolidated accounts and interim financial reporting from 1 April 2002. As of 1 April 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of 1 April 2004, accounting standards regulate accounting for impairment of assets. On 4 November 2010, the Ministry of Corporate Affairs, Government has released a roadmap for phase wise implementation of Indian Accounting Standards converged with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs, Government is yet to notify the roadmap for the phase wise implementation.

Rights Issues by companies which have outstanding fully or partly convertible debt instruments

In relation to listed companies proposing to make rights issues, the relevant regulations issued by SEBI require that no company may make a rights issue of equity shares if it has outstanding fully or partly convertible debt instruments at the time of making rights issue, unless it has made reservation of equity shares of the same class in favour of the holders of such outstanding convertible debt instruments in proportion to the convertible part thereof. The equity shares reserved for the holders of fully or partially convertible debt instruments are required to be issued at the time of conversion of such convertible debt instruments on the same terms on which the equity shares offered in the rights issue were issued.

Indian Stock Exchanges

As on 5 May 2014, SEBI has provided a list of 18 active stock exchanges in India. Most of the stock exchanges have their governing board for self-regulation. The BSE and the NSE hold prominent positions among the stock exchanges in terms of number of listed companies, market capitalisation and trading activity.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. It is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government under the SCRA. It has evolved over the years into its present status as one of the leading stock exchanges of India. Pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from 20 August 2005, the BSE has been corporatised and demutualised

and is now a company under the Companies Act. Recently, pursuant to a press release dated 11 July 2011, BSE announced a change in its name from the Bombay Stock Exchange Limited to BSE Limited.

The BSE switched over to an on-line trading network in May 1995 and has expanded this network to 201 cities in India with 14,818 Trader Work Stations as on 31 March 2014. Only a member of the BSE has the right to trade in stocks listed on the BSE.

Derivatives trading commenced on the BSE in 2000. The BSE also has wholesale and retail debt trading segments. The retail trading in Government securities commenced in June 2003.

As of 31 March 2014, the BSE had 1375 members comprising 206 individual members, 1139 Indian companies and 30 foreign institutional investors. As of 31 March 2014, there were 5,336 companies listed on the BSE excluding permitted companies and the estimated market capitalization of stocks trading on the BSE was Rs.74,152.96 billion. The average daily equity turnover on the BSE as of 31 March 2014 was Rs.29.58 billion. (Source: www.bseindia.com.)

NSE

NSE was promoted by leading Financial Institutions at the behest of the Government of India and was incorporated in November 1992 as a tax-paying company unlike other stock exchanges in the country. On its recognition as a stock exchange under the Securities Contracts (Regulation) Act, 1956 in April 1993, NSE commenced operations in the Wholesale Debt Market (WDM) segment in June 1994. The Capital Market (Equities) segment commenced operations in November 1994 and operations in Derivatives segment commenced in June 2000.

The NSE launched the NSE 50 Index, now known as S&P CNX Nifty, on 22 April 1996 and the Mid-cap Index on 1 January 1996. The securities in the NSE 50 Index are highly liquid. With a wide network in major metropolitan cities, screen-based trading, a central monitoring system and greater transparency, the NSE has recently recorded high volumes of trading.

August 2008 saw introduction of Currency derivatives in India with the launch of Currency Futures in USD/INR by NSE. Interest Rate Futures was introduced for the first time in India by NSE on 31st August 2009, exactly after one year of the launch of Currency Futures.

NSE is ranked first in single stock futures in terms of number of contracts traded and third in stock index futures and stock index options and also rank third in terms of number of equity shares traded.

As of 31 March 2014, there were 1,688 companies listed on the NSE excluding permitted companies and the estimated market capitalization of stocks trading on the NSE was Rs.72,777.20 billion. The average daily turnover on the NSE as of 31 March 2014 was Rs.131.78 billion. (Source: www.nseindia.com)

Trading Hours

Trading on both the BSE and the NSE occurs from Monday through Friday, from 9.15 a.m. to 3.30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. to 9.15 a.m. introduced recently). The NSE also has a post closing session of 20 minutes from 3.40 pm to 4.00 pm for normal market session. The BSE and the NSE are closed on public holidays. Pursuant to a circular dated 23 October 2009, the recognised stock exchanges have been permitted to set their own trading hours (in cash and derivatives segments) subject to the condition that (i) the trading hours are between 9 a.m. and 5 p.m.; and (ii) the stock exchange has in place risk management system and infrastructure commensurate to the trading hours.

Stock Market Indices

S&P CNX Nifty is a diversified 50 stock index accounting for 21 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds. S&P CNX Nifty is owned and managed by India Index Services and Products Limited (IISL), which is a joint venture between the NSE and CRISIL.

The two indices which are generally used in tracking the aggregate price movements on the BSE are SENSEX and BSE 100 Index. The BSE Sensitive Index, or the Sensex, consists of listed shares of 30 large market capitalization companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. Sensex was first compiled in 1986 in the Financial Year ended March 31, 1979. The BSE 100 Index (formerly the

BSE National Index) contains listed shares of 100 companies including the 30 in Sensex with 1983-1984 as the base year.

Trading Procedure

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with BSE On-line Trading, ("BOLT"), facility in 1995. BOLT is an automated screen based trading system for trading in securities, which was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

Internet-based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients to trade using brokers' Internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI.

Takeover Code

Vide a notification dated 23 September 2011, SEBI notified the new SEBI Takeover Code which has replaced the existing Takeover (SAST) Regulations, 1997. The new SEBI Takeover Code came into force on the 30th day from the date of their publication in the Official Gazette i.e. with effect from 22 October 2011, any acquisition or sale of shares of Listed Company shall be governed by provisions of SEBI Takeover Code.

Salient features of the new Takeover Code are as follows:

1. A person who (along with persons acting in concert with him), holds more than 25% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company and every stock exchange where the equity shares of the company are listed within seven working days from the end of the financial year on 31st March. Further, a person who together with persons acting in concert with him, aggregating to 5 per cent or more of the shares of such target company, shall disclose such aggregate shareholding and voting rights in such company, is required to disclose any purchase or sale representing 2% or more of the shares (including convertible instruments) or voting rights of that company (together with the aggregate shareholding after such acquisition or sale) to that company and the stock exchanges on which the company's shares are listed within two working days of the purchase or sale.
2. Promoters or persons in control of a company are also required to make annual disclosure of their holding in a specified manner as on 31st March of the respective year to each of the stock exchanges on which its equity shares are listed and the company at its registered office. The Takeover Code requires the promoters and promoter group of listed companies to disclose the details of any invocation or release of encumbrance on the equity shares held by such persons within seven working days of the creation, or invocation, or release of the encumbrance.
3. An acquirer cannot acquire equity shares or voting rights (taken together with the existing equity shares or voting rights, if any, held by him or by persons acting in concert with him) which would entitle such acquirer to exercise 25% or more of the voting rights in a company, unless such acquirer makes a public announcement offering to acquire a further minimum of 26% of the equity shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of the company. A copy of the public announcement is required to be delivered, within one working day of the date of the public announcement the stock exchanges on which the company's equity shares are listed, and also to SEBI and the target company. Pursuant to the public announcement, a detailed public statement shall be published by the acquirer through the manager to the open offer, within five working days of the public announcement.
4. An acquirer shall not be entitled to acquire or enter into any agreement to acquire shares or voting rights exceeding such number of shares as would take the aggregate shareholding pursuant to the acquisition above the maximum permissible non-public shareholding.
5. An acquirer (taken together persons acting in concert with him) holding with the existing equity shares or voting rights, if any, held by him or by) which would entitle such acquirer to exercise 25% or more of the voting rights in a company, shares or voting rights, but less than the maximum permissible non-public shareholding, may voluntarily make a public announcement of an open offer of a minimum of 10% However, an acquirer may acquire, together with persons acting in concert with him additional shares or voting rights entitling him to up to 5% of shares or voting rights within any financial year in a company without making an open offer.

6. An increase in the shares or voting rights pursuant to a buy-back of shares by the target company would be exempt from the applicability of the provisions of the Takeover Code if such shareholder has not voted in favour of the resolution authorising the buy-back of securities under section 68 of the Companies Act, in the case of a shareholder resolution, voting is by way of postal ballot and the increase in voting rights does not result in an acquisition of control by such shareholder over the company. An increase in voting rights in a target company of any shareholder beyond the limit attracting an obligation to make an open offer under sub-regulation (1) of regulation 3, pursuant to buy-back of shares shall be exempt from the obligation to make an open offer provided such shareholder reduces his shareholding such that his voting rights fall to below the threshold referred to in sub-regulation (1) of regulation 3 within ninety days from the date on which the voting rights so increase.

7. Regardless of whether there has been any acquisition of equity shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 26% of the voting equity shares of the company.

8. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are direct or indirect acquisitions under the Takeover Code.

9. In case of indirect acquisitions as provided in Regulation 5(2) where

- a) the proportionate net asset value of the target company as a percentage of the consolidated net asset value of the entity or business being acquired;
- b) the proportionate sales turnover of the target company as a percentage of the consolidated sales turnover of the entity or business being acquired; or
- c) the proportionate market capitalisation of the target company as a percentage of the enterprise value for the entity or business being acquired; is in excess of 80%, on the basis of the most recent audited annual financial statements, such indirect acquisition shall be regarded as a direct acquisition of the target company for all purposes of these regulations including without limitation, the obligations relating to timing, pricing and other compliance requirements for the open offer are met.

10. In case of direct acquisitions of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of:

- a) the highest negotiated price per share of the company for any acquisition under an agreement attracting the obligation to make a public announcement of an open offer;
- b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;
- c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty six weeks immediately preceding the date of the public announcement;
- d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;
- e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and
- f) the per share value computed as calculated under Regulation 5(2) of the Takeover Code, if applicable.

11. In the case of an indirect acquisition of shares or voting rights in, or control over the target company, where the parameters referred to in sub-regulation (2) of regulation 5 are not met, the offer price shall be the highest of:

- a) the highest negotiated price per share, if any, of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;
- b) the volume-weighted average price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain;
- c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the earlier of, the date on which the primary

acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain;

- d) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, between the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the public announcement of the open offer for shares of the target company made under the Takeover Code;
- e) the volume-weighted average market price of the shares for a period of sixty trading days immediately preceding the earlier of, the date on which the primary acquisition is contracted, and the date on which the intention or the decision to make the primary acquisition is announced in the public domain, as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded; and
- f) the per share value computed under Regulation 5(2) of the Takeover Code.

12. The Takeover Code permits conditional offers that may be made conditional upon a minimum level of acceptance of the open offer. The agreement pursuant to which the open offer is being made shall contain a condition to the effect that in the event this desired level of acceptance is not received, the acquirer shall not acquire any shares under the open offer and the agreement attracting the obligation to make the open offer shall stand rescinded.

13. Acquirers making a public offer are also required to deposit in an escrow account, not later than 2 working days prior to the date of detailed public statement of the open offer for acquiring shares towards security for performance of obligations under the Takeover Code, and deposit in escrow account such aggregate amount as specified, which amount may be forfeited, either in part or in full, in the event that the acquirer does not fulfill his obligations.

14. The general requirements to make such a public announcement do not, however, apply to certain cases including the following:

- a) inter se transfer of shares amongst qualifying persons (as defined under the Takeover Code)
- b) acquisition pursuant to the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- c) acquisition pursuant to the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- d) acquisition by way of transmission, succession or inheritance;
- e) acquisition of voting rights or preference shares carrying voting;
- f) acquisition in the ordinary course of business by an underwriter, a stock broker, a merchant banker, any person acquiring shares pursuant to a scheme of safety net in terms of Regulation 44 of SEBI (Issue of Capital and Disclosure Requirement) Regulations 2009, a registered market-maker of a stock exchange and a scheduled commercial bank, acting as an escrow agent;
- g) acquisitions at subsequent stages, by an acquirer who has made a public announcement of an open offer for acquiring shares pursuant to an agreement of disinvestment;
- h) acquisition pursuant to a scheme (i) under section 18 of the SICA; (ii) of arrangement involving the target company as a transferor company or as a transferee company, or reconstruction of the target company, including amalgamation, merger or demerger, pursuant to an order of a competent authority; (iii) of arrangement not directly involving the target company as a transferor company or as a transferee company, or reconstruction not involving the target company's undertaking, including amalgamation, merger or demerger, pursuant to an order of a competent authority subject to certain conditions provided under the Takeover Code.

15. The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, inter alia, to certain specified acquisitions, including the acquisition of shares:

- a) by allotment in a rights issue, up to his entitlement and in excess of his entitlement subject to the fulfilment of certain conditions;
- b) pursuant to buy-back of shares provided that such shareholder reduces his shareholding such that his voting rights fall to below the prescribed threshold within ninety days from the date of the closure of the said buy-back offer;
- c) in a company by any person in exchange for shares of another company tendered pursuant to an open offer for acquiring shares;
- d) in a target company from state-level financial institutions or their subsidiaries by promoters of the target company pursuant to an agreement between such transferors and such promoter;
- e) in a target company from a venture capital fund or a foreign venture capital investor, by their respective promoters pursuant to an agreement between such venture capital fund or foreign venture capital investor and such promoters.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("**Insider Trading Regulations**"), have been notified by SEBI to prohibit and penalise insider trading in India. The Insider Trading Regulations prohibit an 'insider' from dealings in the securities of a listed company on the basis of "unpublished price sensitive information" communication of such information or the counsel or procurement of any other person to deal in securities on the basis of such information. The term 'insider' was defined as any person who is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company. Pursuant to amendments to the Insider Trading Regulations issued on November 19, 2008, the definition of the term 'insider' has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of another company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

The Insider Trading Regulations require any person who holds more than 5% shares or voting rights in any listed company to disclose to the company, the number of shares or voting rights held by such person and any change in the shareholding or voting rights, on becoming such holder, within two working days of (1) the receipt of intimation of allotment of shares; or (2) the acquisition or the sale of the shares or voting rights, as the case may be.

In terms of amendment made in Insider Trading Regulations vide August 16, 2012 by SEBI, any person who is a promoter or part of promoter group of a listed company shall disclose to the company, the number of shares or voting rights held by such person, within two working days of becoming such promoter or person belonging to promoter group. Further, any person who is a promoter or part of promoter group of a listed company, shall disclose to the company and the stock exchange, where the securities are listed, the total number of shares or voting rights held and change in shareholding or voting rights, if there has been a change in such holdings of such person from the last disclosure made under Listing Agreement or under the relevant regulation of Insider Trading Regulations, and the change exceeds Rs.500,000 in value or 25,000 shares or 1 per cent of total shareholding or voting rights, whichever is lower.

On a continuing basis, any person who holds more than 5% shares or voting rights in any listed company is required to disclose to the company, the number of shares or voting rights held by him and change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made, provided such change exceeds 2% of total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading deals and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse thereof. The Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading, which is to be implemented by all listed companies and other such entities. Pursuant to amendments to the Insider Trading Regulations issued on November 19, 2008, listed companies are required to establish an internal code of conduct without diluting in any manner the model code specified in the Insider Trading Regulations.

The recent amendments also amend certain provisions of the model code of conduct contained in the Insider Trading Regulations to prohibit all directors/officers/designated employees who buy or sell any number of shares of the company from entering into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All directors/officers/designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. In relation to subscription in the primary market (initial public offers) the aforesaid persons are required to hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted. Further, certain provisions of the model code have been also extended to dependants of directors/officers/designated employees of the company.

Derivatives (Futures and Options)

Trading in derivatives in India is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended by the Securities Laws (Amendment) Act, 1999, with effect from February 22, 2000 and derivative contracts were included within the term "securities" as defined in the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on separate segments of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

Derivatives products were introduced in four phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act, 1996 which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. SEBI framed the SEBI (Depositories and Participants) Rules and Regulations, 1996 which provide for the formation of such depositories and the registration of participants as well as the formation of the rights and obligations of the depositories, participants, beneficial owners and issuers. The depository system has significantly improved the operation of the Indian securities markets.

The Depositories Act requires that every person subscribing to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India.

Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialisation" of securities, SEBI has set up a working group on dematerialisation of securities comprising FIIs, custodians, stock exchanges, mutual funds and the National Securities Depository Limited to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, SEBI notified of various companies for compulsory dematerialised trading by certain categories of investors such as FIIs and other institutional investors and also notified compulsory dematerialised trading in specified scrips for all retail investors. Subsequently, SEBI has significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. Under the Depositories Act and guidelines issued by SEBI, our Company shall give the option to subscribers/shareholders to receive the security certificates and hold securities in dematerialised form with a depository.

However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements of reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act, 1996. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner, thus effecting the transfer of beneficial ownership. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository. Every person holding equity share capital of the company and whose name is entered as a beneficial owner in the records of the depository is deemed to be a member of the concerned company. The Companies Act requires that Indian companies making any initial public issue of securities for or in excess of Rs.100 million should issue such securities in dematerialised form.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to the Company's share capital, including brief summaries of certain provisions of the Company's Memorandum and Articles of Association, the Companies Act, the Securities Contracts (Regulation) Act, 1956 and certain related legislation of India, all as currently in effect relating to the rights attached to the Shares. The Ministry of Corporate Affairs has notified 282 sections of the new Companies Act, 2013, and rules which have replaced the corresponding provisions in the old Companies Act, 1956. While 98 sections were notified and made effective from 12 September 2013, the remaining 184 sections have been made effective from 1 April 2014. All disclosures of provisions of the Companies Act in this section refer to the newly notified provisions under the Companies Act, 2013 unless specifically stated.

General

As on the date of the Offering Circular, the authorised share capital of the Company was Rs.1,100,000,000 divided into 110,000,000 million equity shares of Rs.10 each. The issued, subscribed and paid up capital is Rs.533,718,680 divided into 53,371,868 Equity Shares of Rs.10 each fully paid up. All of the Company's issued and paid-up Equity Shares are in registered form and substantially all are held in dematerialised form.

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any financial year except out of the profits of the company calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) remaining undistributed and arrived at as laid down by the Companies Act. Subject to certain conditions contained in the Companies Act, dividend may also be payable out of moneys provided by the central or state government for payment of dividend in pursuance of a guarantee given by the Government.

Under the Company's Articles of Association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as on the record date for which such dividend is payable. In addition, as is permitted by the Companies Act, 2013 and the Articles of Association, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to the shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date". No shareholder is entitled to dividend while any lien in respect of unpaid calls on any of his/her shares is outstanding.

The Shares to be issued upon the conversion of the Bonds will be fully paid up when delivered. The Shares issued upon conversion of the Bonds will rank *pari passu*, subject to listing, with the existing shares of the Company in all respects including entitlement to dividends declared, where the Record Date falls on or after the Conversion Date.

Any dividend declared must be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividend must be paid within 30 days from the date of declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the company to the Investor Education and Protection Fund ("**Fund**") established by the Indian Government. Any shares in respect of which dividend are transferred to this Fund, are also required to be transferred to the Fund. Any claimant of shares transferred above shall be entitled to claim the transfer of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed. Similarly, any person claiming to be entitled to the money transferred to the Fund, may apply for claiming payment of the money from the Fund on following the required procedures and submission of necessary documents. Directors may be held criminally liable for any default of the aforementioned provisions.

Under the Companies Act, in the event of inadequacy or absence of profits in any year, the company may pay dividend out of its accumulated profits of previous years, transferred to its reserves and subject to and the balance of reserves not falling below fifteen per cent of its paid up share capital. The Companies Act further provides that, if the profit for a year is inadequate or absent, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year; (ii) the total amount to be drawn from accumulated profits from previous years and transferred to

reserves may not exceed one-tenth of its paid-up share capital and free reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividend in respect of preference or equity shares is declared; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up share capital.

Capitalisation of Reserves and Issue of Bonus Shares

The Company's Articles of Association permit a resolution of the shareholders in a general meeting to resolve, in certain circumstances, that certain amounts standing to the credit of any reserves or the profit and loss account or otherwise available for distribution can be capitalised and distributed by way of bonus shares. Bonus issues must be issued pro rata to the amount of capital paid up on existing shareholdings.

Any issue of bonus shares would be subject to the guidelines issued by SEBI in this regard and the provisions of the Companies Act. Under section 63 of the Companies Act, 2013, the company may issue fully paid-up bonus shares out of its free reserves or the securities premium account or the capital redemption reserve account, subject to compliance with certain conditions such as authorisation by the articles and shareholders' approval. A company, which has once announced the decision of its Board recommending a bonus issue, cannot not subsequently withdraw the same. The relevant SEBI Guidelines prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such convertible part of the convertible securities falling due for conversion. The bonus issue cannot be made unless the partly-paid shares, if any, are made fully paid up. Further, for the issuance of such bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits, interest on existing debentures/bonds or principal on redemption of such debentures/bonds and it has not defaulted in respect of the payment of statutory dues of its employees, such as contributions to provident fund, gratuities and/or bonuses. The declaration of bonus shares in lieu of dividend cannot be made. The issuance of bonus shares must be approved by the shareholders of the company and must be implemented within 60 days from the date of the meeting of the Board where the issue was announced.

Pre-emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the Company may increase its share capital by issuing new Shares. In accordance with the provisions of Section 62 of the Companies Act, these new Shares shall be offered to existing Shareholders listed on the members' register or the records of the Depository on the record date in proportion to the amount paid up on those Shares at that date. The offer shall be made by notice specifying the number of Shares offered and the date after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board of Directors may dispose of the Shares offered in respect of which no acceptance has been received in such manner as the Board of Directors may consider to be most beneficial to the Company. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to him/her in favour of any other person.

Under the provisions of the Companies Act, new shares may be offered to any persons (whether or not those persons include existing shareholders) for cash or for consideration other than cash, if a special resolution to that effect is passed by the shareholders of a company in a general meeting and if the price of the shares is determined by the valuation report of a registered valuer subject to conditions as may be prescribed.

The issuance of the Shares upon conversion of the Bonds has been duly approved by a special resolution of the Shareholders who are deemed to have waived their pre-emptive rights with respect to such Shares.

The Company's issued share capital may be, *inter alia*, increased by the exercise of warrants attached to any of the Company's securities, or individually issued, entitling the holder to subscribe for the Company's shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Indian Government and financial institutions, requires the approval of a special resolution of the Shareholders. Where any debentures have been issued or loans have been obtained from any Government by a company, such Government may convert such debentures or loans or any part thereof into shares in the company on such terms and conditions as may appear reasonable to the Government even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

The Company can also alter its share capital by way of a reduction of capital or by undertaking a buyback of Shares under the Companies Act and the prescribed SEBI regulations.

The Articles provide that the Company, may in a general meeting, from time to time, increase its capital by the creation of new Shares, consolidate or subdivide its share capital, convert all or any of its fully paid-up Shares into

stock and reconvert that stock into fully paid-up Shares and cancel Shares which have not been taken up by any person. The Company may also from time to time by special resolution reduce its capital.

The Company's Articles of Association also provide that if at any time the Company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

General Meetings of Shareholders

There are two types of general meetings of shareholders:

- (i) annual general meetings; and
- (ii) extraordinary general meetings.

The company must hold its annual general meeting each year within 15 months of the previous annual general meeting and in any event not later than six months from the close of the financial year unless extended by the Registrar of Companies, at the company's request for any special reason for a period not exceeding three months.

The Board of Directors may in accordance with the Articles of Association convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10 per cent of the company's paid-up capital (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

A general meeting of the shareholders is generally convened in accordance with a resolution of the Board, by the secretary of the company under the supervision of the Board. Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 clear days (excluding the days of mailing, and receipt, and such service shall be deemed to have been effected on the expiry of 48 hours after the same is posted) prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from shareholders holding not less than 95 per cent of the company's paid-up capital. Currently, the Company gives written notices to all members and, in addition, gives public notice of general meetings of shareholders in a daily newspaper of general circulation in the region of the registered office of the Company. Annual general meetings are required to be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate. An extraordinary general meeting can be held at such time and place as is specified in the notice calling for the meeting. The quorum for a general meeting under the Companies Act is 30 members.

A company intending to pass a resolution relating to matters such as, but not limited to, the amendment of the objects clause of the memorandum of association, alteration of articles of association in order to constitute it a private company, change in objects for which a company has raised money from the public and there is still unutilized monies, election of directors under section. 151 of the Companies Act, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, a buyback of shares under the Companies Act or the giving of loans or the extending of guarantees in excess of limits prescribed under the Companies Act and guidelines issued thereunder, including change in place of registered office outside local limits of any city town or village as specified under the provisions of the Companies Act; sale of whole or substantially the whole of undertaking of a company; is required to have the resolution passed by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all shareholders shall be sent along with a draft resolution explaining the reasons therefor and requesting each shareholder to send his/her assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy are in the same proportion as the capital paid up on each Share held by such shareholder bears to the total paid-up capital of the company. Voting is by a show of hands, unless a poll is ordered by the chairman of the meeting demanded by a shareholder or shareholders holding at least 10 per cent of the voting rights in respect of the resolution or by those holding Shares in respect of which an aggregate sum of not less than Rs.500,000 has been paid up. Unless otherwise specified in the Articles, the chairman of the meeting has a casting vote.

Bondholders will have no voting rights or other direct rights of a shareholder with respect to the Shares underlying the Bonds.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act, matters that require special resolution include change in the registered office of the company outside local limits, change in the name of the company amendments to the articles of association, member's voluntary winding-up, dissolution, merger or consolidation, variation in terms of contract or objects in prospectus, issue of depository receipts, issue of sweat equity., reduction in share capital, issue of debentures with an option to convert such debentures, and the issue of shares to persons other than existing shareholders. Furthermore, under the Companies Act, the approval of a scheme of compromise or arrangement requires the approval of a majority of at least 75 per cent in value of the shareholders or creditors present and voting,

A shareholder may exercise his voting rights by proxy to be given in the form required in the form prescribed under the Companies Act, 2013. The instrument appointing a proxy is required to be lodged with the company at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings, subject to the necessary resolution having been passed by the corporate shareholder. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both by a show of hands and by a poll.

Listed companies and companies having more than thousand (1000) members are also required to provide its members facility to exercise their right to vote at general meetings by electronic means. Such company is required to provide necessary facilities to its members to facilitate such e-voting, and must be conducted in accordance with the prescribed rules.

The Companies Act allows for a company to issue shares with differential rights as to dividends, voting or otherwise, subject to certain conditions prescribed under applicable law and rules..

Convertible Securities and Warrants

The Company, in accordance with the provisions of applicable law, may from time to time issue debt instruments that are partly and fully convertible into Shares and warrants to purchase Shares. As on the date of this Offering Circular, there are no outstanding warrants or securities which are convertible into the Shares of the Company.

Register of Shareholders and Record Dates

The company is obliged to maintain a register of shareholders at its registered office or, with the approval of its shareholders by way of a special resolution and with prior intimation to the Registrar of Companies, at some other place in the same city. The register and index of beneficial owners maintained by a depository under the Depositories Act is deemed to be an index of members and register and index of debenture holders. The company recognises as shareholders only those persons who (i) appear on its register of shareholders, (ii) persons whose names are entered as holder of beneficial interest in shares in the records of a depository, and (iii) persons who holds or acquire a beneficial interest in the shares of the company, and a declaration has been made by such person as also the registered holder of the shares, to the effect that the beneficial interest in the shares of the company are held by the former, and it cannot recognise any person holding any Share or part of it upon any trust, express, implied or constructive, except as permitted by law.

In case of Shares held in physical form, the Company, through its registrar and share transfer agent, registers transfers of Shares on the register of shareholders upon lodgement of the duly stamped share transfer form executed by or on behalf of the transferor and by or on behalf of the transferee and duly completed in all respects, accompanied by a share certificate or, if there is no certificate, the letter of allotment in respect of Shares transferred. In respect of the transfer of Shares in dematerialised form, the depository transfers Shares by entering the name of the purchaser in its books as the beneficial owner of the Shares. In turn, the Company enters the name of the depository in its records as the registered owner of the Shares. The beneficial owner is entitled to all the rights and benefits, as well as the liabilities, attached to the Shares that are held by the depository. Transfer of beneficial ownership through a depository is exempt from any stamp duty but each depository participant may be subject to certain charges. A transfer of shares by way of share transfer form attracts stamp duty at the rate of 0.25 per cent of the transfer price.

For the purpose of determining the shareholders, the Company may, after giving not less than seven days' previous notice by advertisement in a newspaper circulating in the district where the registered office of the Company is situated, close the register for periods not exceeding in the aggregate 45 days in any one year or 30 days at any one time. As required under the Listing Agreement, the Company keeps the register of shareholders closed for approximately 5 days, generally before the annual general meeting. Under the listing regulations of the stock exchanges on which the Company's outstanding Shares are listed, the Company may, upon at least 7 days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Shares and the delivery of certificates in respect thereof may continue while the register of Shareholders is closed.

Under the Companies Act, the Company is also required to maintain a register of debenture holders.

Annual Reports and Financial Results

From fiscal 2015, the company's audited financial statements, and consolidated audited financial statements of the company and all its subsidiaries (as defined under the Companies Act, 2013) for the relevant financial year, the directors' report and the auditors' report (collectively the "Annual Report"), must be laid before the annual general meeting. This also includes certain other financial information of the company, a corporate governance section and management's discussion and analysis, extract of the annual return, Director's Responsibility Statement, a statement on declaration given by independent directors under sub-section (6) of section 149, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director, the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year; and other matters and are made available for inspection at the company's registered office during normal working hours for twenty one (21) days prior to the annual general meeting.

Under the Companies Act, the company must file its Annual Report with the RoC within 30 days from the date of the relevant annual general meeting. Under the Listing Agreement, six copies are required to be simultaneously sent to the BSE/NSE. The company must file an Annual Return which includes a list of the shareholders, debenture holders, its indebtedness and other information within 60 days of the conclusion of its annual general meeting. Under the Listing Agreement, the Company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the Company's registered office is situated.

The Company files certain information online, including its annual report, interim financial statements, report on corporate governance, shareholding pattern statement, and such other statements, information or reports as may be specified by SEBI or under the Companies Act, from time to time or in accordance with the requirements of its Listing Agreement.

Transfer of Shares

Following the introduction of the Depositories Act and the repeal of erstwhile Section 22A of the Securities Contract Regulation Act, the equity shares of a public company became freely transferable, subject only to the provisions of Section 58 of the Companies Act. We are a public listed company and subject to section 58(2) of the Companies Act, the Company's shares are freely transferable. The Board may refuse to register a transfer of shares within thirty days from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the company, if it has sufficient cause to do so. Any contract or arrangement between two or more persons in respect of transfer of securities is enforceable as a contract. If the Board refuses to register a transfer of Shares without sufficient cause, the shareholder wishing to transfer his, her or its shares may file an appeal with the National Company Law Tribunal ("Tribunal"), within 60 or 90 days, as the case may be, and the Tribunal can direct the company to register such transfer. Pursuant to its Listing Agreement, in the event that the Company has not effected the transfer of Shares within one month, or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, it is required to compensate the aggrieved party for the loss of opportunity caused by the delay. The Companies Act provides that the shares or debentures of a public listed company shall be freely transferable.

Shares held through depositories are transferred in the form of book-entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants, and set out the manner in which the records are to be kept and maintained, and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with National Securities Depository Limited and Central Depository Services (India) Limited.

SEBI requires that, for trading and settlement purposes, the company's shares be in book entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. See *"Indian Securities Market — Depositories"*. The requirement to hold Shares in book-entry form will apply to Bondholders when they acquire Shares upon conversion. In order to trade in the Company's Shares in the Indian market, the converting Bondholder will be required to comply with the procedures above.

Acquisition by the Company of its own Shares

The Company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by a special resolution of its shareholders voting on the matter in accordance with the Companies Act and is also sanctioned by the Tribunal. Moreover, other than in certain exceptions, a company is prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company. Under section 68 of the Companies Act, a company has been empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions, including:

- (i) the buyback should be authorised by the company's Articles of Association;
- (ii) a special resolution should have been passed in a general meeting of the company authorising the buyback;
- (iii) the buyback is for less than 25 per cent of the total paid-up capital and free reserves, provided that the buyback of equity shares in any financial year shall not exceed 25 per cent of the total paid-up equity share capital in that year;
- (iv) the ratio of the debt (including all amounts of unsecured and secured debt) owed by the company after buyback is not more than twice the capital and free reserves after such buyback;
- (v) all the shares or other specified securities for buyback are fully paid up; and
- (vi) the buyback is in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

The second condition mentioned above would not be applicable if the buyback is for less than 10 per cent of the total paid-up equity capital and free reserves of the company and provided that such buyback has been authorised by the board of directors of the company. Further, a company, after buying back its securities, is not permitted to buy back any securities for a period of 365 days from the buyback or to issue new securities for six months from the buyback date except by way of bonus issue or the conversion of warrants, sweat equity, stock option schemes, preference shares or debentures into equity shares. Each buyback has to be completed within a period of 12 months from the date of the passing of the special resolution or the resolution of the board of directors, as the case may be.

A company buying back its securities is required to extinguish and physically destroy the securities bought back within seven days of the last date of completion of the buyback.

A company is also prohibited from purchasing its own shares or specified securities (i) through any subsidiary company, or (ii) through any investment company or group of investment companies (other than a purchase of shares in accordance with a scheme that is in compliance with the SEBI (Employee Stock Option Schemes and Employee Stock Purchase Schemes) Guidelines, 1999 and clause 35C of the Listing Agreement, for the purchase or subscription of shares by trustees of, or for shares to be held by or for the benefit of employees of the Company) (iii) or if the Company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank. If the Company is listed and wishes to buy back its shares or specified securities for the purpose of delisting its shares or specified securities or in the event of non-compliance with certain other provisions of the Companies Act.

The buyback of securities can be from existing security holders on a proportionate basis or from the open market or from odd lots or by purchasing securities issued to the employees of the company pursuant to a scheme of stock option or sweat equity.

Disclosure of Ownership Interest

The provisions of the Companies Act generally require beneficial owners of shares of Indian companies that are not holders on record to declare to the company, the details of the holder on record and the holder on record to declare the details of the beneficial owner. Any person who fails to make the required declaration within 30 days from the date beneficial interest in the shares is acquired may be liable for a fine of up to Rs.50,000 for each day the declaration is

not made and in case of a continuing failure for a further fine of up to Rs.1,000 each day thereafter. Any charge, promissory note or other collateral agreement created, executed or entered into with respect to any share by the registered owner thereof, or any hypothecation or any additional rights in relation to any share held by the registered owner of any share pursuant to which a declaration is required to be made under Section 89 of the Companies Act, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration has not been made. Failure to comply with Section 89 of the Companies Act will, *inter alia*, not affect the obligation of the company to register a transfer of equity shares or to pay any dividends to the registered holder of any equity shares in respect of which this declaration has not been made.

Liquidation Rights

Subject to the provisions of the Companies Act (including the rights of employees, the requirement to pay statutory dues and the rights of creditors) and the rights of the holders of any other shares entitled by their terms of issue to preferential repayment over the Shares, in the event of the Company's winding-up, the holders of the Shares are entitled to be repaid the amounts of capital paid up or credited as paid up on such Shares or, in case of a shortfall, proportionately. All surplus assets after payments due to workmen, statutory dues, secured and unsecured creditors and preference shareholders belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such shares respectively at the commencement of the winding-up.

Main Objects to be pursued by the Company as per its Memorandum of Association

The main objects of the Company to be pursued by the Company as per its Memorandum of Association are as under:

“To carry on the business of as manufacturer, mixer, producers, compounders, buyers, sellers, indenters, dealers in or as distributors, stockiest, importers, exporters, deal in all kinds of medical preparation, pharmaceuticals, drugs & medicated preparation, patent medicines, herbs, health care products including homeopathic, ayurvedic, allopathic, unani & biochemical medicines in the form of liquid, syrup, dry syrup, capsules, injection, ointment, lotion, tablets, powder & other conceivable form including by-products & waste products, preparation health care products, both in local as well as overseas market.”

TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions (subject to completion and amendment) will apply to the Bonds and will be endorsed on each definitive Bond certificate:

The following Conditions as defined herein shall, inter alia, govern the issue of the Bonds, the conversion into Shares as well as the transfer of the Bonds. The application for the listing of the Bonds has been made pursuant to the special resolution passed by the Shareholders through Postal Ballot on 16 June 2014. The issue of the US\$13,000,000 5.32% Unsecured Foreign Currency Convertible Bonds due 2019 (the "Bonds", which expression shall, except where otherwise indicated or where the context otherwise requires, include any further Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Dr. Datsons Labs Limited (the "Company") was authorised pursuant to a resolution of the Board of Directors of the Company passed on 10 May 2014 and pursuant to a special resolution of the Shareholders of the Company passed through Postal Ballot on 16 June 2014. The Bonds are constituted by a Trust Deed dated 21 October 2014 (the "Trust Deed" and the "Issue Date" respectively) between the Company and The Bank of New York Mellon, London Branch (the "Trustee" which term includes any successor trustee under the Trust Deed) and are in registered form. The statements set out in these terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed. The holders of the Bonds as shown in the Register as defined herein (the "Bondholders" and (in relation to a Bond), the "holder")) are entitled to the benefit of, bound by and are deemed to have notice of, all the provisions applicable to them of the paying and conversion agency agreement dated the Issue Date (the "Agency Agreement") between the Company, The Bank of New York Mellon, London Branch as principal paying and conversion agent (the "Principal Paying and Conversion Agent"), The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "Registrar") and transfer agent (the "Transfer Agent") and the other paying, conversion and transfer agents appointed under it (each a "Paying Agent", "Conversion Agent", "Transfer Agent" (references to which shall include the Registrar) and together with the Registrar and the Principal Paying and Conversion Agent, the "Agents" (which shall, where applicable, include the Singapore agents as described in Condition 21) relating to the Bonds. References to the "Principal Paying and Conversion Agent", "Registrar", "Transfer Agent", "Conversion Agent" and "Agents" in these Conditions are references to the principal paying and conversion agent, registrar, transfer agent, conversion agent and agents for the time being for the Bonds.. Copies of each of the Trust Deed and the Agency Agreement are available for inspection by Bondholders or prospective Bondholders during usual business hours, on any weekday (except Saturdays and public holidays) at the specified offices of the Agents.

1 Form, register and transfer of Bonds

- 1.1 The Bonds are issued in registered form in the denomination of US\$100,000 (US dollars one hundred thousand) each ("Authorised Denomination") or integral multiples thereof. A Bond certificate may be issued to each Bondholder in respect of its total registered holding of Bonds (each a "Certificate"). Each Bond will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Register (to be kept in accordance with Condition 1.2). The Bonds will initially be represented by a global certificate ("Global Certificate") and deposited with a common depository, and registered in the name of a nominee of the common depository for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") and interests therein will be credited to the securities clearance accounts of the relevant Bondholders through the direct and indirect participants of Euroclear and Clearstream, Luxembourg or their respective participants. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.
- 1.2 The Company shall at all times keep or cause to be kept at the specified office of the Registrar in accordance with the terms of the Agency Agreement, a register (the "Register") showing the nominal amount of the Bonds, the date of issue and all subsequent transfers and changes of ownership thereof and the names and addresses of the Bondholders. The Bondholders may during office hours of the Registrar, inspect the Register. The Register may be closed by the Company for such periods and at such times (not exceeding in whole, thirty (30) days in any one year) as it may think fit provided that notice should be given to the Bondholders, in accordance with Condition 19, fifteen (15) days prior to the closure of the Register and notice in writing to the Trustee and Agents twenty-five (25) days prior to such closure.
- 1.3 Title to the Bonds passes only by transfer and registration in the Register. The registered holder of any Bond will, except as otherwise required by law, be treated as the absolute owner for all purposes and no person shall

be bound to take notice or see to the execution of any trust, charge or encumbrance whether express, implied or constructive to which any Bond may be subject and no person shall be liable for so treating the Bondholder. The receipt of the Bondholder, or in the case of joint Bondholders, the receipt of any of them, of the interest from time to time accruing in respect of it or for any other monies payable on the Bond shall be a good discharge to the Company, notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in such Bond, interest or monies. No notice of any trust, charge, encumbrance or dispute, express, implied or constructive shall be entered on the Register in respect of any Bond.

1.4 Every Bondholder will be recognised by the Company as entitled to his Bonds free from any equity, set-off or counter-claim on the part of the Company against the original or any intermediate holder of the Bond.

1.5 Subject to Condition 1.12 and 1.14 Bond may be transferred by delivering the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed, to the specified office of any of the Transfer Agents. No transfer of title to any Bond will be effective unless and until entered on the Register. Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

1.6 The Bonds are not transferable to U.S. persons (as defined in the United States Securities Act 1933 (as amended)) nor to persons that are resident in India. The Registrar may without incurring any liability whatsoever and without giving any reason, refuse to register any such person as the holder of a Bond, furthermore the Registrar is under no obligation to enquire as to the residency or tax status of a holder or potential holder in determining whether to register the relevant person as the holder of the Bond and shall not be liable to any person for any failure to do so. The Registrar will not be liable for any registration made nor will it be liable where it abstains from making any registrations pursuant to this Condition.

1.7 Every instrument of transfer must be signed by the transferor (or where the transferor is a corporation given under its common seal) and the transferor shall be deemed to remain the owner of the Bond to be transferred until the name of the transferee is entered in the Register in respect of that Bond.

1.8 Every instrument of transfer must be deposited at the specified office of any of the Transfer Agents accompanied by the Certificate for the Bond to be transferred and, if the instrument is executed by some other person on his behalf, the authority of that person to do so as the Transfer Agent may require as prescribed under the regulations referred to in Condition 1.14.

1.9 All instruments of transfer which shall be registered will be retained by the Registrar and all records of transfer shall be maintained by the Registrar.

1.10 Delivery of New Certificates

Each new Certificate to be issued upon transfer of the Bonds will, within five (5) business days, at the place of the relevant specified office, of receipt by the relevant Transfer Agent, of the duly completed form of transfer together with original Certificate, be mailed by uninsured mail at the risk of the Bondholder entitled to the Bond and at the expense of the Company to the address specified in the form of transfer. Where some, but not all the Bonds, in respect of which a Certificate is issued are to be transferred, converted or repurchased, a new Certificate in respect of the Bonds not so transferred, converted or repurchased, will within five (5) business days at the place of the relevant specified office of deposit or surrender of the original Certificate with or to the relevant Transfer Agent, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted or repurchased at the expense of the Company to the address of such holder appearing on the Register.

1.11 Formalities free of charge

Registration and transfer of the Bonds and issuance of new Certificates will be effected at the expense of the Company and without charge by or on behalf of the Company or any of the Agents, subject to payment (or the giving of such indemnity, pre-funding and/or provision of security as any Agent may require to its satisfaction) in respect of any tax or other Governmental charges which may be imposed in relation to it.

1.12 No transfer periods

No Bondholder may require the transfer of a Bond to be registered:

1.12.1 during the period of fifteen (15) days ending on (and including) the due date for any payment of principal on such Bond;

1.12.2 during the period of seven (7) Business Days (as defined in Condition 8.9) ending on (and including) any record date in respect of any payment of interest on the Bonds;

1.12.3 after a Bondholder Purchase Notice as defined in Condition 7.10 in respect of such Bond has been delivered;

1.12.4 after the Certificate in respect of such Bond has been deposited for conversion pursuant to Condition 5.1 or Condition 5.4.1; and

1.12.5 during the period of closure of the Register pursuant to Condition 1.2.

1.13 Any person becoming entitled to a Bond in consequence of the death or bankruptcy of the holder of such Bonds may, on producing such evidence that he sustains the character in respect of which he proposes to act under this clause or of his title as the Company shall think sufficient, be registered himself as the holder of such Bond, or subject to the preceding condition, as to transfer may transfer such Bonds. The Registrar shall effect such entries in the Register as the Company shall direct in writing to reflect such entitlements.

1.14 All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of the Bonds set forth in the Agency Agreement. The regulations may be changed by the Company, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (at the Company's expense) by the Registrar to any Bondholder who asks for one.

2 **Status**

The Bonds will constitute direct, unsubordinated, unconditional, and unsecured obligations of the Company and will at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

3 **Negative Pledge**

3.1 Restriction: so long as any Bond remains outstanding (as defined in the Trust Deed):

3.1.1 The Company will not, and will procure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt;

3.1.2 The Company will procure that no other person creates or permits to subsist any Security upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (x) any of the Company's or any Principal Subsidiary's Relevant Debt, or any guarantee of or indemnity in respect of any of the Company's or any Principal Subsidiary's Relevant Debt, or (y) where the person in question is a Principal Subsidiary of the Company, any of the Relevant Debt of any person other than that Principal Subsidiary, or any guarantee of or indemnity in respect of any such Relevant Debt;

3.1.3 The Company will procure that no other person gives any guarantee of, or indemnity in respect of, any of the Company's or any Principal Subsidiary's Relevant Debt. Unless, at the same time or prior thereto, the Company's obligations under the Bonds and the Trust Deed, (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution of the Bondholders;

3.1.4 “Principal Subsidiary” means any subsidiary of the Company and either (i) the revenues of which, as shown by the accounts (consolidated in the case of any entity which itself has subsidiaries) of such entity upon which the latest audited consolidated accounts of the Company have been based, are at least 25 percent of the revenues of the Company on a consolidated basis or (ii) the net tangible assets of which, as shown by the aforementioned accounts, are at least 25 percent of the net tangible assets, as applicable, of the Company on a consolidated basis. A certificate of the Company's Auditors as to whether a subsidiary is a Principal Subsidiary shall be binding on the Company and the Trustee.

3.1.5 Relevant Debt: For the purposes of this Condition, "Relevant Debt" means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, having an original maturity of more than one year from its date of issue and denominated, payable or optionally payable in a currency other than Rupees.

For the avoidance of doubt, indebtedness which does not fall within the definition of “Relevant Debt” shall not be affected by the negative pledge described above (including for example commercial paper with a maturity of less than one year and bank borrowings which are not in the form of listed tradable securities).

3.2 The Company will not take any corporate or other action pursuant to Condition 5.3 that would cause the Conversion Price to be adjusted to a price which would render conversion of the Bonds into Shares at such adjusted Conversion Price to be in contravention of applicable law or subject to approval from the Reserve Bank of India, the Ministry of Finance, Government of India and/or any other governmental/regulatory authority in India (the “Regulatory Price Floor”). The Company also covenants that prior to taking any action which would cause an adjustment to the Conversion Price below the Regulatory Price Floor, the Company shall provide the Trustee with a price adjustment opinion of a legal counsel in India of international repute, stating that the Conversion Price as proposed to be adjusted pursuant to such action, is in conformity with applicable law and that the conversion of the Bonds to the Shares at such adjusted Conversion Price would not require approval of the Reserve Bank of India, the Ministry of Finance, India and/or any other governmental/regulatory authority in India (the “Price Adjustment Opinion”). To the extent that an event triggering an adjustment to the Conversion Price occurs and the Company is unable to provide the Trustee with a Price Adjustment Opinion, the Company shall give notice to Bondholders of their Non-Permitted Conversion Price Adjustment Event Repurchase Right, as defined in and pursuant to Condition 7.6 herein.

4 **Interest**

4.1 Interest Rate

The Bonds will bear interest from the Issue Date at the rate of 5.32% per annum of the principal amount of the Bond, payable semi-annually in arrear on 31st March and 30th September in each year (each such date for the payment of interest, an "Interest Payment Date"). The first Interest Payment Date will be 31 March 2015 and the first such interest payment will be in respect of the period from and including the Issue Date to but excluding the first Interest Payment Date and the last such payment being made on the Maturity Date for the period from 31 March 2019 through and including the Maturity Date..

4.2 Each Bond will cease to bear interest:

(a) where the Conversion Right (as defined in 5.1.) shall have been exercised in respect of that Bond, from the Interest Payment Date immediately preceding the relevant Conversion Date, or if none, the Closing Date (subject in each case to Condition 5.4.5)or

(b) where such Bond is or is to be redeemed, from the due date for redemption thereof unless, after surrender of the certificate, payment of principal or premium (if any) is improperly withheld or refused or unless default is otherwise made in respect of any such payment, in which event interest will continue to accrue (both before and after judgment) up to but excluding the date on which payment in full of sums due in respect of such Bond is made in accordance with the terms of the Trust Deed (provided that no interest shall accrue on unpaid interest).

4.3 When interest is required to be calculated in respect of a period of less than a full year period, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an

incomplete month, the actual number of days elapsed. Interest shall be paid to the Bondholder who is shown as the registered holder of a particular Bond at the close of business on the date 15 calendar days prior to the Interest Payment Date.

5 **Conversion**

5.1 Conversion Period and Price

5.1.1 The holder of each Bond that has not been redeemed, converted or purchased and cancelled shall have the right (the "Conversion Right") to convert ("Conversion") such Bond into registered equity shares in the capital of the Company which at the date hereof are Rs.10 per Share ("Shares"), credited, as fully paid, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) after 21 October 2014 (the "Closing Date") to the close of business (at the place where the relevant Bond is deposited for Conversion) on 16 October 2019 (the date falling 7 calendar days before the Maturity Date) (the "Conversion Period"). If such Bond has been called for redemption by the Company prior to the Maturity Date, the Conversion Period for that Bond ends at the close of business (at the place where the Certificate is deposited for conversion of that Bond) on the seventh Business Day prior to the date fixed for redemption. Each Bond may be converted at the Conversion Price (as herein defined) during the Conversion Period at the option of the Bondholder.

5.1.2 A Conversion Right may not be exercised in relation to any Bond during the period (a "Closed Period") commencing on (i) the date falling 20 days prior to the date of the Company's annual general shareholders' meeting and ending on the date of that meeting, (ii) the date falling 20 days prior to an extraordinary shareholders' meeting and ending on the date of that meeting, (iii) the date that the Company notifies the BSE and the NSE of the record date for determination of shareholders entitled for receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits or (iv) on such date and for such period as determined by Indian law applicable from time to time that the Company is required to close its stock transfer books. The Company will give notice of such Closed Period to the Bondholders, the Trustee and each of the Agents at least 10 Business Days in writing prior to the beginning of each such period except in the case of (iii) above in which case, the Company shall give notice in writing to the Bondholders, the Trustee and the Agents on the same day it notifies the BSE and the NSE.

For the avoidance of doubt, Conversion Right may not be exercised (i) in respect of a Bond where the Bondholder shall have exercised its right to require the Issuer to repurchase its Bonds in accordance with Conditions 7.4, 7.5 and 7.6.

5.1.3 A Conversion Right may only be exercised in respect of an Authorised Denomination of Bonds and in integral multiples thereof.

5.1.4 The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the relevant Bond (translated into Rupees at the fixed rate of Rs. 61.6165 to US\$1.00 (the "Fixed Exchange Rate") by the Conversion Price in effect on the Conversion Date as calculated by reference to Condition 5.2. Fractions of Shares will not be issued on conversion and no cash adjustment will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of the Bonds being so converted. Shares to be issued on conversion will be deemed to be registered as of the relevant Conversion Date in the name of the holder of the Bonds completing the Conversion Notice (as defined in Condition 5.4.1) or his nominee as specified by the Bondholder in such Conversion Notice.

Neither the Trustee nor any of the Agents shall be responsible for calculating, determining or verifying the number of Shares to be issued on conversion of a Bond or the method used in such determination or for verifying the Company's determination of such number of Shares or method of determination and neither the Trustee nor any of the Agents shall be responsible or liable to the Bondholders or any other person for any loss arising from any failure to do so or for any erroneous determination by the Company or any delay or failure of the Company in making such determination.

5.1.5 "Shares" means (1) shares of the class of share capital of the Company which, at the Issue Date, are designated as equity shares of the Company, together with shares of any class or classes resulting from any sub-division, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Company, and (2) fully-paid shares of any class or classes of the share capital of the Company authorised after the Issue Date which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Company; provided that shares to be issued on conversion of the Bonds means only "Shares" as defined in Condition 5.1.1.

5.2 Conversion Price

Subject to the provisions of Condition 5.3, the Bonds shall be subject to following conversion prices:

5.2.1 The price at which Shares will be issued upon Conversion as adjusted from time to time ("Conversion Price") will initially be Rs.14.25 per Share ("Initial Conversion Price") but will be subject to adjustment in the manner provided under the Condition 5.3. The Company shall give notice of any adjustment of the Conversion Price to the Trustee and the Agents immediately after the determination thereof and to the Bondholders in accordance with Condition 5.3.22 and 19. Notwithstanding the provisions of this Condition, the Company covenants that the Conversion Price shall not be reduced below such price as may be prescribed by the applicable laws and regulations for the time being in force.

5.2.2 Exchange rate on conversion

For the purpose of this Condition 5, the exchange rate of US dollars to rupees shall be the Fixed Exchange Rate.

5.3 Adjustment to Initial Conversion Price

The Initial Conversion Price will be subject to adjustment as follows:

5.3.1 Free distribution, bonus issue, division, consolidation and reclassification of Shares:

5.3.1.1 **Adjustment:** If the Company shall (a) make a free distribution of Shares, (b) make a bonus issue of its Shares, (c) divide its outstanding Shares, (d) consolidate its outstanding Shares into a smaller number of Shares, or (e) re-classify any of its Shares into other securities of the Company, then the Initial Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 5.3.1 shall be entitled to receive the number of Shares and/or other securities of the Company which he would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Company has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or reclassification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Initial Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

5.3.1.2 **Effective date of adjustment:** An adjustment made pursuant to Condition 5.3.1.1 above shall become effective immediately on the relevant event referred to above becoming effective or, if a record date is fixed therefore, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

5.3.2 Declaration of dividend in Shares:

If the Company shall issue Shares as a dividend in Shares or make a distribution of Shares which is treated as a capitalisation issue for accounting purposes under International Financial Reporting Standards (including but

not limited to capitalisation of capital reserves and employee stock bonus), then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Company has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times [N/(N + n)]$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Shares outstanding, at the time of issuance of such dividend and/or distribution or at the close of business in Mumbai on such record date as the case may be).

n = the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

5.3.3 Concurrent adjustment events:

If the Company shall declare a dividend in, or make a free distribution or bonus issue of Shares and such dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

5.3.3.1 the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 5.3.5 to 5.3.7;

5.3.3.2 the day immediately before the date of issue of any securities convertible into or exchangeable for Shares, which requires an adjustment of the Conversion Price pursuant to Condition 5.3.9;

5.3.3.3 the day immediately before the date of issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 5.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 5.3.10;

5.3.3.4 the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 5.3.11; or

5.3.3.5 determined by the Company and notified by the Company to the Trustee and Principal Paying and Conversion Agent in writing to be the relevant date for an event or circumstance which requires an adjustment to the Conversion Price pursuant to Condition 5.3.13;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 5.3.1 and 5.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under the Conditions 5.3.1 and 5.3.2, but in lieu thereof an adjustment shall be made under Conditions 5.3.5, 5.3.6, 5.3.7, 5.3.9, 5.3.10, 5.3.11 or 5.3.13 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

5.3.4 Extraordinary Cash Dividends:

In case the Company shall, by dividend or otherwise, distribute cash (excluding any dividend or distribution that is not an Extraordinary Cash Dividend) to all holders of Shares then, in such case, the Conversion Price shall be adjusted (with such adjustment to be effective on the record date for the determination of shareholders entitled to receive such distribution) in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times [(M - C)/M]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5 below.

M = the Current Market Price per Share on such record date.

C = the amount of cash so distributed (and not excluded as provided for above) applicable to one Share.

If such dividend or distribution is not so paid or made, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such dividend or distribution had not been approved.

For purposes of this Condition 5.3.4, an Extraordinary Cash Dividend occurs if, at the effective date, the total amount of:

- a. any cash dividends paid or declared by the Company on the Shares, prior to deduction of any withholding tax plus any corporate tax attributable to that dividend; and
- b. all other cash dividends paid or declared on the Shares in the 365 consecutive day period prior to the effective date (other than any dividend or portion thereof previously deemed to be an Extraordinary Cash Dividend) (the “previous dividends”), except that where the date of announcement for dividends for two different fiscal years has occurred in such 365 day period, such dividends relating to the earlier fiscal year will be disregarded for the purpose of determining the previous dividend ((a) and (b) together being the “total current dividend”),

equals or exceeds on a per Share basis five percent of the Average Closing Price (as defined below) of the Shares during the Relevant Period (as defined below) provided that any dividend paid or declared by the Company will not constitute an Extraordinary Cash Dividend if the amount paid or declared by the Company is equal to an amount not greater than 300% of the dividends paid or declared by the Company in the previous fiscal year. For the avoidance of doubt, all amounts are on a per Share basis.

The “**Average Closing Price**” is the arithmetic average of the Closing Price per Share for each Trading Day during the Relevant Period.

The “**Relevant Period**” means the period beginning on the first Trading Day after the record date for the first cash dividend aggregated in the total current dividend, and ending on the Trading Day immediately preceding the record date for the cash dividend which caused the adjustment to the Conversion Price pursuant to this Condition 5.3.4. However, if there were no cash dividends declared during the 365 consecutive day period prior to the record date for the cash dividend which caused the adjustment to the Conversion Price pursuant to this Condition 5.3.4, the relevant period will be the entire period of 365 consecutive days.

5.3.5 Rights Issues to Shareholders and others:

Adjustment: If the Company shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

5.3.5.1 at a consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such rights and is less than the Current Market Price per Share at such record date; or

5.3.5.2 at a consideration per Share receivable by the Company which is fixed after the record date for the determination of shareholders entitled to receive such rights and is less than the Current Market Price per Share on the date the Company fixes the said consideration,

then the Conversion Price in effect (in a case within 5.3.5.1 above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within 5.3.5.2 above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times [(N + v)/(N + n)]$$

where:

NCP = the Conversion Price after such adjustment.

OCP = the Conversion Price before such adjustment.

N = the number of Shares outstanding at the close of business in India (in a case within 5.3.5.1 above) on such record date or (in a case within 5.3.5.2 above) on the date the Company fixes the said consideration.

n = the number of Shares initially to be issued upon exercise of such rights at the said consideration being (aa) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 5.3.16) would purchase at such Current Market Price per Share specified in 5.3.5.1 or, as the case may be, 5.3.5.2 above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Company fixes the said consideration but retroactively to immediately after the record date mentioned above.

Rights not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Company fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/ or subscription.

5.3.6 Warrants issued to Shareholders:

Adjustment: If the Company shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

5.3.6.1 at a consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or

5.3.6.2 at a consideration per Share receivable by the Company which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Company fixes the said consideration,

then the Conversion Price in effect (in a case within 5.3.6.1 above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within 5.3.6.2 above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times [(N + v)/(N + n)]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5.

N = the number of Shares outstanding (having regard to Condition 5.3.17) at the close of business in India (in a case within 5.3.6.1 above) on such record date or (in a case within 5.3.6.1 above) on the date the Company fixes the said consideration.

n = the number of Shares to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 5.3.16) would purchase at such Current Market Price per Share specified in 5.3.6.1 or, as the case may be, 5.3.6.2) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (i) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (ii) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Company fixes the said consideration but in all cases retroactively to immediately after the record date mentioned above.

Warrants not subscribed for by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in Conditions 5.3.6.1 and 5.3.6.2, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Company fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

5.3.7 Issues of rights or warrants for equity related securities to Shareholders:

Adjustment: If the Company shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

5.3.7.1 at a consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

5.3.7.2 at a consideration per Share receivable by the Company (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Company fixes the said consideration,

then the Conversion Price in effect (in a case within 5.3.7.1 above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within 5.3.7.2 above) on the date the Company fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP = OCP \times \frac{N + v}{N + n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5.

N = the number of Shares outstanding (having regard to Condition 5.3.17) at the close of business in India (in a case within 5.3.7.1 above) on such record date or (in a case within 5.3.7.2 above) on the date the Company fixes the said consideration.

n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (aa) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities which the underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 5.3.16) would purchase at such Current Market Price per Share specified in 5.3.7.1 or, as the case may be, 5.3.7.2 above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (a) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (b) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Company fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

Rights or warrants not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 5.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Company fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/ or subscription.

5.3.8 Other distributions to Shareholders:

Adjustment: If the Company shall distribute to the holders of Shares evidences of its indebtedness, or shares of capital stock of the Company (other than Shares), or assets (including any dividends in cash) or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 5.3.5, 5.3.6 and 5.3.7 above), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP = OCP \times [(CMP - fmv)/CMP]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5.

CMP = the Current Market Price per Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the fair market value (as determined by the Company or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or by an appraiser appointed by such court) of the portion of the evidences of indebtedness, equity share capital shares of capital stock, assets (including cash), rights or warrants so distributed applicable to one Share less any consideration payable for the same by the relevant Shareholder.

In making a determination of the fair market value of any such evidences of indebtedness, shares of capital stock, assets (other than cash), rights or warrants, the Company shall consult an Independent Financial Institution (as defined herein) and shall take fully into account the advice received from such institution.

Effective date of adjustment: Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution. Provided that (a) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the fair market value of the evidences of indebtedness, shares of capital stock, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such fair market value being determined, become effective retroactively to immediately after such record date.

5.3.9 Issue of convertible or exchangeable securities other than to Shareholders or on exercise of warrants:

Adjustment: If the Company shall issue any securities convertible into or exchangeable for Shares (other than the Bonds, or in any of the circumstances described in Conditions 5.3.7 and 5.3.9 or grant such rights in respect of any existing securities and the consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) shall be less than the Current Market Price per Share on the date in India on which the Company fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP = OCP \times [(N + v)/(N + n)]$$

where:

NCP and OCP have the meanings ascribed thereto in Conditions 5.3.5.

N = the number of Shares outstanding (having regard to Condition 5.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.

v = the number of Shares which the aggregate consideration receivable by the Company would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

5.3.10 Other issues of Shares:

Adjustment: If the Company shall issue any Shares other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) already issued by the Company or upon exercise of any rights or warrants granted, offered or issued by the Company or in any of the circumstances described in Conditions 5.3.1 and 5.3.2 or issued to shareholders of any company which merges with the Company in proportion to their shareholdings in such company immediately prior to such merger, upon such merger but including Shares issued under any employee dividend or profit-sharing arrangements for a consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) less than the Current Market Price per Share on the date in India on which the Company fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \frac{(\text{N} + \text{v})}{(\text{N} + \text{n})}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5.

N = the number of Shares outstanding (having regard to Condition 5.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.

n = the number of additional Shares issued as aforesaid.

v = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 5.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

5.3.11 Issue of equity related Securities:

Adjustment: If the Company shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 5.3.5 to 5.3.7) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Company (determined as provided in Condition 5.3.16) shall be less than the Current Market Price per Share on the date in India on which the Company fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \frac{(\text{N} + \text{v})}{(\text{N} + \text{n})}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5

N = the number of Shares outstanding (having regard to Condition 5.3.16) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion or exchange of such convertible or exchangeable securities at the said consideration.

v = the number of Shares which the aggregate consideration receivable by the Company (determined as provided in Condition 5.3.16) would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

5.3.12 Tender or Exchange Offer:

In case a tender or exchange offer made by the Company or any subsidiary of the Company for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Company or such subsidiary of consideration per Share having a Fair Market Value (as determined by the Board, whose determination shall, if made in good faith, be conclusive) at the last time (the “Expiration Date”) tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \text{OCP} \times \left[\frac{(\text{N} \times \text{M})}{\text{a} + [(\text{N} - \text{n}) \times \text{M}]} \right]$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 5.3.5 above.

N = the number of Shares outstanding (including any tendered or exchanged Shares) on the Expiration Date.

M = Current Market Price per Share as of the Expiration Date.

a = the Fair Market Value of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the “Purchased Shares”).

n = the number of Purchased Shares.

Such reduction to become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

If the Company is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

“Fair Market Value” means the price that could be negotiated in an arm’s length free market transaction for cash between a willing buyer and a willing seller neither of which is under pressure or compulsion to complete the transaction.

5.3.13 Analogous events and modifications:

If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities) or (b) the Company determines that any other event or circumstance has occurred which has or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Company, taken as a class which is analogous to any of the events referred to in Conditions 5.3.1 to 5.3.12, then, in any such case, the Company shall promptly notify the Trustee thereof in writing and consult with an Independent Financial Institution, not being a shareholder or Bondholder as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of Bondholders and will make any such adjustment.

5.3.14 Simultaneous issues of different classes of Shares:

In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula:

$$\text{NCP} = \text{OCP} \times [(N + v)/(N + n)]$$

shall be restated as:

$$\text{NCP} = \text{OCP} \times [(N + v1 + v2 + v3)/(N + n1 + n2 + n3)]$$

where v1 and n1 shall have the same meanings as “v” and “n” but by reference to one class of Shares, v2 and n2 shall have the same meanings as “v” and “n” but by reference to a second class of Shares, v3 and n3 shall have the same meanings as “v” and “n” but by reference to a third class of Shares and so on.

5.3.15 Current Market Price per Share:

For the purposes of these Conditions, the “Current Market Price” per Share on any date means the lower of:

- i) the Conversion Price prevailing on such date plus the premium so determined so as to give a YTM of 5.32% till such date on the Conversion Price prevailing on such date; or
- ii) the average of the daily closing prices (as defined below) of the relevant Shares for the 30 consecutive Trading Days (as defined below) before such date.

If the Company has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said 30 Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

For the purposes of these Conditions:

the “Closing Price” of the Shares for each Trading Day shall be the last reported transaction price of the Shares on the BSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on the BSE selected from time to time by the Company and notified to the Trustee in writing for the purpose; and

“Trading Day” means any day of the week during which the BSE is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and (b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid. If the Shares are no longer listed on the BSE and have been listed on another stock exchange as required by Condition 12.4, references in the above definitions to the BSE will be taken as references to that stock exchange.

5.3.16 Consideration receivable by the Company:

For the purposes of any calculation of the consideration receivable by the Company pursuant to Conditions 5.3.5 to 5.3.7 and 5.3.9 to 5.3.11 and 5.3.14 above, the following provisions shall be applicable:

- 5.3.16.1 in the case of the issue of Shares for cash, the consideration shall be the amount of such cash, provided that in no such case shall any deduction be made for any commissions or any expenses

paid or incurred by the Company for any underwriting of the issue or otherwise in connection therewith;

- 5.3.16.2 in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by the Company (and in making such determination the Company shall consult an Independent Financial Institution and shall take fully into account the advice received from institution) or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;
- 5.3.16.3 in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Company shall be deemed to be the consideration received by the Company for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 5.3.16) and the consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;
- 5.3.16.4 in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Company shall be deemed to be the consideration received by the Company for any such rights or warrants plus the additional consideration to be received by the Company upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 5.3.16) and the consideration per Share receivable by the Company shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price;
- 5.3.16.5 if any of the consideration referred to in any of the preceding paragraphs of this Condition 5.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 5.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through US dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid; and
- 5.3.16.6 in the case of the issue of Shares (including, without limitation, to employees under any employee bonus or profit sharing arrangements) credited as fully paid out of retained earnings or capitalisation of reserves at their par value, the aggregate consideration receivable by the Company shall be deemed to be zero (and accordingly the number of Shares which such aggregate consideration receivable by the Company could purchase at the relevant Current Market Price per Share shall also be deemed to be zero).

5.3.17 Cumulative adjustments:

If, at the time of computing an adjustment (the “**later adjustment**”) of the Conversion Price, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 5.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

5.3.18 Minor adjustments:

No adjustment of the Conversion Price shall be required if the adjustment would be less than 1% of the Conversion Price then in effect; provided that any adjustment which by reason of this Condition 5.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 5.3.18) in any subsequent adjustment. All calculations under this Condition 5.3.18 shall be made to the nearest Rs.1. Except as otherwise set out in Condition 5.3.19, the Conversion Price may be reduced at any time by the Company.

5.3.19 Minimum Conversion Price:

Notwithstanding the provisions of this Condition, the Company covenants that Conversion Price shall not be reduced below the par value of the Shares (Rs.10 at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares.

5.3.20 Employee share scheme:

No adjustment shall be required to the Conversion Price where Shares or other securities or options, rights or warrants for shares or other securities, are issued, offered, allotted, appropriated, modified or granted to employees (including directors) or former employees of the Company or persons related to such employees (including directors) or former employees, directly or indirectly, pursuant to any employee share scheme generally or as required by law.

5.3.21 *Reference to fixed:*

Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

5.3.22 Whenever the Conversion Price is adjusted as herein provided the Company shall compute the adjusted Conversion Price in accordance with Condition 5.3 and shall prepare a certificate signed by two directors of the Company setting forth the Conversion Price before adjustment, the adjusted Conversion Price including reference to which provision in Condition 5.3 has been triggered, the effective date of such adjustment and certifying that such adjustment is permitted under the prevailing applicable Indian laws and regulations and showing in reasonable detail the facts upon which such adjustment is based, and such certificate shall forthwith be delivered to the Trustee and the Agents and will be notified to Bondholders at least ten Business Days in advance of the effective date of such adjustment.

5.3.23 Trustee and Agents not obliged to monitor:

The Trustee and the Agents shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and shall assume no such event has occurred until it has express written notice from the Company of such event and will not be responsible to the Bondholders or any other person for any loss arising from any such assumption or any failure by it to monitor.

The Initial Conversion Price will be subject to adjustment in accordance with the provisions of this Condition 5.3. If the Company fails to notify the Agents of the Conversion Price or any adjustments to it in accordance with Condition 5.3.22, the Principal Paying and Conversion Agent shall have no duty to apply the adjusted Conversion Price or to convert the Bonds and shall not be liable to any person for such failure to do so. If the Company fails to notify the Trustee of the Conversion Price or any adjustments to it in accordance with Condition 5.3.22, the Trustee shall have no liability to any person for any of its actions or omissions under this Condition 5.

5.3.24 *No adjustment for conversion of the Bonds:*

No adjustment of the Conversion Price shall be required as a result of the conversion of any of the Bonds.

5.3.25 Trustee, Agents and Lead Manager Not Liable

None of the Trustee, the Agents and the lead manager appointed by the Company for the purpose of issuance of the Bonds (the "Lead Manager") shall be responsible for any failure of the Company to make such payment or to issue, transfer or deliver any Shares or other securities or property upon the surrender of any Bond for conversion and none of the Trustee, the Agents and the Lead Manager shall be responsible for or liable to any Bondholder or any other person for any failure of the Company to comply with any of the Company's covenants in relation to conversion or any of the Company's actions or omissions under this Condition 5.

Neither the Trustee nor any of the Agents shall be responsible or liable to the Bondholders or any other person for the selection of any Independent Financial Institution made by the Company or for any acts, decisions, or omissions of the Company as a result of any determination, calculation or advice provided by such Independent Financial Institution.

5.3.26 Independent Financial Institution

For the purposes of these Conditions, "**Independent Financial Institution**" means an independent investment company or a commercial bank or a chartered accountant firm of international repute in either case, not being a shareholder or a Bondholder and selected by the Company and notified in writing to the Trustee. All costs, charges, liabilities and expenses incurred in connection with the appointment, retention, consultation and remuneration of any Independent Financial Institution appointed under these Conditions shall be borne by the Company.

5.3.27 Whenever the Conversion Price is adjusted in accordance with Condition 5.3, the Company, so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, will also publish a notice via SGXNET of the SGX-ST of such adjustment to the Conversion Price at least ten Business Days in advance of the effective date of such adjustment.

5.4 Procedure for Conversion

5.4.1 A Conversion Right may be exercised by a Bondholder delivering at its own expense the relevant Certificate, if applicable, to the specified office of any of the Conversion Agents between 9:00 am and 3:00 p.m. (local time on any business day in such place) during the Conversion Period, accompanied by a duly completed and signed notice of conversion (a "Conversion Notice") in duplicate and in the form (for the time being) obtainable from the specified office of any of the Agents together with the representation by the Bondholder, in the Conversion Notice, that it is not a U.S. person or located in the United States (within the meaning of Regulation S under the Securities Act of 1933 of the United States, as amended) and any certificates and other documents as may be required under the laws of the Republic of India and the jurisdiction in which the specified office of such Conversion Agent is located. The Conversion Agent may reject any incomplete or incorrect Conversion Notice or any Conversion Notice that is not accompanied by any relevant Certificates in respect thereof.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the relevant Conversion Agent to which the relevant Conversion Notice is delivered is located. A Conversion Notice deposited outside the hours specified above or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent between 9:00 a.m. and 3:00 p.m. local time on the next business day. Bondholders that deposit a Conversion Notice during a Closed Period will not be permitted to convert their Bonds into Shares until the next business day following the last day of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds. The price at which such Bonds will be converted will be the Conversion Price in effect on such Conversion Date.

5.4.2 The conversion date in respect of a Bond (the "Conversion Date") shall be the Business Day immediately following the date of receipt of a Conversion Notice and other applicable documents. A Conversion Notice once delivered shall be irrevocable and cannot be withdrawn and the relevant Bond the subject of such Conversion Notice shall be cancelled by the Principal Paying and Conversion Agent on the Conversion Date in accordance with the Agency Agreement.

- 5.4.3 A Bondholder delivering a Conversion Notice must pay any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable by the Company in respect of the allotment and issue of Shares on conversion) and such Bondholder shall pay all, if any, taxes arising by reference to any disposal of a Bond in connection with such conversion. The Company will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares in connection with conversion.
- 5.4.4 Any Bondholder exercising the Conversion Right must provide the relevant Conversion Agent and the Company with the certificate of payment of the relevant tax authorities or certify to the Principal Paying and Conversion Agent in the Conversion Notice that such Bondholder has paid or will pay taxes to the relevant authorities. None of the Trustee nor any of the Conversion Agents shall be under any obligation to determine whether a Bondholder or the Company is liable to make any payment (and the amount of any such payment) under Condition 5.4.3 and shall not be liable for any failure by any Bondholder or the Company to make such payment to the relevant tax authorities. None of the Trustee nor any of the Agents shall be concerned with, nor shall any of them be obliged or required to enquire into the sufficiency of any amount paid for this purpose. Furthermore, the Conversion Agent will be relying on the documents provided by the Bondholder in relation to taxation liability and the issuance of Shares on conversion of the Bonds is not a confirmation by the Conversion Agent that any taxation liability has been met and will have no liability whatsoever if the documents were later found to be insufficient.
- 5.4.5 Upon successful exercise by a Bondholder of its Conversion Right pursuant to this Condition 5, the Company will, on or with effect from the relevant Conversion Date, enter the relevant Bondholder or his/their nominee in the register of members of the Company in respect of such number of shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect) and will as soon as practicable, and in any event within 35 Business Days of the Conversion Date, cause the relevant securities account of the Bondholder exercising his Conversion Right for Shares or of his/their nominee, to be credited with such number of relevant shares to be issued upon conversion (notwithstanding any retroactive adjustment of the conversion price referred to below prior to the time it takes effect) and shall further cause the name of concerned Bondholder or its nominee to be registered accordingly, in the record of the depositories, maintained by a depository registered under the 1996 Depositories Act with whom the Company has entered into a depository agreement and subject to any applicable limitations then imposed by Indian law and regulations, shall procure the share transfer agent to, as soon as practicable, and in any event within 35 Business Days of the Conversion Date, despatch or cause to be despatched to the order of the person named for the purpose in the relevant Conversion Notice at the place and in the manner specified in the relevant Conversion Notice (uninsured and the risk of delivery at any such place being that of the converting Bondholder), in respect of any conversion and such assignments, the documents (if any) as required by law to affect the transfer thereof.

The crediting of the shares to the relevant securities account of the converting Bondholder will be deemed to satisfy the Company's obligation to pay the principal and premium (if any) on the Bonds.

As soon as practicable on or after the relevant Conversion Date, and in any event not later than 35 Business Days following the relevant Conversion Date, the Shares deliverable on conversion of the relevant Bonds shall be allotted by the Company to the Bondholder (or its nominee). The Company shall deliver to the Bondholder a letter certifying such allotment and, pursuant to the provisions of the Agency Agreement, provide confirmation of the allotment of Shares to the Principal Paying and Conversion Agent. With effect from the relevant Conversion Date the Company shall treat the Bondholder (or its nominee) as the holder of relevant number of Shares, which the exercising Bondholder is entitled upon conversion of the relevant Bonds. Immediately after each Conversion Date the Company will ensure that all necessary steps are taken for the due issue of the Shares issuable on conversion of the relevant Bonds. As soon as practicable on or after the relevant Conversion Date and in any event, not later than 35 Business Days after the Conversion Date, the Company will register the Bondholder or its nominee as holder(s) of the relevant number of Shares to be issued on conversion in the Company's share register with effect from the Conversion Date and notify in writing to the Conversion Agent of the said conversion.

If the Conversion Date in relation to any Bond is on or after a date from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions referred to in Condition 5.3 and the relevant Conversion Date falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the Company will use its best endeavours to procure that the provisions of this

Condition 5.4.5 shall be applied, with appropriate alterations, to such number of Shares (“Additional Shares”) as is equal to the excess number of Shares which would have been required to be issued on conversion of such Bond if the relevant retroactive adjustment had been made as at the said Conversion Date and in such event and in respect of such Additional Shares references in this Condition 5.4.5 to the Conversion Date shall be deemed to refer to the date upon which such retroactive adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

Notwithstanding the Conversion Right for each Bondholder in respect of each Bond, if the Company is unable to convert the Bonds into Shares within 35 Business Days after receiving the Conversion Notice, the Company shall have the option to pay to the relevant Bondholder an amount of cash in U.S. dollars equal to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares) (the "Cash Settlement Option"). In order to exercise the Cash Settlement Option, the Company shall give written notice of the exercise of the Cash Settlement Option (the "Cash Settlement Notice") to the relevant Bondholder (with a copy to the Trustee and the Principal Paying and Conversion Agent) as soon as practicable but no later than the 34th Business Day after receiving the Conversion Notice (the "Cash Settlement Notice Date"). The Cash Settlement Notice must specify the number of Shares in respect of which the Company will make a cash payment in the manner described in this Condition 5.4.5. The Company shall pay the Cash Settlement Amount along with any other amounts payable by it within nine Trading Days directly to the Bondholders following the Cash Settlement Notice Date and shall promptly notify the Trustee and the Principal Paying and Conversion Agent that such payment has been made. If the Company exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be converted on the same Conversion Date, the Company shall make the same proportion of cash and Shares available to such converting Bondholders.

"Cash Settlement Amount" means, in respect of the Bonds submitted for conversion by the relevant Bondholder, the US dollar amount equal to the aggregate of (i) the principal amount of such Bonds and (ii) 12 per cent per annum of the principal amount of such Bonds commencing from (and including) the date of the Conversion Notice to (but excluding) the date of payment of the Cash Settlement Amount.

5.4.6 Entitlements

The Shares issued upon conversion of the Bonds will in all respects, subject to listing, rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights, the record date for which falls on or after such Conversion Date to the same extent as all other fully paid-up shares of the Company in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

Shares allotted on conversion will be fully paid and will rank *pari passu* in all respects with the fully paid Shares in issue on the Conversion Date (except for any right excluded by mandatory provisions of law), except that the Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares prior to such Conversion Date.

5.5 Purchase by Company of its own Shares

The Articles of Association, subject to the provisions of the Companies Act, contains authority for the Company to exercise such rights as it may from time to time enjoy to purchase its own Shares without the consent of the Bondholders provided that any such purchase shall have been duly authorised by the Shareholders and is subject to compliance with applicable law.

5.6 Mergers

No consolidation, amalgamation or merger of the Company with any other corporation (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation), or sale or transfer of all, or substantially all, of the assets of the Company shall take place unless the Company shall have notified the Bondholders, the Trustee and the Agents of such event in accordance with Condition 19 and the Company and such corporation, entity or person shall have executed a trust deed supplemental to the Trust Deed (in form and substance satisfactory to the Trustee) whereby such corporation, entity or person assumes

the obligations of the Company under the Trust Deed, the Agency Agreement and the Bonds and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer. Such supplemental trust deed will provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of this Condition 5. The Trustee shall be entitled to require from the Company such opinions, consents, documents and other matters at the expense of the Company in connection with the foregoing as it may consider appropriate. Immediately after giving effect to any such merger, no Event of Default (as defined herein) shall have occurred or be continuing or would result therefrom. The corporation formed by such merger, or the person that acquired such properties and assets, shall expressly agree, among other things, to indemnify each holder of a Bond against any tax, assessment or governmental charge payable by withholding or deduction thereafter imposed on such holder solely as a consequence of such merger with respect to the payment of principal and premium (if any) on the Bonds.

Such supplemental trust deed shall provide for adjustments which will be as nearly equivalent as may be practicable to the adjustments provided for in the foregoing provisions of Condition 5, except that if the Company is the surviving entity, no supplemental trust deed will need to be executed.

The above provisions of this Condition 5.6 will apply in the same way to any subsequent consolidations, amalgamations, mergers, sales or transfers.

6 **Cancellation**

All Bonds redeemed or converted or purchased by the Company pursuant to any of the provisions herein will be cancelled forthwith and may not be reissued or resold and will not be deemed to be outstanding for any of the purposes contained herein. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar.

7 **Redemption and Repurchase**

7.1 **Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein the Company will redeem each bond at 100% of its principal amount together with accrued and unpaid interest to such date on 23 October 2019 (the "Maturity Date").

7.2 **Redemption for Taxation Reasons**

At any time the Company may, having given not less than 30 nor more than 60 days' notice to the Bondholders, the Trustee and the Agents (which notice shall be irrevocable), redeem all but not some of the Bonds at their Early Redemption Amount and all amounts due pursuant to Condition 9 on the date fixed for redemption, if (i) the Company provides the Trustee with an opinion of an independent legal or tax advisors of recognised international standing immediately prior to the giving of such notice that the Company has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of (1) India or any political subdivision or any authority thereof or therein having power to tax, (2) any jurisdiction from or through which any payment on the Bonds is made, or any political subdivision or authority thereof or therein having the power to tax, or (3) any other jurisdiction in which the Company or any other entity obligated to make any payment on the Bonds is organised or engaged in business for tax purposes or otherwise considered to be resident for tax purposes, or any political subdivision or authority thereof or therein having the power to tax (each of clause (1), (2) and (3) a "Relevant Taxing Jurisdiction"), or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it including, without limitation, changing the jurisdiction from which or through which payments are made, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts were a payment in respect of the Bonds then due and unless at the time such notice is given, such obligation to pay the additional amounts remains in effect. Prior to the giving

of any notice of redemption pursuant to this paragraph, the Company shall deliver to the Trustee (a) a certificate signed by two directors of the Company stating that the obligation referred to in (i) above cannot be avoided by the Company taking reasonable measures available to it and; (b) an opinion of an independent legal or tax advisors of recognised international standing to the effect that such charge or amendment has occurred (irrespective of whether such amendment or charge is then effective) and the Trustee shall accept and rely, without further enquiry on such certificate and opinion whether such certificate or opinion is sufficient and conclusive evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on the Bondholders and the Trustee will not be liable to the Bondholders on accepting the opinion and certificate provided to it by the Company nor any of its actions or omissions undertaken pursuant to this Condition 7.2

Upon expiry of such notice, the Company would be liable to redeem the Bonds at the Early Redemption Amount and all amounts due pursuant to Condition 9 on the date fixed for redemption

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

7.3 Issuer Clean-up Call

At any time the Company may, having given not less than 60 days' notice to the Bondholders (which notice shall be irrevocable), redeem all but not some of the Bonds at their Early Redemption Amount and all amounts due pursuant to Condition 9 on the date fixed for redemption, if outstanding Bonds fall below 10% of the principal amount of the Bonds originally issued.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

7.4 Repurchase of Bonds in the Event of Delisting

To the extent permitted by applicable law, unless the Bonds have been previously redeemed, repurchased and cancelled or converted, in the event that the Shares cease to be listed or admitted to trading on the BSE and the NSE (a "Delisting"), the Company shall, within 10 Business Days after the Delisting, notify the Bondholders, the Trustee and the Agents of such Delisting, and each Bondholder shall have the right (the "Delisting Repurchase Right"), at such Bondholder's option, to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder's Bonds at a price equal to the Early Redemption Amount and all amounts due pursuant to Condition 9 (the "Delisting Repurchase Price") on the date set by the Company for such repurchase (the "Delisting Repurchase Date"), which shall be not less than 30 days nor more than 60 days following the date on which the Company notifies the Bondholders of the Delisting.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

7.5 Repurchase of Bonds in the Event of Change of Control

To the extent permitted by applicable law, if a Change of Control, as defined below, occurs with respect to the Company, each Bondholder shall have the right (the "Change of Control Repurchase Right"), at such Bondholder's option, to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder's Bonds on the date set by the Company for such repurchase (the "Change of Control Repurchase Date"), which shall be not less than 30 days nor more than 60 days following the date on which the Company notifies the Bondholders, the Trustee and the Agents of the Change of Control, which notice shall be delivered not later than 10 Business Days after the Company becomes aware of a Change of Control, at a price equal to the Early Redemption Amount and all amounts due pursuant to Condition 9 (the "Change of Control Repurchase Price").

In this Condition:

The term “Control” means the right to appoint and/or remove all or the majority of the members of the Board or other governing body of the Company, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

A “Change of Control” occurs when:

(1) any person or persons (as defined below) acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;

(2) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity; or

(3) one or more other persons acting together acquire the legal or beneficial ownership of more than 50% of the Company’s Voting Stock.

However, a Change of Control will not be deemed to have occurred solely as a result of the issuance or transfer, with the Company’s co-operation, of any preferred shares in the Company’s capital.

For the purposes of the Change of Control Repurchase Right, a “person” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state, in each case whether or not being a separate legal entity. A “person” does not include the Board or any other governing board and does not include the Company’s Subsidiaries or affiliates.

For the purposes of this Condition 7.5:

“Voting Stock” means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect members of the board of directors, managers or trustees of any person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have voting power by reason of the happening of any contingency).

“Capital Stock” means, with respect to any person, any and all shares, ownership interests, participation or other equivalents (however designated), including all common or ordinary stock and all preferred stock, of such person.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

7.6 Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment

To the extent permitted by applicable law, unless the Bonds have been previously redeemed, repurchased and cancelled or converted, in the event that an event triggering an adjustment to the Conversion Price occurs and the Company is unable to provide the Trustee with a Price Adjustment Opinion as set forth in Condition 3.2 (a “Non-Permitted Conversion Price Adjustment Event”), prior to occurrence of an event triggering an adjustment to Conversion Price, the Company shall, within 10 Business Days after the occurrence of the relevant event triggering such adjustment, notify the Bondholders, the Agents and the Trustee of such Non-Permitted Conversion Price Adjustment Event, and each Bondholder shall have the right (the “Non-Permitted Conversion Price Adjustment Event Repurchase Right”), at such Bondholder’s option, to require the Company to repurchase all (or any portion of the principal amount thereof which is US\$100,000 or any integral multiples thereof) of such Bondholder’s Bonds at a price equal to their Early Redemption Amount and all amounts due pursuant to Condition 9 (the “Non-Permitted Conversion Price Adjustment Event Repurchase Price”), on the date set by the Company for such repurchase (the “Non-Permitted Conversion Price Adjustment Event Repurchase Date”), which shall be not less than 30 days nor more than 60 days following the date on which the Company notifies the Bondholders of the Non-Permitted Conversion Price Adjustment.

Under regulations of the RBI applicable to convertible bonds, the Company will require the prior approval of the RBI before providing notice for or effecting such redemption prior to the Maturity Date. Such approval may or may not be forthcoming.

Applicable Indian regulations stipulating minimum pricing for issues of convertible bonds currently in effect have set a floor price of Rs.13.81 per share for this issue of Bonds as at the date of issue.

7.7 Repurchase Procedures

Promptly after becoming aware of, and in any event within 10 Business Days after a Delisting or a Change of Control or Non-Permitted Conversion Price Adjustment Event, the Company will deliver to each Bondholder a notice regarding such Delisting Repurchase Right or Change of Control Repurchase Right, as the case may be, which notice shall state, as appropriate:

- a) the Delisting Repurchase Date or the Change of Control Repurchase Date or Non-Permitted Conversion Price Adjustment Event Repurchase Date, as the case may be (each, a “Purchase Date”);
- b) in the case of a Delisting, the date of such Delisting and, briefly, the events causing such Delisting;
- c) in the case of a Change of Control, the date of such Change of Control and, briefly, the events causing such Change of Control;
- d) in the case of Non-Permitted Conversion Price Adjustment Event, the date of such Non-Permitted Conversion Price Adjustment Event and, briefly, the events causing such Non-Permitted Conversion Price Adjustment Event;
- e) the date by which the Bondholder Purchase Notice must be given;
- f) the Delisting Repurchase Price or the Change of Control Repurchase Price or Non-Permitted Conversion Price Adjustment Event Repurchase Price, as the case may be, and the method by which such amount will be paid;
- g) the names and addresses of all Paying Agents;
- h) the current Conversion Price;
- i) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Repurchase Right or Change of Control Repurchase Right or Non-Permitted Conversion Price Adjustment Event Repurchase Right, as the case may be, or the Conversion Right; and
- j) that a Bondholder Purchase Notice, once validly given, may not be withdrawn.

To exercise its right to require the Company to repurchase the Bonds, pursuant to the Delisting Repurchase Right or the Change of Control Repurchase Right or Non-Permitted Conversion Price Adjustment Event Repurchase Right, as the case may be, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a “Bondholder Purchase Notice”) to any Paying Agent on any Business Day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 10 Business Days prior to the Purchase Date.

Payment of the Delisting Repurchase Price upon exercise of the Delisting Repurchase Right or payment of the Change of Control Repurchase Price upon exercise of the Change of Control Repurchase Right or payment of the Non-Permitted Conversion Price Adjustment Event Repurchase Price upon exercise of the Non-Permitted Conversion Price Adjustment Event Repurchase Right for any Bond for which a Bondholder Purchase Notice has been delivered is conditional upon (i) the Company obtaining all approvals required by applicable law and (ii) delivery of the Certificate relating to such Bond (together with any necessary endorsements) to any Paying Agent on any Business Day together with the delivery of such Bondholder Purchase Notice. Payment will then be made promptly following the later of the Purchase Date and the time of delivery of such Certificate. So long as the Bonds are listed on Singapore Exchange Securities Trading Limited and the rules of that stock exchange so require, the Company shall, once in each year in which there has been a partial redemption of the Bonds, cause to be published in a leading newspaper of general circulation in Singapore, a notice specifying the aggregate principal amount of Bonds outstanding and a list of the Bonds drawn for redemption but not surrendered.

Neither the Trustee nor any of the Agents shall be required to take any steps to ascertain whether a Delisting or a Change of Control or Non-Permitted Conversion Price Adjustment Event or any events which could lead to the occurrence of a Delisting or a Change of Control or a Non-Permitted Conversion Price Adjustment

Event, have occurred and shall assume no such event has occurred until it has express written notice from the Company of such event and will not be liable to any person for any failure by it to do so.

7.8 Repurchase

The Company may, if permitted under the laws of India, at any time repurchase Bonds or interests therein. The Company is required to submit to the Registrar for cancellation the Certificates in respect of any Bonds so purchased.

7.9 Early Redemption Amount

“Early Redemption Amount” means an amount equal to 100% of the principal amount of the Bonds to be redeemed plus the Redemption Premium at the relevant date fixed for redemption. “Redemption Premium” means an amount that is determined so that such Redemption Premium represents for each Bondholder a gross yield of 5.32% per annum (which is identical to the gross yield in the case of redemption at maturity), calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed.

7.10 Redemption Notices

All notices to Bondholders given by or on behalf of the Company pursuant to this Condition will specify the date fixed for redemption, the redemption amount, the Conversion Price as at the date of the relevant notice, the Closing Price of the Shares and the aggregate principal amount of the Bonds outstanding, in each case, as at the latest practicable date prior to the publication of the notice, all in accordance with Condition 19. Neither the Trustee nor any of the Agents shall be under any duty to ascertain whether the requisite approval relating to any early redemption has been obtained.

7.11 Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7, the first of each such notice to be given shall prevail.

7.12 Closed Periods

No notice of redemption given under Condition 7 shall be effective if it specifies a date for redemption which falls during a Closed Period or within 15 Business Days immediately after the expiry of any Closed Period. Upon the expiry of any effective notice of redemption, the Company will be bound to redeem the Bonds to which such notice relates at the date fixed for redemption.

8 **Payments; Business Day**

8.1 Subject to Condition 8.9, payments of principal, premium (if any) and interest will be made to the Bondholder, details (including a Bondholder’s registered account and registered address) of which appear on the Register at the close of business on the record date which is 15 calendar days prior to the due date for redemption or payment, on delivery of the Certificate to any Paying Agent.

8.2 Each such payment will be made (i) by transfer to the registered account of the Bondholder or (ii) by US dollar cheque drawn on a bank in New York City mailed to the registered address of the Bondholder if it does not have a registered account (by ordinary uninsured mail and the risk of delivery being that of the Bondholder and at the expense of the Company). Payments will be subject in all cases to any applicable fiscal and other laws and regulations, but without prejudice to the provisions of Condition 9. Payment of principal and premium (if any) will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

8.3 If the amount of principal, premium (if any) or interest, which is due on the Bonds on any date is not paid in full, the Registrar will annotate the Register and any Certificates surrendered for payment with a record of the amount or principal, premium (if any) or interest in fact paid and the date of such payment.

8.4 When making payments to Bondholders fractions of one cent will be rounded down to the nearest whole cent.

- 8.5 Bondholders will not be entitled to any payment for any delay after the due date in receiving the amount due if, and to the extent that, the due date is not a Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives or is cleared after the due date for payment.
- 8.6 All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments by the Company or its agents.
- 8.7 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that date is not a Business Day, for value the following Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, (i) on the Business Day on which the relevant Certificate is surrendered at the specified office of any of the Agents or (ii) on the next Business Day following the due date.
- 8.8 No payments of principal by the Company will be made if the requisite approvals of the Reserve Bank of India have not been obtained or any other applicable Indian laws and restrictions have not been complied with, which approvals the Company will use reasonable endeavours to obtain but the Company will not be in default for not making payment if the requisite approvals have not been obtained.
- 8.9 In these conditions “Business Day” means a day on which the clearing banks in London, Mumbai, New York and Singapore are open for business and for the purpose of this Condition 8 only, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.
- 8.10 Subject to compliance with applicable Indian laws and regulations, if the amount of principal, premium (if any) or any other amounts due (including the principal amount and any additional amounts payable under these Conditions) that is due on the Bonds on any date is not paid in full, the Registrar will annotate the Register and any Certificates surrendered for payment with a record of the amount of principal, premium (if any) and any other amounts due, any amounts paid and the date of such payment.

9 **Taxation**

All payments of principal, premium (if any) and interest in respect of the Bonds by the Company shall be made without deduction of, or withholding for or on account of, any present or future taxes, duties, assessments or charges imposed by the Government of India of whatever nature imposed or levied by or in India or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received by the holders of Bonds after such deduction or withholding shall equal the amounts which would have been receivable by them had no such deduction or withholding been required (except that no additional amounts shall be payable in respect of any Bond (i) held by a person resident in India for taxation purposes or (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Directive 2003/48/EC, as amended from time to time or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any other law implementing or complying with or introduced in order to, conform to, such Directive).

10 **Prescription**

Claims in respect of principal and other sums payable in respect of the Bonds will become prescribed unless made within ten years from the date upon which such payments become due. Neither the Trustee nor any Agent will have any responsibility, obligation or liability with respect to any Bondholders for any amount so prescribed.

11 **Undertakings**

Whilst any Conversion Right remains exercisable, the Company will:

- 11.1 issue Shares to Bondholders on the exercise of Conversion Rights in accordance with these Conditions and at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital such number of Shares as would enable the Conversion Rights and all other rights of subscription and exchange for and conversion into Shares to be satisfied in full;
- 11.2 save with the approval of an Extraordinary Resolution of the Bondholders, not issue or pay up any securities, in either case by way of capitalisation of profits or reserves, other than (i) by the issue of fully paid Shares to the Shareholders and other holders of Shares in the capital of the Company which by their terms entitle the holders thereof to receive Shares on a capitalisation of profits or reserves or (ii) by the issue of Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of a cash dividend or (iii) by the issue of fully paid equity share capital (other than Shares) to the holders of equity share capital of the same class and other holders of Shares in the capital of the Company which by their terms entitle the holders thereof to receive equity share capital (other than Shares) on a capitalisation of profits or reserves, unless, in any such case, the same gives rise (or would, but for the fact that the adjustment would be less than 1% of the Conversion Price then in effect, give rise) to an adjustment to the Conversion Price;
- 11.3 if any offer is made to all (or as nearly as may be practicable) the Shareholders other than the offeror and/or any associate of the offeror to acquire all or a majority of the issued equity share capital of the Company, or if any person proposes a scheme with regard to such acquisition, give notice in accordance with Condition 19 of such offer or scheme to the Bondholders, the Trustee and the Agents at the same time as any notice thereof is sent to its Shareholders (or as soon as practicable thereafter) and such notice to state that details (provided that such details have been provided to the Principal Paying and Conversion Agent by the Company) concerning such offer or scheme may be obtained from the specified offices of the Principal Paying and Conversion Agent and, where such an offer or scheme has been recommended by the Board of Directors of the Company, or where such an offer has become or been declared unconditional in all respects, use all reasonable endeavours to procure that a like offer or scheme is extended to the holders of any Shares issued during the period of the offer or shares arising out of the exercise of the Conversion Rights and/or to the holders of the Bonds;
- 11.4 use its best endeavours to ensure that the Shares issued upon conversion of any Bonds will be admitted to trading on the BSE and the NSE and will be listed, quoted or dealt in on any other stock exchange or securities market on which the Shares may then be listed, quoted or dealt in;
- 11.5 for the above purposes, "Extraordinary Resolution" means a resolution passed at a meeting of the holders of the Bonds duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than three quarters of the votes cast thereon;
- 11.6 for so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited, continue to maintain a paying agent in Singapore;
- 11.7 use its best endeavours (a) to obtain and maintain a listing of the Bonds on the Singapore Exchange Securities Trading Limited (the "SGX-ST") and (d) if the Company is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Bonds and the Shares issued on the exercise of the Conversion Rights, on an alternate stock exchange where Bonds may be eligible to be listed, as the Company may from time to time (with the prior written consent of the Lead Manager) determine and will forthwith give notice to the Bondholders and the Trustee in accordance with Condition 19 below of the listing or delisting of the Shares or the Bonds (as a class) by any of such stock exchanges;
- 11.8 pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds; and
- 11.9 not reduce the Conversion Price below the par value of the Shares of the Company as a result of any adjustment made unless under applicable law then in effect, Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares.

The Company has also given certain other undertakings in the Trust Deed for the protection of the Conversion Right.

12 Events of Default

If any of the following events (an “**Event of Default**”) occurs the Trustee at its discretion may (but shall not be obliged to), and if so requested in writing by the holders of not less than 25 percent in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being prefunded and/or indemnified and/or provided with security by the Bondholders to its satisfaction), give notice to the Company (the “**Default Notice**”) that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amounts together with the Redemption Premium determined in accordance with Condition 7.9. Provided always that any Bondholder may, at its absolute discretion, continue to exercise its Conversion Right attaching to any such Bonds up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 days from the date of the Default Notice. Notwithstanding the provisions of Condition 5.1, any such Bond in respect of which the Certificate and Conversion are deposited for conversion shall be converted on the relevant Conversion Date (as defined in Condition 5.4.2) notwithstanding that the full redemption amount payable in respect of such Bond shall have been received by the Principal Paying and Conversion Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date. The Company shall register such Bondholder or his/their nominee in the register of members of the Company and credit the securities account of such Bondholder with such number of Shares to be issued upon conversion in accordance with Condition 5.4. The Company shall promptly notify the Principal Paying and Conversion Agent in writing when it has issued and allotted Shares to such Bondholder in respect of a Conversion Notice. Upon the successful exercise of such Bondholder of its Conversion Right and the delivery of such number of Shares by the Company pursuant to Condition 5 so as to satisfy the Conversion Right, the principal amount due and repayable under the notice provided by the Trustee to the Company shall be reduced by the principal amount of Bonds for which the Conversion Right has been exercised. The Cash Settlement Option described in Condition 5.4.5 shall not apply to any exercise of Conversion Right by a Bondholder under this Condition.

- 12.1 if default is made in the payment of principal, premium (if any) or interest due on the Bonds or any of them on the due date (including the Cash Settlement Amounts under Condition 5.4.5 where such amount becomes due and payable in circumstances otherwise than upon any exercise by a Bondholder of his Conversion Right pursuant to an Event of Default under this Condition 12), whether at maturity or on redemption or otherwise, and such default continues for a period of 10 calendar days;
- 12.2 if the Company fails to perform or observe any of its other obligations under the Bonds, these Conditions or the Trust Deed or if any event occurs or any action is taken or fails to be taken which is (or, but for the provisions of any applicable law, would be) a breach of any of the covenants contained in Condition 12 and (where the Trustee may (but is not obliged to do so) in its absolute discretion determine such failure is capable of remedy) in any such case such failure continues for the period of 30 days next following the service on the Company of a notice requiring the same to be remedied;
- 12.3 the Company or any subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend, payment of all or substantially all of (or of a particular type of) its debts, proposes or makes an agreement for the deferral, rescheduling or other readjustment of all or substantially all of (or all of a particular type of) its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Company or any of its proposed subsidiaries, except for the purpose of and followed by a merger (i) in accordance with, and complying with the relevant provisions or (ii) on terms approved by an Extraordinary Resolution of the Bondholders;
- 12.4 if any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of money borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Company or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of which one or more of the events mentioned above have occurred equals or exceeds US\$5 million or its equivalent currency against the Indian Rupees as quoted by any independent leading bank of international repute on the day on which amount becomes due and payable or is not paid under any such guarantee or indemnity;

- 12.5 if a distress, attachment, execution or other legal process is levied, enforced or sued upon or against any material part of the property, assets or revenues of the Company or any of its proposed subsidiaries, which is material to the Company and its subsidiaries as a whole, and is not discharged or stayed within 30 days;
- 12.6 if the Company fails to repay borrowed money (i) prior to its stated maturity by reason of an Event of Default (ii) within any applicable grace period originally provided for (iii) amount payable under any present or future guarantee or indemnity, provided that aggregate principal amount of relevant indebtedness exceeds US\$5 million and default shall be deemed to have been waived or cured if such default is waived or cured;
- 12.7 if any order is made or an effective resolution passed for winding up or an administration order is made in relation to the Company or any of its subsidiaries (save for the purpose of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved by an Extraordinary Resolution of the Bondholders);
- 12.8 if the Company or any of its subsidiaries ceases or threatens to cease to carry on its business;
- 12.9 if an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Company or any of its subsidiaries or if a distress, execution or any similar proceeding is levied or enforced upon or sued out against any of the chattels or property of the Company or any of its subsidiaries and in any of the foregoing cases is not discharged within 30 days;
- 12.10 if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed in respect of the whole or any substantial part of the property, assets or revenues of the Company or any of its subsidiaries (as the case may be) and is not discharged within 30 days. Any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Company or any of its subsidiaries, which is material to the Company and its subsidiaries as a whole; or
- 12.11 if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

13 **Replacement of Bond Certificates**

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of any Agent subject to all applicable laws and stock exchange requirements upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith and on such terms as to evidence as to beneficial ownership and indemnity (with or without security) as the Company and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 **Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interest, including the modification of any of these Conditions or any provisions of the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the Trust Deed). The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing over 50% in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds, (ii) to reduce or cancel the principal amount of or premium (if any) on the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Conversion Right or shorten the Conversion Period, or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting two or more persons holding or representing not less than one-third, of the principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed and will be conclusive and binding on all future Bondholders. The Trust Deed provides that a written

resolution signed by or on behalf of the holders of not less than two-thirds of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

15 **Further issues of Bonds**

The Company may from time to time, without the consent of the Bondholders, create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) and so that such further notes, bonds or debentures shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, subordination (if any), premium, conversion, redemption and otherwise as the Company may determine at the time of their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series.

16 **Enforcement**

At any time after the Bonds become due and payable and amounts in respect thereof remain outstanding, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it will not be bound to take any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the Bondholders holding not less than 25 percent of the principal amount of the Bonds outstanding and (ii) it shall have been prefunded and/or indemnified and/or provided with security by the Bondholders to its satisfaction. No Bondholder may proceed directly against the Company unless (i) the Trustee, having become bound to proceed, fails to do so and such failure shall have continued for a period of 60 days and no direction inconsistent with such written request or Extraordinary Resolution has been given to the Trustee during such 60 day period by the holders of a majority in principal amount of the outstanding Bonds or (ii) such action relates to any failure by the Company to issue shares to such Bondholder following delivery of a Conversion Notice.

17 **Modifications and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Bonds, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error which is proven to the Trustee's satisfaction or in the opinion of the Trustee, necessary to comply with mandatory provisions of law or regulation, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Bonds, the Trust Deed or the Agency Agreement which is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation, or waiver shall be binding on the Bondholders. The Trustee's agreement may be subject to any condition that the Trustee requires, including but not limited to obtaining, at the sole expense of the Company, an opinion of any investment bank or legal or other expert satisfactory to the Trustee and being prefunded, indemnified and/or provided with security to its satisfaction. If the Trustee instructs the Company, any such modification, waiver or authorisation shall be notified by the Company to the holders of the Bonds as soon as practicable thereafter in accordance with Condition 19, and for so long as the Bonds are listed on SGX-ST and the rules of that exchange so require, to SGX-ST. For the purpose of notification to the holders of the Bonds, the Trustee is entitled to rely on any information, reports and certifications provided by Euroclear, Clearstream, Luxembourg or any alternative clearing system (as the case may be) as to details of the Bond holdings and the Accountholders (as defined in the Global Certificate).

18 **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation or waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim from the Company any indemnification or payment in respect of any tax consequences of any such individual Bondholders.

Following delivery of a Conversion Notice, the holder of the Bonds to which such Conversion Notice relates shall no longer be treated as a Bondholder in respect of such Bonds, unless the Company has failed to issue and allot shares to such Bondholder pursuant to Condition 5.

19 **Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar and so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notices will also be published via SGXNET of the SGX-ST. Any such notice shall be deemed to have been given on the earlier of such publication and the seventh day after being so mailed.

20 **Agents**

The initial Agents and Registrar and their initial specified offices are listed below. Subject to the terms of the Agency Agreement, the Company reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that it will maintain (i) a Principal Paying and Conversion Agent, (ii) a Registrar outside the United Kingdom, (iii) an Agent in a European Union member state that will not be obliged to deduct tax pursuant to European Union Directive 2003/48/EC (as amended) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive, (iv) an Agent having a specified office in London, (v) a share transfer agent having a specified office in India; and (vi) a paying agent, transfer agent and conversion agent in Singapore upon the issue of Bonds in definitive form (as long as the Bonds are listed on SGX-ST and the rules of that exchange so require). Notice of any change in the Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 19.

Subject to the terms of the Agency Agreement, in acting hereunder and in connection with the Bonds, the Agents shall act solely as agents of the Company and will not thereby assume any obligations towards, or relationships of agency or trust for, any of the Bondholders.

21 **Governing law**

These Conditions, the Agency Agreement, the Trust Deed and the Bonds are governed by, and shall be construed in accordance with, English law. The Company has in the Trust Deed irrevocably agreed for the benefit of the Bondholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds and that accordingly any suit, action or proceedings arising there from or in connection therewith (together referred to as "Proceedings") may be brought by the Bondholders in the courts of England. The Company has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Company and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Company in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not. The Company has in the Trust Deed irrevocably and unconditionally appointed Document Exchange Company LLP, currently at 68 St Margarets Road, Edgware, Middlesex, HA8 9UU United Kingdom at its principal office for the time being as its agent for service of process in England in respect of any Proceedings.

22 **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that these Conditions expressly provides for such Act to apply to any of its terms.

23 **Indemnification**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless prefunded, indemnified and/or provided with security to its satisfaction. Where the Trustee so requires, an indemnity must be provided on a joint and several basis. The Trustee is entitled to enter into business transactions with the Company and its subsidiaries without accounting for any profit.

The Trustee may rely without liability to Bondholders on any certificate prepared by the directors or authorised officers of the Company and accompanied by a certificate or report prepared by the auditors of the Company or an internationally recognised firm of accountants or any expert called for or provided to the Trustee pursuant to the Conditions and/or the Trust Deed satisfactory to the Trustee, whether or not addressed to the Trustee and whether or not the auditors of the Company or the internationally recognised firm of accountants' liability in respect thereof or the liability of any expert is limited by a monetary cap or otherwise limited or excluded. Any such certificate or report shall, in the absence of any manifest error, in the Trustee's opinion, be conclusive and binding on the Company, the Trustee and the Bondholders.

GLOBAL CERTIFICATES

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same respective meanings in the paragraphs below. The following is a summary of those provisions:

Meetings

The registered holder of the Bonds hereof shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US\$100,000 in principal amount of Bonds in respect of which the Global Certificate is issued. The Trustee may allow to attend and speak (but not to vote) at any meeting of Bondholders, any accountholder (or the representative of any such person) entitled to Bonds in respect of which the Global Certificate is issued, on confirmation of entitlement and proof of his identity.

Conversion

Subject to the requirements of Euroclear and Clearstream, Luxembourg (or any alternative clearing system), the Conversion Right attaching to Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of the Conversion Agent of one or more Conversion Notices (which may be by facsimile while the Bonds are represented by the Global Certificate) duly completed by or on behalf of an Accountholder (as defined below) in such system with an entitlement to such Bonds. Deposit of the Global Certificate with the Conversion Agent together with the relevant Conversion Notice shall not be required. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of the Global Certificate.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Enforcement

For all purposes, each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as a holder of a particular principal amount of Bonds in respect of which the Global Certificate is issued, (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Bonds represented by a Global Certificate standing to the account of any person shall be conclusive and binding for all purposes) shall be recognised as the holder of such principal amount of Bonds.

Cancellation

Cancellation of any Bond required by the Conditions to be cancelled following its redemption, conversion or purchase by the Issuer will be effected by reduction in the principal amount of the Bonds in the Register.

Repurchase of the Bonds at the Option of the Bondholders

The Bondholders' options in Conditions 7.4, 7.5 and 7.6 may be exercised by the holder of the Global Certificate giving written notice to the Principal Paying and Conversion Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise in the form specified by, and within the time limits specified in, the Conditions.

Exchange and Registration of Title

In circumstances where the Bondholders are entitled to receive definitive Certificates, the Issuer will make arrangements for the exchange of interests in the Global Certificate in whole but not in part for definitive Certificates and will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar in sufficient quantities for completion, authentication and dispatch to the relevant Bondholders. A person exchanging interests in the Global Certificate for one or more of the definitive Certificates must provide to the Registrar, through the relevant clearing system, a written request containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates. Any definitive Certificates delivered in exchange for the Global Certificate or beneficial interests therein will be registered in the names requested, and issued in any denominations approved, by the relevant clearing system.

In the case of definitive Certificates issued in exchange for any Global Certificate, such definitive Certificates will bear, and be subject to, such legends, as the Issuer requires in order to assure compliance with any applicable law. The holder of such restricted definitive Certificates may transfer the Bonds represented by such definitive Certificates, subject to compliance with the provisions of such legend. Upon the transfer, exchange or replacement of definitive Certificates bearing the legend, or upon specific request for removal of the legend on a definitive Certificate, the Issuer will deliver only definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Payments

Payments of principal, premium (if any) and interest in respect of Bonds represented by the Global Certificate will be made against presentation and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Certificate to or to the order of the Principal Paying and Conversion Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose

Transfers

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be made in accordance with the Agency Agreement.

Transfers of interests in the Bonds with respect to which the Global Certificate is issued shall be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg or an alternative clearing system and their respective direct and indirect participants.

The laws of certain jurisdictions require that certain purchasers of the Bonds take physical delivery of such Bonds in definitive form. Accordingly, the ability of beneficial owners to own, transfer or pledge beneficial interest in the Global Certificate may be limited by such laws.

Conversion through participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

None of the Issuer, the Trustee, the Common Depositary, the Registrar, the Principal Paying and Conversion Agent, the Paying Agents and Conversion Agents, the Transfer Agents or their affiliates or any other agent of the Issuer will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants, indirect participants or account holders, of their respective obligations under the rules and procedures governing their operations.

Accountholders

For so long as any of the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or the alternative clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream or the alternative clearing system as the holder of a particular principal amount of such bonds (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the alternative clearing system as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Bonds for all purposes (including for the purposes of any quorum requirements of, or in the right to demand a poll at, meetings of the Bondholders) other than with respect to the payment of principal, premium and interest (if any) on such Bonds, the right to which shall be vested, as against the Issuer and the Trustee, solely in the holder of the Global Certificate in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear, Clearstream, Luxembourg or the alternative clearing system as the case may be, for its share of each payment made to the holder of the Global Certificate. The Trustee is entitled to rely on any information, reports and certifications provided by Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as the case may be) as to details of the holdings of Bonds and the Accountholders.

Definitive Certificate

In the case of definitive Certificates issued in exchange for any Global Certificate, such definitive Certificates will bear, and be subject to, such legends, as the Issuer requires in order to assure compliance with any applicable law. The

holder of such restricted definitive Certificates may transfer the Bonds represented by such definitive Certificates, subject to compliance with the provisions of such legend. Upon the transfer or replacement of definitive Certificates bearing the legend, or upon specific request for removal of the legend on a definitive Certificate, the Issuer will deliver only definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices required to be given to Bondholders may be given by their being delivered to the relevant clearing system for communication by it to entitled Accountholders in substitution for notification, as required by the Conditions and so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notices will also be published via SGXNET of the SGX-ST.

CLEARANCE AND SETTLEMENT OF THE BONDS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that our Company believes to be reliable, but none of our Company, the Lead Manager, the Trustee or any of the Agents takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither our Company nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Custodial and depositary links have been established with Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bonds and transfers of the Bonds associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg provide their respective participants with, inter alia, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations.

Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent (as defined in the *Terms and Conditions of the Bonds*), to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and form

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg will be evidenced by the Global Certificate, registered in the name of a nominee of the common depositary of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depositary for Euroclear and Clearstream, Luxembourg. Beneficial ownership in the Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Bonds. The Paying Agent will be responsible for ensuring that payments received by it from our Company for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Bonds. However, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Global Clearance and Settlement Procedures

Initial settlement

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Bonds will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Issue Date against payment (for value on the Issue Date).

Secondary market trading

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

General

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg in order to facilitate the transfers of interests in the Bonds among participants of Euroclear and Clearstream, Luxembourg, neither Euroclear nor Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time. None of the Company, the Lead Manager, the Trustee, the Agents or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

TRANSFER RESTRICTIONS

Prospective Subscribers for the Bonds are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Bonds. Each purchaser of the Bonds, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- (1) This offering is made pursuant to Regulation S under the Securities Act. The Bonds and Shares issuable upon conversion of the Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer, within the United States or to or for the account or benefit of any U.S. person (as such person is defined under Regulation S), except (i) in compliance with the registration requirements of the Securities Act and all other applicable securities laws or (ii) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.
- (2) It is understood that the Bonds are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Bonds and the Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States and that if it decides to offer, resell, pledge or otherwise transfer any of the Bonds or the Shares, such Bonds or Shares can be offered, resold, pledged or otherwise transferred only (i) outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S under the Securities Act, (ii) inside the United States to a qualified institutional buyer in a transaction complying with Rule 144A of the Securities Act, (iii) pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws, (iv) to the Issuer, or (v) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (v) in accordance with any applicable securities laws of any States of the United States, and that it will, and each subsequent holder is required to, notify any subsequent purchaser of such Bonds or the Shares from it of the resale restrictions referred to above.
- (3) It understands that to exercise its right to convert the Bonds, it must make the representations, warranties and undertakings, including with respect to certain restrictions on transfer which may apply to the Shares received upon conversion, contained in the Conversion Notice described under "***Terms and Conditions of the Bonds – Conversion***".
- (4) The Issuer, the Registrar, the Lead Manager and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (5) It agrees to notify any transferee to whom it subsequently re-offers, resells, pledges or otherwise transfers the Bonds or the Shares of the foregoing restrictions on transfer.
- (6) It understands that the Bonds may not be offered or sold directly or indirectly in India, to residents of India, or to or for the account or benefit of such persons in connection with the Offering or at any time thereafter, save in accordance with the provisions of Indian laws.
- (7) It is not located in India, is not a resident of India and is not purchasing for, or for the account or benefit of, such a person.
- (8) It acknowledges that the Bonds may not be offered, sold, pledged or otherwise transferred to any person located in India, to residents of India, or to, or for the account or benefit of, such persons.
- (9) It is not an "Overseas Corporate Body" as defined in the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003 who is not eligible to invest in India through the portfolio route.
- (10) It is not prohibited to buy, sell or deal in securities by the SEBI.
- (11) It is not relying on any representations or warranties or agreement by the Lead Manager or any director, employee or agent of the Lead Manager.

- (12) The Issuer and the Lead Manager have the absolute right at their discretion to reject all or part of any application for the Bonds.
- (13) Neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Bonds or the Shares.
- (14) It is entitled to subscribe for the Bonds offered to it under the laws of all jurisdictions which apply to it and that it has fully observed such laws and have obtained all required consents and completed all necessary formalities.
- (15) It was outside the United States at the time its acceptance was originated, it is not and it is not acting on behalf of a U.S. person (as defined in Regulation S under the Securities Act) or a person resident in or at an address in the United States.
- (16) It understands that no action has been or will be taken in any country or jurisdiction by the Issuer that would permit a public offering of the Bonds or the Shares, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds or the Shares, where action for that purpose is required or where such offerings or distributions would be in any way unlawful.
- (17) If it is a person in the UK, it is either (i) an investment professional within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 of the UK (the "Order"); (ii) a high net worth company within the meaning of Article 49 of the Order; or (iii) a sophisticated investor within the meaning of Article 50 of the Order.
- (18) It is purchasing the Bonds for its own account and not with a view to, or for sale in connection with, any distribution of the Bonds or the Shares in contravention of any of the transfer restrictions set out herein.
- (19) Its financial situation is such that it can afford to bear the economic risk of holding the Bonds and the Shares for an indefinite period of time, and it can afford to suffer the complete loss of the investment Bonds and the Shares.
- (20) Its knowledge and experience in financial and business matters are such that it is capable of evaluating the merits and risks of the investment in the Bonds and the Shares or it has been advised by a representative possessing such knowledge and experience.
- (21) It and its representatives, including to the extent it deems appropriate its professional, tax, financial and other advisors, have reviewed all documents provided to them in connection with the investment in the Bonds and the Shares, and it understands and is aware of the risks related to such investment.
- (22) It and its representative have been given the opportunity to examine all documents and to ask questions of, and to receive answers from, the Issuer and its representatives concerning the terms and conditions of the subscription in the Bonds and related matters and to obtain all additional information which such investor or its representative deem necessary.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

The Government regulates ownership of Indian companies by foreigners. Foreign investment in Indian securities is generally regulated by the Foreign Exchange Management Act 1999 and the rules framed thereunder. The Foreign Exchange Management Act when read together with a series of regulations issued thereunder by the RBI, permits transactions involving the inflow or outflow of foreign exchange and empowers the RBI to prohibit or regulate such transactions.

The Foreign Exchange Management Act has eased restrictions on current account transactions. However, the RBI continues to exercise control over capital account transactions (i.e., those that alter the assets or liabilities, including contingent liabilities, of persons). The RBI has issued regulations under the Foreign Exchange Management Act to regulate various kinds of capital account transactions, including certain aspects of the purchase and issuance of shares of Indian companies.

The RBI has issued the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 (the “Regulations”) to regulate the issue of Indian securities to persons resident outside India and the transfer of Indian securities by or to persons resident outside India.

The Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in the FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Under the foreign investment rules, the following restrictions are applicable to foreign ownership:

Foreign Direct Investment (“FDI”)

The Government, pursuant to its liberalisation policy, set up the FIPB, now under the Ministry of Finance, to regulate all investments by way of subscription and/or purchase of securities of an Indian company by a non-resident investor (Foreign Direct Investment or FDI) into India. The foreign investment policy is given effect through the Regulations and circulars issued by the RBI from time to time. The following investments would require the prior permission of the FIPB:

- foreign investment in industries that require an industrial license under the provisions of the Industries (Development and Regulation) Act, 1951;
- foreign investment of more than 24.0% in the equity capital of manufacturing items reserved for small scale industries;
- investments by any person who has or had an existing or previous venture in India, or a technology transfer/trade mark agreement in the same field with the Indian company in which the FDI is proposed. However, where the foreign investor has a joint venture or technology transfer or trademark agreement in the same field, the prior approval of the Government will not be required in the case of investments made by venture capital funds registered with the SEBI, where an existing joint venture investment by either of the parties is less than 3.0% or where the existing venture or collaboration is sick or defunct. In the case of joint ventures entered into after 12 January, 2005, the joint venture agreement may embody a “conflict of interest” clause to safeguard the interests of the joint venture partners in the event of one of the partners desiring to set up another joint venture or a wholly-owned subsidiary in the same field of economic activity;
- all proposals for investment in certain industries specified by the Government from time to time (i.e., civil aviation, petroleum, housing and real estate, atomic energy, defence and strategic industries, print media and broadcasting);
- all proposals for investment in certain specified industries where the proposed investment is in excess of a maximum specified limit;
- all proposals relating to acquisition of shares of an Indian company by a foreign investor (including NRIs), the activities of which company are not under the “automatic” route under existing Indian foreign investment policy; and
- all investments by an unincorporated entity.

The RBI has consolidated its various circulars on foreign investments in India, in a Master Circular dated 1 July 2014 summarizing the current regulatory provisions as amended from time to time, of which following is a summary:

No person resident outside India can make an investment in a company or a partnership firm or a proprietary concern or any entity, whether incorporated or not which is engaged or proposes to engage in the following activities:

- (i) Business of chit fund;
- (ii) Nidhi Company;
- (iii) Agricultural or plantation activities;
- (iv) Real estate business, or construction of farm houses; or
- (v) Trading in Transferable Development Rights.

It is clarified that “real estate business” means dealing in land and immovable property with a view to earning profit or earning income therefrom and does not include development of townships, construction of residential / commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships.

It is further clarified that partnership firms /proprietorship concerns having investments as per FEMA regulations are not allowed to engage in print media sector.

In addition to the above, investment in the form of FDI is also prohibited in certain sectors such as:

- (a) Lottery Business including Government /private lottery, online lotteries, etc.
- (b) Gambling and Betting including casinos etc.
- (c) Business of Chit funds
- (d) Nidhi company
- (e) Trading in Transferable Development Rights (TDRs)
- (f) Real Estate Business or Construction of Farm Houses
- (g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- (h) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.

In other cases, investments can be made either with the specific prior approval of the Central Government, i.e. the Secretariat for Industrial Assistance/FIPB or under the “automatic route”. The automatic route is not open to those foreign investors who have/had previous financial/technical trademark collaboration in an existing domestic company engaged in the same field of activity. The automatic route is also not available if the activity of the issuer company requires an industrial license under the Industrial Development and Regulations Act, 1951 or under the Locational Policy notified by the Government under the Industrial Policy, 1991. The automatic route is also not available where investment is beyond the sectoral cap on investments specified in industries referred to in Annex 1 to the Circular.

A person residing outside India (other than a citizen of Pakistan, Bangladesh or Sri Lanka) or any incorporated entity outside India (other than an entity in the above countries, except Sri Lanka) has general permission to purchase shares or convertible debentures or preference shares of an Indian company, subject to certain terms and conditions.

Currently, subject to certain exceptions, FDI and investment by Non-Resident Indians in Indian companies does not require the prior approval of the FIPB or the RBI. However, a declaration in a prescribed form, detailing the foreign investment, must be filed with the RBI within a specified period of the foreign investment being made in the Indian company. The Government has indicated that in all cases where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI within a specified period of the foreign investment being made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies.

The Government has set up the Foreign Investment Implementation Authority (the “FIIA”) in the Ministry of Commerce and Industry. The FIIA has been mandated to (i) translate foreign direct investment approvals into implementation; (ii) provide a proactive one stop after-care service to foreign investors by helping them obtain necessary approvals; (iii) sort out operational problems, and (iv) meet with various Government agencies to find solutions to foreign investment problems; and maximise opportunities through a partnership approach.

Pricing

The price of shares of a listed Indian company issued to non-residents under the FDI scheme on an automatic basis cannot be less than the price calculated in accordance with the guidelines issued by the SEBI. Where the Indian company is not listed on any recognised stock exchange in India, the minimum issue price of the shares would, in accordance with a notification of the RBI effective from 21 April 2010, be based on a fair valuation of shares done by a SEBI registered Category-I Merchant Bank or a chartered accountant as per the discounted free cash flow method. The notification also stipulates that if the issue of shares is on a preferential allotment basis, the price of such shares will not be less than the price as applicable to transfer of shares from residents to non-residents as per the RBI pricing guidelines. The SEBI Regulations are applicable to all public issues by listed and unlisted companies, all offers for sale, bonus issues and rights issues by listed companies whose equity share capital is listed, except in the case of rights issues where the aggregate value of securities offered is less than Rs.5 million. Every Indian company issuing shares or convertible debentures in accordance with the applicable regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the non-resident purchaser. The above description applies only to a fresh issue of shares or convertible debentures by an Indian company.

Portfolio Investments by FIIs

In September 1992, the Government issued guidelines which enable FIIs, including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated and institutional portfolio managers, to make portfolio investments in securities of listed and unlisted companies in India. Investments by registered FIIs or NRIs made through a stock exchange are known as portfolio investments (“Portfolio Investments”).

Foreign investors wishing to invest and trade in Indian securities in India under the portfolio investment route are required to register with SEBI under the SEBI (Foreign Institutional Investors) Regulations, 1995 (the “Foreign Institutional Investor Regulations”) and obtain permission from the RBI under the Foreign Exchange Management Act. Investors can also register as sub-accounts of FIIs. However, since the SEBI provides a single window clearance, a single application must be made to the SEBI. Foreign investors are not necessarily required to register with the SEBI as FIIs and may invest in securities of Indian companies pursuant to the Foreign Direct Investment route. FIIs who are registered with the SEBI, are required to comply with the provisions of the Foreign Institutional Investor Regulations. A registered FII may freely buy, subject to the ownership restrictions discussed below, and sell listed securities issued by any Indian company (excluding companies engaged in the print media sector), realise capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights offerings of shares. An FII or a sub-account of an FII shall not hold more than 10.0% of the total issued capital of a company in its own name, a corporate or individual sub-account of the FII shall not hold more than 5.0% of the total issued capital of a company, and a broad-based sub-account shall not hold more than 10.0% of the total issued capital of a company. The total holding of all FIIs, including sub-accounts of an FII, in a company is subject to a cap of 24.0% of the total issued capital of a company, which can be increased to the relevant statutory cap in respect of the said company with the passing of a special resolution of the shareholders of the company in a general meeting.

Under RBI notification no. FEMA 20/2000-RB dated May 3, 2000 (as amended from time to time), a registered FII is permitted to purchase shares and convertible debentures, subject to the FII limits, of an Indian company either through:

- a public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents, or
- a private placement, where the price of the shares to be issued is not less than the price according to the terms of the relevant guidelines or the guidelines issued by the former Controller of Capital Issues.

The SEBI via SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2004 amending the Foreign Institutional Investor Regulations has, provided that with effect from 3 February, 2004, an FII or sub-account may issue, deal in or hold, offshore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against underlying securities, listed or proposed to be listed on any stock exchange in India, only in favour of those entities which are regulated by any regulatory authority in the countries of their incorporation or establishment, subject to compliance with “know your client” requirement. An FII or sub-account is also to ensure that no further issue or transfer of any offshore derivative instrument is made to any person other than a regulated entity.

Registered FIIs are generally subject to tax under Section 115AD of the Income Tax Act. The equity shares are subject to tax under the Income Tax Act.

Investment by Qualified Foreign Investor ("QFI")

QFIs include individuals, groups or associations, resident in a country that is a member of Financial Action Task Force (FATF) or a country that is a member of a group which is a member of FATF and resident in a country that is a signatory to IOSCO's MMOU (Appendix A Signatories) or a signatory of a bilateral MOU with Securities and Exchange Board of India (SEBI). FIIs/Sub accounts/ Foreign Venture Capital Investor are not QFIs.

QFIs are eligible to:

1. invest in units of a mutual fund, equity shares in public issues, to be listed on recognised stock exchange(s) and listed equity shares through SEBI registered stock brokers, on recognized stock exchanges in India.
2. Redemp mutual fund units purchased/subscribed through direct and indirect route
3. Sell of equity shares in dematerialized form through SEBI registered stock brokers.
4. Subscribe to equity shares issued on a rights basis.
5. Receive bonus shares, shares on stock split/ consolidation. equity shares due to amalgamation, demerger or such other corporate actions, subject to the investment limits.
6. Tender equity shares in open offer in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
7. Tender equity shares in open offer in accordance with SEBI (Delisting of Equity Shares) Regulations, 2009.
8. Tender equity shares in case of buy-back by listed companies in accordance with SEBI (Buyback of Securities) Regulations, 1998
9. Purchase and sale of corporate debt securities listed on recognized stock exchange(s);
10. Sale of corporate debt securities by way of buyback or redemption by the issuer;
- 11 .Purchase and sale of units of debt schemes of Indian mutual funds

Investment by Foreign Portfolio Investors ("FPI")

Under the SEBI Foreign Portfolio Investors Regulations, 2014, FPIs can seek registration under one of the three categories:

Category I FPI: includes government and government related investors such as central banks, governmental agencies, sovereign wealth funds and international or multilateral organizations or agencies.

Category II FPI: includes mutual funds, investment trusts, insurance/reinsurance companies; banks, asset management companies, investment managers/ advisors, portfolio managers, and university funds, pension funds, university related endowments already registered with Sebi as foreign institutional investors or sub-accounts.

Category III FPI: include all others not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and families

Further RBI in A.P. (DIR Series) Circular No.112 dated March 25, 2014 has notified the Foreign Portfolio Investment' Scheme, the salient features of which are as follows:

- Portfolio Investors registered in accordance with SEBI guidelines shall be called 'Registered Foreign Portfolio Investor ("RFPI)". The existing portfolio investor class, namely, Foreign Institutional Investor (FII) and Qualified Foreign Investor (QFI) registered with SEBI shall be subsumed under RFPI;
- RFPI may purchase and sell shares and convertible debentures of Indian company through registered broker on recognised stock exchanges in India as well as purchases shares and convertible debentures which are offered to public in terms of relevant SEBI guidelines/ regulations.
- RFPI may sell shares or convertible debentures so acquired
 - (i) in open offer in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or
 - (ii) in an open offer in accordance with the SEBI (Delisting of Equity shares) Regulations, 2009; or
 - (iii) through buyback of shares by a listed Indian company in accordance with the SEBI (Buy-back of securities) Regulations, 1998
- RFPI may also acquire shares or convertible debentures:

- (i) in any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government; or
- (ii) in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (iii) The individual and aggregate investment limits for RFPIs shall be below 10% (per cent) or 24% (per cent) respectively of the total paid-up equity capital or 10% (per cent) or 24% (per cent) respectively of the paid-up value of each series of convertible debentures issued by an Indian company. Further, here there is composite sectoral cap under FDI policy, these limits for RFPI investment shall also be within such overall FDI sectoral caps;
 - RFPIs shall be eligible to open a Special Non-Resident Rupee ("SNRR") account and a foreign currency account with Authorised Dealer bank and to transfer sums from foreign currency account to SNRR account at the prevailing market rate for making genuine investments in securities. The Authorised Dealer bank may transfer repatriable proceeds (after payment of applicable taxes) from SNRR account to foreign currency account ;
 - RFPIs shall be eligible to invest in government securities and corporate debt subject to limits specified by the RBI and SEBI from time to time;
 - The investment by RFPIs will be made subject to the SEBI (FPI) Regulations 2014, modified by SEBI/Government of India from time to time;
 - RFPIs shall be permitted to trade in all exchange traded derivative contracts on the stock exchanges in India subject to the position limits as specified by SEBI from time to time;
 - RFPIs may offer cash or foreign sovereign securities with AAA rating or corporate bonds or domestic Government Securities, as collateral to the recognized Stock Exchanges for their transactions in the cash as well as derivative segment of the market.
 - Any FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (RFPI) till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. A QFI may continue to buy, sell or otherwise deal in securities subject to the SEBI (FPI) Regulations, 2014 for a period of one year from the date of commencement of these regulations, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.
 - However, all investments made by that FII/QFI in accordance with the regulations prior to registration as RFPI shall continue to be valid and taken into account for computation of aggregate limit.
 - RFPI shall report the transaction to RBI as being reported by FII in LEC Form as per extant practice.

Note: SEBI has notified the Sebi Foreign Portfolio Investors Regulations, 2014 on January 07, 2014, under which FIIs, sub accounts and QFI categories have all been merged as FPIs, to be effective from June 30, 2014.

Portfolio Investments by NRIs

A variety of methods for investing in shares of Indian companies are available to NRIs. These methods allow NRIs to make Portfolio Investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. Under the Portfolio Investment Scheme, NRIs can purchase up to 5.0% of the paid-up value of the shares issued by a company, subject to the condition that the aggregate paid-up value of shares purchased by all NRIs does not exceed 10.0% of the paid up capital of the company (which can be raised to 24% by a resolution of the shareholders of a company). In addition to portfolio investments in Indian companies, NRIs may also make foreign direct investments in Indian companies pursuant to the Foreign Direct Investment route as discussed above.

The Overseas Corporate Bodies at least 60% of which are owned by NRIs ("Overseas Corporate Bodies") were earlier allowed to invest by way of portfolio investment until 2001 when the RBI prohibited such investments. Further, Overseas Corporate Bodies have been derecognised as a class of investor entity in India and facilities for Overseas Corporate Bodies under various regulations under FEMA and the rules issued by the RBI thereunder stand withdrawn with effect from 16 September 2003. In this connection, RBI has issued directions to the authorised dealers in terms of A.P. (DIR Series) Circular No. 14 dated 16 September 2003 and has notified the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003, via Notification No. FEMA 101/2003-RB dated 3 October 2003. As per the MOF notification dated 31 August 2005, amending the Depository Receipt Scheme, Overseas Corporate Bodies who are not eligible to invest in India through the portfolio route and entities prohibited to buy, sell or deal in securities by SEBI will not be eligible to subscribe to the Bonds.

Transfer of shares and convertible debentures of an Indian company by a person resident outside India

Subject to what is stated below, a person resident outside India may transfer shares or debentures held in Indian companies in accordance with the Regulations. A non-resident or a NRI may transfer shares or convertible debentures by sale to any other non-resident or a NRI, respectively, without the prior approval of the RBI or the FIPB. Approval from the FIPB may, however, be required by the transferee, in certain circumstances, e.g. if the transferee has an existing joint venture, technology transfer or trademark agreement in the same field other than in the information technology field as an Indian company whose shares are being transferred is engaged, unless the existing venture is defunct or the parties' investment in the existing venture is less than 3.0%. Further, a non-resident may transfer any security to a person resident in India by way of gift.

Pursuant to a recent liberalisation, non-residents (other than erstwhile overseas corporate bodies, foreign nationals, NRIs, FIIs) are permitted to purchase shares or convertible debentures of an Indian company (subject to applicable sectoral caps), from a resident of India without the prior approval of the RBI, subject to compliance with prescribed conditions, pricing guidelines, submission of required documents and reporting and obtaining a certificate from the applicable authorised dealer. Similarly, a non-resident (i.e. incorporated non-resident entity, erstwhile overseas corporate bodies, foreign nationals, Non-Resident Indians, FIIs) may sell shares or convertible debentures of an Indian company (subject to applicable sectoral caps), other than an Indian company engaged in the financial services sector, to a resident of India without the prior approval of the RBI, subject to compliance with prescribed pricing guidelines, submission of required documents and reporting and obtaining a certificate from the applicable authorised dealer. A non-resident person holding shares or convertible debentures of an Indian company is, pursuant to recent regulatory changes, permitted to sell the shares or convertible debentures on a recognised Indian stock exchange through a registered broker.

In the event that the acquisition of shares as mentioned above exceeds the limits prescribed, the Takeover Code may apply. See "*Indian Securities Market*".

Transfer of shares of an Indian company would be subject to capital gains in the hands of the transferor. See, "*Taxation*".

Issue of Foreign Currency Convertible Bonds

The MOF, through the Depository Receipt Scheme, has allowed Indian companies to issue FCCBs. This scheme has been amended from time to time by the MOF and certain relaxations in the guidelines have also been notified by the RBI. The relevant regulations, including the bond regulations, provide that an Indian company may issue FCCBs to persons resident outside India subject to the approval of the RBI in certain cases. Any Indian company issuing such bonds is required to comply with certain reporting requirements prescribed by the RBI. The relevant regulations read with the master circular of 2 July 2012 issued by the RBI in relation to external commercial borrowings under Automatic Route, also applicable to FCCBs, provide the following:

- An Indian corporate other than those in the hotel, hospital and software sectors can raise funds up to US\$750 million or its equivalent during a financial year.
- Corporates in the services sector viz. hotels, hospitals and software sector can raise funds up to US\$200 million or its equivalent in a financial year for meeting foreign currency and/ or Rupee capital expenditure for permissible end-uses. The proceeds of the ECBs should not be used for acquisition of land.
- FCCBs up to US\$20 million or equivalent are required to have a minimum average maturity period of three years and FCCBs above US\$20 million and up to US\$750 million or equivalent are required to have a minimum average maturity of five years;
- The issue of FCCBs shall be subject to the foreign direct investment sectoral caps prescribed by the MOF;
- Public issues of FCCBs are to be made through reputable Lead Manager;
- The "all in cost" ceiling for the issue of FCCBs having a minimum average maturity period of three years up to five years should not exceed six month London Inter Bank Offering Rate ("LIBOR") plus 3.5% and, in the case of FCCBs having a minimum average maturity period of more than five years, should not exceed six month LIBOR plus 5%;
- FCCB proceeds are to be used for investment purposes (such as import of capital goods, new projects, modernisation/expansion of existing production units) in the real sector/industrial sector including small and medium sized enterprises and the infrastructure sector in India and may also be used in the first stage acquisition of shares in a disinvestment process or in the mandatory second stage offer to the public under the Government's disinvestment program for shares of a public sector undertaking, overseas direct investment in

joint ventures, wholly-owned subsidiaries or the expansion of existing joint ventures or wholly-owned subsidiaries.

- FCCB proceeds are not permitted to be used on-lending or investment in capital market or acquiring a company (or a part thereof) in India by a corporate, real estate, working capital, general corporate purpose and repayment of existing Rupee loans;
- Proceeds from the issue of the FCCBs after deduction of the amounts equal to the commissions, fees and expenses of the arranger (provided that such amounts do not exceed the ceiling as may be approved by the MOF) are to be parked overseas until actual requirement in India;
- Issue of FCCBs with attached warrants is not permitted;
- Issue-related expenses shall not exceed 4% of the total issue size and in case of a private placement shall not exceed 2% of the issue size; and

MOF notification dated 31 August 2005 & Press Note dated 21 November 2008

The MOF of the Government issued a notification dated 31 August 2005 amending the Depository Receipt Scheme. The following are aspects, which are pertinent for the offering:

1. The issuer must be eligible to raise funds from Indian capital markets and should not have been restrained from accessing the securities market by the SEBI.
2. Overseas Corporate Bodies who are not eligible to invest in India through the portfolio route and entities that are prohibited from buying, selling or dealing in securities by the SEBI are not eligible to subscribe to the Bonds.
3. The pricing should not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

The “relevant date” means date of the meeting in which the Board of the company or the Committee of Directors duly authorized by the Board of the company decides to open the proposed issue.

The Board of Directors at its meeting held on 17 October 2014 decided to issue FCCBs. Pursuant there to, the Board of Directors at its meeting held on 17 October 2014 decided to issue Bonds aggregating to US\$13,000,000. The Initial Reference Price calculated as aforesaid is Rs.13.81.

GOVERNMENT OF INDIA APPROVALS

This offering is being made entirely outside India. This Offering Circular may not be distributed, directly or indirectly, in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident of India, except domestic mutual funds in accordance with the applicable rules, regulations and guidelines issued by the RBI and the SEBI.

Bonds

Pursuant to the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended and the Master Circular dated 1 July 2014 issued by the RBI Indian companies other than those in hotel, hospital and software sectors, are permitted to issue FCCBs up to US\$750 million or the equivalent in other currencies under the “automatic route” (without the prior approval of the RBI) during a financial year subject to certain conditions specified therein, including the minimum maturity period and the “all-in cost” ceiling. However, as stated elsewhere in this Offering Circular, in certain cases of earlier redemption or repayment, under current regulations of the RBI applicable to convertible bonds, the prior approval of the RBI for such earlier redemption or repayment will be necessary. The Company is required to make periodic filings with the RBI with respect to the Bonds.

As per Press Note 3 (2011 series) dated 8 November 2011 issued by Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, FDI up to 100%, would be permitted for Brownfield investments (i.e. investments in existing companies) in the pharmaceuticals sector is allowed under the Government approval route. The Company had received approval for the FCCB Issue from Foreign Investment Promotion Board, Ministry of Finance, Govt. of India vide letter no. 120(2012)/223(2012) dated 23 January 2013 up to US\$75 million out of which FCCBs aggregating US\$40 million were issued by the Company vide Offering Circular dated 21 March 2013 .

The conversion of the FCCBs into Shares does not require RBI approval. The Shares issued on conversion of the Bonds are to be listed on the Indian stock exchanges on which the Shares of the Company are now listed. The Company has applied for an “in principle” approval from the NSE and the BSE for the listing of the Shares issuable on conversion of the Bonds on such stock exchanges.

Eligibility

We confirm that as required by the MOF notification dated 31 August 2005 we are eligible to raise funds from the Indian capital market and have not been restrained from accessing the securities market by SEBI. Further, the issue of the Bonds has been approved by resolution passed by our Board of Directors dated 10 May 2014 and the special resolution passed through Postal Ballot by our shareholders on 16 June 2014.

Filing

This Offering Circular will be filed with the Registrar of Companies, Maharashtra at Mumbai and the Indian Stock Exchanges for record purpose only

TAXATION

*The following is a summary of the principal Indian tax consequences for non-resident investing in the Bonds pursuant to this offering circular. The summary details the tax consequences for the non-resident investors in relation to the Bonds and the Shares issuable upon conversion of the Bonds. The summary is based on Indian tax laws as are in force as of the date of this Offering Circular and is subject to change. This summary is not intended to constitute a complete analysis of all the tax consequences for a non-resident investor under Indian law in relation to the acquisition, ownership and disposal of the Bonds or Shares by non-resident investors. **Potential investors should therefore consult their own tax advisers on the tax consequences of such acquisition, ownership and disposal of the Bonds or the Shares under Indian law including specifically, the tax treaty between India and their country of residence and the law of the jurisdiction of their residence.***

The following discussion describes the material Indian income tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of the Bonds and the Shares. The Income Tax Act 1961 (the "Income Tax Act") is the law relating to taxation of income in India. The Income Tax Act provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. This summary is based on the provisions of Section 115AC of the Income Tax Act and other applicable provisions of the Income Tax Act and the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993 promulgated by the Government of India (together referred to as the "Tax Regime").

Residence for the Purpose of the Indian Income Tax Act

For the purpose of the Indian Income Tax Act, an individual is said to be resident in India if, in any year ended 31 March, the individual: (i) is in India for 182 days or more; or (ii) having been in India for 365 days or more, during the 4 years preceding that year ended 31 March, is in India for 60 days or more in that year ended 31 March. However, in the case of an Indian citizen or a person of Indian origin who is not resident in India and visits India during the fiscal year or, an Indian citizen who leaves India as a member of a crew of an Indian ship or for the purpose of employment outside India during the year ended 31 March, the 60 days period in (ii) above is extended to 182 days.

A company is resident in India in any year ended 31 March if it is an Indian company or if during that year control and management of its affairs is situated wholly in India.

An Indian company means a company formed and registered under the Indian Companies Act, 1956 and includes a company formed and registered under any law relating to companies formerly in force in India or, a corporation established by or under a Central, State or Provincial Act of India or, an institution, association or a body declared by the Central Board of Direct Taxes of India to be a company for the purpose of the Indian Income tax Act; provided that the registered office or, as the case may be, the principal office of the company, corporation, institution, association or body is in India.

A firm or other association of persons, and every other person is regarded as resident in India except where, during the year ended 31 March, the control and the management of its affairs is situated wholly outside India.

Taxation of Income from Bonds

The Tax Regime provides that payment of interest on the Bonds paid to the non-resident holders of the Bonds will be subject to withholding tax at the rate of 20% plus surcharge at the applicable rate. The Income Tax Act requires that such tax be withheld at source. Under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme 1993, the transfer of Bonds outside India by a non-resident holder to another non-resident shall not give rise to any capital gains tax in India. Section 115AC of the Income Tax Act provides that where the total income of an assessee being a non-resident holder includes income by way of long-term capital gains arising from the transfer of Bonds, it is subject to tax at the rate of 10%. In the circumstances, if at all, that capital gains arising from a transfer of Bonds are taxable under the Income Tax Act, the same shall be subject to tax as long term capital gains at the rate of 10% plus surcharge at the applicable rate if such Bonds have been held by the non-resident holder for more than three years. In the event that such Bonds have been held by the non-resident holder for less than three years, the capital gains shall be subject to tax as short term capital gains at the normal income tax rates applicable to non-residents under the provisions of the Income Tax Act.

It is unclear whether capital gains derived from the sale by a non-resident investor of rights in respect of Bonds will be subject to tax liability in India. This will depend on the view taken by Indian tax authorities on the position with respect to the status of the rights being offered in respect of the Bonds. The premium payable by the Issuer to a non-

resident Bondholder upon redemption of the Bonds will be taxed as long term capital gains at the concessional rate of 10% plus surcharge at the applicable rate, If the Bonds have been held by the non-resident holder for more than three years. In the event that the Bonds have been held by the non resident holder for less than three years, the capital gains due to payment of premium on redemption of the Bonds shall be subject to tax as short term capital gains at the normal income tax rates applicable to non residents under the provisions of the Income Tax Act. Withholding tax on capital gains due to payment of premium on redemption of the Bonds is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates.

The Tax Regime provides that payment of interest on the Bonds paid to the non-resident holders of the Bonds will be subject to withholding tax at the rate of 10% plus surcharge at the applicable rate. However, if the beneficial owner of the interest is tax resident in United Kingdom, the rate of withholding tax would be 15% in terms of the tax treaty between United Kingdom and India. The Income Tax Act requires that such tax be withheld at source.

The premium payable by the Company on redemption of the Bonds will be taxed at the concessional rate of 10% (plus surcharge and education cess at the applicable rate), in case the Bonds are a long-term capital asset, i.e., it is held for more than 36 months, subject to any more favourable rate under the tax treaties entered into between India and the country of residence of the Bondholder. If it is held for less than 36 months, the premium will be taxed at the applicable rate (plus surcharge, including and education cess). The Company will be under an obligation to deduct tax at source from the premium amount at the applicable rate.

When the Bonds are converted into Shares, dividends paid to such non-resident holder will not be liable to tax.

However, the Company will be liable to pay a “dividend distribution tax” currently at the rate of 15% (plus surcharge at 10% on dividend distribution tax and education cess at applicable rates) on the total amount distributed as dividend.

Distributions to non-residents of bonus shares or rights to subscribe for Shares (for the purposes of this Section, “Rights”) made with respect to Shares are not subject to Indian tax.

Taxation of Shares issued upon conversion of Bonds

The conversion of Bonds into Shares, shall not give rise to any capital gains liable to income tax in India. However, the issue of Shares by the Company upon conversion of Bonds will be chargeable to stamp duty as described below under “Stamp Duty”.

Taxation of Capital Gains

With effect from 1 October 2004, any gain realised on the sale of the Shares held for more than 12 months to an Indian resident, or to a non resident investor in India, will not be subject to Indian capital gains tax if the Securities Transaction Tax (“STT”) has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which shares are sold at the rate of 0.10 per cent. from the seller and at the rate of 0.10 per cent. from the purchaser on the total price at which the Shares are sold by actual delivery or transfer of shares.

Any long-term capital gain realised on the sale of Shares to an Indian resident whether in India or outside India, or to a non-resident in India on which no STT has been paid, will be subject to Indian capital gains tax, if any, at the rate of 10.0 per cent. and education cess at the rate of 3.0 per cent. in case of an individual and at the rate of 10.0 per cent. plus surcharge of 2.0 per cent. on income tax and education cess at the rate of 3.0 per cent. in case of a foreign company.

Capital gain realised in respect of Shares held (calculated in the manner set forth in the prior paragraph) for 12 months or less (a short-term capital gain) on which STT is paid in the manner and at the rates set out above is subject to tax at the rate of 15.0 per cent. plus applicable surcharge on income tax and an education cess at the rate of 3.0 per cent. In the event that no STT is paid, a short-term capital gain is subject to tax at variable rates with a maximum rate of 40.0 per cent. plus the applicable rate of surcharge on income tax and education cess. The actual rate of tax on a short-term capital gain depends on a number of factors, including the legal status of the non-resident holder and the type of income chargeable in India.

Capital losses arising on a transfer of shares in India are not dealt with in the Section 115AC Regime. In general terms, losses arising from a transfer of a capital asset in India can only be set-off against capital gains. A long-term capital loss can be set-off only against a long-term capital gain. A short-term capital loss can be set-off against both long-term capital gains and short-term capital gains. To the extent that the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight assessment years immediately succeeding the assessment

year in which the loss arises and may be set-off against the capital gains of subsequent assessment years. In order to set-off capital losses as above, non-resident investors would be required to file appropriate and timely tax returns in India and undergo the usual assessment procedures. If the investors are covered by the STT regime, the loss arising from transfer of long-term capital assets may not be available for set-off against long-term capital gains.

As per the provisions of Section 196D(2) of the Income Tax Act, no withholding tax is required to be deducted from any income by way of capital gains arising to FIIs as defined in Section 115AD of the Income Tax Act on the transfer of the redeemed underlying equity shares in India.

Taxation on Buyback of Equity Shares

If the Shares held by the non-resident investor are purchased by the issuing company from the non-resident investor, the non-resident investor will be liable to income tax in respect of the capital gains arising on such buyback as per the provisions of the Indian Income tax Act and capital gains tax arising therefrom shall be withheld at source before repatriation of sale proceeds from India. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Government of India with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. (See "Taxation on Sale of Shares").

Taxation of Payment on Liquidation or Reduction of Capital

If any distribution is made by the Company to its shareholders on its liquidation or on the reduction of its capital, to the extent to which the distribution is attributable to the accumulated profits of the issuing company, the same will be treated as deemed dividend income in the hands of the shareholders and will be subject to income tax in India. However, tax on such deemed dividend will be paid by the company. Any gains accruing to the shareholder on liquidation or reduction of capital of the issuing company, in excess of such accumulated profits will be liable to income tax as capital gains in the hands of the shareholder holder as per the provisions of Indian Income Tax Act. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Government of India with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. (See "Taxation on Sale of Shares").

Taxation of Bonus Shares and Right Shares

The issue of right shares or bonus shares to the shareholders will not give rise to a taxable event for Indian income tax purposes. The shareholders will be subject to capital gains tax liability as per the provisions of the Indian Income Tax Act on the transfer of right shares or bonus shares. The provisions of the Agreement for Avoidance of Double Taxation entered into by the Government of India with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor. (See "Taxation of sale of Shares").

Taxation of Dividends

Dividends paid to a non-resident holder of Shares issued upon conversion of Bonds are not presently liable to tax. However, the Company is liable to pay a "dividend distribution tax" currently at the rate of approximately 15% plus surcharge and education cess at the applicable rates.

Taxation on Sale of the Shares

Sale of the Shares by any holder thereof may occasion certain incidence of tax in India, as is discussed below. Under applicable law, a transaction of sale of Shares may be chargeable to a transaction tax and/or tax on income by way of capital gains. Capital gains accruing to a non-resident investor on the sale of the Shares, whether to an Indian resident or to a person resident outside India and whether in India or outside India, may be subject to Indian capital gains tax in certain instances as described below.

A) Sale of the Shares on a Recognised Stock Exchange

In accordance with applicable Indian tax laws, any income arising from a sale of the shares of an Indian company through a recognised stock exchange in India is subject to securities transaction tax. Such tax is payable by a person irrespective of its residential status and is to be collected by the recognised stock exchange in India on which the sale of the shares is effected. Capital gains (calculated in the manner set forth in the following paragraph) realised in respect of Shares held by the non-resident investor for more than 12 months will be treated as long-term capital gains and will not be subject to tax in the event such transaction is chargeable to securities transaction tax. Capital gains (calculated in the manner set forth in the following paragraph) realised in respect of Shares held by the non-resident investor for 12 months or less will be treated as short term capital gains and will be subject to tax at the rate of 15% plus surcharge and education cess at the applicable rates in the event such

transaction is chargeable to securities transaction tax. Withholding tax on capital gains on sale of the Shares is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates.

For the purpose of computing capital gains on sale of Shares, the sale consideration received or accruing on such sale shall be reduced by the cost of acquisition of such Shares and any expenditure incurred wholly and exclusively in connection with such sale. However, there is no corresponding provision in the Income Tax Act as to the cost of acquisition of the Shares being the price prevailing on the date of conversion as explained above.

B) Sale of the Shares otherwise than on a Recognised Stock Exchange

Capital gains (calculated in the manner set forth above) realised in respect of Shares held by the non-resident investor for more than 12 months will be treated as long-term capital gains and will be subject to tax at the rate of 10% without indexation benefit and at the rate of 20% with indexation benefit plus surcharge and education cess at applicable rates. Capital gains (calculated in the manner set forth above) realised in respect of Shares held by the non-resident investor for 12 months or less will be treated as short term capital gains and will be subject to tax at the normal income tax rates applicable to non-residents under the provisions of the Income Tax Act. Withholding tax on capital gains on sale of the Shares is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates.

The provisions of the Agreement for Avoidance of Double Taxation entered into by the Government of India with the country of residence of the non-resident investor will be applicable to the extent they are more beneficial to the non-resident investor.

Capital Losses

The losses arising from a transfer of a capital asset in India can only be set off against capital gains and not against any other income in accordance with the Income Tax Act. A long-term capital loss may be set off only against a long-term capital gain. To the extent that the losses are not absorbed in the year of transfer, they may be carried forward for a period of eight assessment years immediately succeeding the assessment year for which the loss was first computed and may be set off against the capital gains assessable for such subsequent assessment years. In order to get the benefit of set-off of the capital losses in this manner, the non resident investor would be required to file appropriate and timely tax returns in India and undergo the usual assessment procedures.

Tax Treaties

The above mentioned tax rates and the consequent taxation shall be subject to any benefits available to a non-resident investor under the provisions of any agreement for the avoidance of double taxation entered into by the Government of India with the country of residence of such non-resident investor and shall be applicable to the extent they are more beneficial to the non-resident investor.

Stamp Duty

Upon issuance of the Shares upon conversion of the Bonds, stamp duty as applicable would need to be paid regardless of whether such Shares are issued in physical or dematerialised form. If the Shares are issued in physical form, the transfer of the Shares would be subject to stamp duty at the applicable rate of the value of the ordinary shares on the trade date and such stamp duty customarily is borne by the transferee. However, if the Shares are issued in dematerialised form, no stamp duty is payable on the transfer of the Shares in dematerialised form.

Wealth Tax, Gift Tax and Inheritance Tax

At present there are no taxes on wealth, gifts and inheritances which apply to the Bonds and the Shares issuable upon conversion of the Bonds.

Service Tax

Brokerage or commission fees paid to stockbrokers in connection with the sale or purchase of Shares are now subject to an Indian service tax at a rate of 12% (plus education cess at the applicable rate) *ad valorem*. A stockbroker is responsible for collection of such service tax at the prescribed rate and for paying the same to the relevant authority.

Indian Taxation

Payment of premium on the Bonds made by the Company will be made after deduction or withholding in respect of Indian taxation to the extent required by law. The Company will gross up the net taxable amount and will be required to account separately to the Indian tax authorities for any withholding taxes applicable to payments attributable to such tax. The Bonds will have the benefit of the tax concessions available under the provisions of Section 115AC of the Income Tax Act and the Depository Receipt Scheme. Such tax concessions include withholding at a reduced rate of

10% plus applicable surcharge on such tax in respect of premium on the Bonds. Under current Indian laws, tax is not payable by the recipients of dividends on Shares.

Tax Credit

A non-resident investor would be entitled to tax credit with respect to any withholding tax paid by the Issuer or any other person for its account in accordance with the laws of the applicable jurisdiction.

Education Cess

In all the above cases, the amount of income tax and surcharge and service tax as stated above would be increased by an education cess, which is currently 3%.

Long term capital gains are subject to Minimum Alternate Tax (“MAT”)

With effect from assessment year 2007-2008 (i.e., previous year 2006-2007), long term capital gain which is exempt, will be subject to MAT. If such long term capital gain is credited to the Profit and Loss account, then the same shall be considered for the purposes of computation of book profit to determine the MAT liability, if any.

PLAN OF DISTRIBUTION

The Lead Manager has, pursuant to subscription agreements dated 17 October 2014 between the Company and the Lead Manager (the "Subscription Agreements"), agreed with the Company, subject to the satisfaction of certain conditions, to use reasonable endeavours to procure subscribers for the principal amount of Bonds at 100% of their principal amount.

The Lead Manager is Arkios Limited and its office is at 53 Chandos Place, Covent Garden, London, United Kingdom, WC2N 4HS.

The Subscription Agreements entitle the Lead Manager to terminate the Subscription Agreements in certain circumstances prior to payment being made to the Company as set out therein. In such circumstances, the issue may be cancelled at any time until the Bonds are issued, and therefore the issuance and listing of the Bonds may not become effective.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

In connection with this offering, the Lead Manager (or its affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Bonds or the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Bonds or derivatives or in the Shares. These transactions may comprise a substantial portion of the offering and no disclosure will be made of such positions.

The Company estimates that the Company's portion of the total expenses of this offering will be approximately US\$0.52 million.

The Lead Manager expects to deliver the Bonds against payment on or about the date specified in the last paragraph of the cover page of this Offering Circular. Payment for the Bonds will be made by investors through the Lead Manager in U.S. dollars in same day funds on the Closing Date.

The Lead Manager and its affiliates may, from time to time, engage in transactions with and perform services for the Company and/or its associated companies in the ordinary course of their business.

The Company has agreed to indemnify the Lead Manager against certain liabilities or to contribute to payments that the Lead Manager may be required to make because of any of those liabilities.

Selling Restrictions

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the Bonds or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Bonds in any jurisdiction where action for such purpose is required. Accordingly, the Bonds may not be offered or sold directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Canada

The Bonds will not be sold in Canada or to residents of Canada other than to accredited investor who is purchasing the Bonds as principal and in compliance with applicable Canadian securities Act and rules made thereunder ("Canadian Securities Laws"). Without limiting the foregoing, the initial purchaser of the Bonds will only make offers and sales of the Bonds included in this offering in Canada or to residents of Canada only (i) in the circumstances in which a distribution by a control person is exempted from the prospectus requirement, or (ii) pursuant to an exemption order from the prospectus requirements, under Canadian Securities Laws.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the MiFID Directive (each, a “Relevant Member State”), with effect from and including the date on which the MiFID Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), no offer of the Bonds has been or will be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the MiFID Directive, except that, with effect from and including the Relevant Implementation Date, offers of the Bonds may be made to the public in that Relevant Member State at any time:

- I. to categories of client who are considered to be professionals which include:
 - (1) Entities which are required to be authorised or regulated to operate in the financial markets.
 - (2) Large undertakings meeting two of the following size requirements on a company basis:
 - i. balance sheet total: EUR 20 000 000,
 - ii. net turnover: EUR 40 000 000,
 - iii. own funds: EUR 2 000 000
 - (3) National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
 - (4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- II. to clients who may be treated as professionals on request
- III. or recognised as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Member State by any measure implementing the MiFID Directive in that Member State and the expression MiFID Directive means Directive 2004/39/EC and includes any relevant implementing measure in each Relevant Member State.

France

This offer does not constitute a public offering in France within the meaning of Article L.411-1 of the Code Monétaire et Financier, and has thus not been submitted to the Autorité des marchés financiers for prior approval and clearance procedure. It shall only be made in France to qualified investors (investisseurs qualifiés) as defined in and in accordance with Article L.411-2 of the Code Monétaire et Financier and Decree no. 98-880 dated 1 October 1998. In addition, neither this Offering Circular nor any offering material relating to our Bonds has been distributed or caused to be distributed or will be distributed or caused to be distributed in the Republic of France, other than to qualified investors to whom offers and sales of the Bonds may be made as described in this paragraph.

Hong Kong

The Bonds may not be offered or sold in Hong Kong by means of any document other than (1) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (2) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Bonds may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder.

India

This Offering Circular may not be distributed directly or indirectly in India to the residents of India and the Lead Manager may not offer or sell, directly or indirectly, any Bonds in India to, or for the account or benefit, of any resident of India except to Indian mutual funds registered with the SEBI.

In addition, the Bonds may not be subscribed by Overseas Corporate Bodies who are not eligible to invest in India through the portfolio route and entities that are prohibited from buying, selling or dealing in securities by SEBI.

Investors purchasing Bonds in this Offering from the Lead Manager will be deemed to have represented, acknowledged and confirmed that (i) they are eligible to subscribe to the Bonds and are not Overseas Corporate Bodies (within the meaning of Indian law) ineligible to invest in India and (ii) that they are not otherwise prohibited from buying, selling or dealing in securities by SEBI.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”) Accordingly, the Bonds shall not, directly or indirectly, be offered or sold and will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), or
- (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The Bonds initially acquired pursuant to above paragraph may not be sold within the period of 6 months from the date of the initial acquisition by the owner to any person other than to (a) an institutional investor; (b) a relevant person as defined in section 275 (2); or (c) any person pursuant to an offer referred to in section 275 (1A) of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary (which shall include a unit holder of a business trust and a participant of a collective investment scheme) of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

United Kingdom

This communication is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc”) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as “relevant persons”). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. All sales of the Bonds will comply with all applicable provisions of the Financial Services and Market Act 2000 (the “FSMA”) with respect to anything done in relation to the offering and Bonds in, from or otherwise involving the United Kingdom. No person may communicate or cause to be communicated any invitation or inducement to engage

in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Company.

United States

The Lead Manager has acknowledged that the Bonds and the shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Bonds constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Lead Manager, nor its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the later of the commencement of the offering of the Bonds and the latest closing date of the issue of the Bonds, an offer or sale of Bonds or the Shares within the United States or to any U.S. person by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this section have the meanings given to them in Regulation S.

LEGAL MATTERS

The validity of the Bonds offered hereby and the principal Indian tax consequences for holders of Bonds and Shares received upon withdrawal of such Shares who are not residents in India and certain legal matters as to Indian law in connection with the offering, is passed upon by Crawford Bayley & Co., Indian counsel for the Company. Certain legal matters as to English law in connection with the offering, is passed upon by Pillsbury Winthrop Shaw Pittman LLP (to the Lead Manager as to English Law) and by Norton Rose Fulbright (Asia) LLP (English Counsel to the Trustee).

INDEPENDENT AUDITORS

The consolidated financial statements of the Company and financial statement schedule as of and for each of the three years ended 31 March 2012, 2013 and 2014 included elsewhere in this Offering Circular have been audited by M/s. Agarwal, Desai & Shah, the independent auditors, as stated in their report appearing herein.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

The financial statements of Indian entities are prepared as per the Indian Generally Accepted Accounting Principles ('the Indian GAAP'). In the case of companies, the Indian GAAP principally comprise the Accounting Standards prescribed under the Indian Companies Act 2013, other accounting & disclosure requirement of applicable laws and Guidance Notes on specific accounting matters issued by the Institute of Chartered Accountants of India.

Following is a summary of significant differences but not an exhaustive summary of all differences between the IFRS and the Indian GAAP as applicable to financial year beginning April 1, 2014. The summary is based on the IFRS that are currently effective and the corresponding Indian GAAP. Both IFRS and Indian GAAP are constantly undergoing change and therefore the comparison in this summary may not be valid for a different accounting period.

IFRS	Indian GAAP
Reporting Entity	
A parent (i.e. an entity having one or more subsidiaries) must present consolidated financial statements unless it meets the specified criteria. Separate financial statements of a parent that presents consolidated financial statements are not required. However presentation of separate financial statements as an addition to the consolidated financial statements is not precluded (e.g. to meet local laws or regulations).	The newly-enacted Companies Act, 2013 (which replaces accounting-related provisions of its predecessor Act of 1956 w.e.f. April 1, 2014) is the general law applicable to companies in India. The Act requires every company to present its stand-alone (or individual) financial statements. It also requires a company having a subsidiary or subsidiaries to present consolidated financial statements in addition to stand-alone financial statements.
An entity not having a subsidiary but having interest in an associate or in a joint venture accounts for this interest as per equity method.	In consolidated financial statements, investments in associates and jointly controlled entities are accounted for as per equity method and proportionate consolidation method, respectively. An entity not having a subsidiary is required by the relevant accounting standard to account for its interest in an associate/jointly controlled entity in (stand-alone) financial statements as long term investment i.e. at cost less diminution other than temporary. However, the Companies Act 2013 requires disclosure of certain additional information based on application of equity method/proportionate consolidation method to relevant investees.
Form and content of financial statements	
The following must be presented: <ul style="list-style-type: none"> • Statement of financial position (i.e. balance sheet) • Statement of comprehensive income (components of profit or loss may be presented either as part of a single statement of comprehensive income or in a separate income statement) • Statement of changes in equity • Statement of cash flows • Notes, including a summary of significant accounting policies 	The Companies Act, 2013 requires every company to present the following: <ul style="list-style-type: none"> • Balance sheet • Statement of profit and loss • Cash flow statement, Notes, including a summary of significant accounting policies <p>There is presently no requirement under the Act for presentation of a separate statement of changes in equity. However, movements in share capital and in each reserve are required to be shown separately.</p>
While IFRS specify minimum disclosures to be made in the financial statements, they do not contain prescriptive formats.	The Companies Act, 2013 prescribes the format in which the balance sheet and statement of profit and loss have to be prepared.
IFRS require current/ non-current classification of assets and liabilities except when a presentation based on liquidity provides reliable and more relevant information.	The Companies Act, 2013 requires current/non-current classification of all assets and liabilities.
Analysis of expenses in profit and loss can be either by	The Companies Act, 2013 requires classification of

nature or by function.	expenses in statement of profit and loss by nature.
Cash Flow Statement	
A non-financial entity can classify interest or dividends paid under operating or financing activities and interest or dividends received under operating or investing activities. It is recognised that for a financial institution, interest paid and interest and dividend received are usually classified as operating cash flows.	In the case of a non-financial entity, cash flows arising from interest paid have to be classified under financing activities whereas interest or dividends received have to be classified as cash flows from investing activities. A financial institution has to classify these as operating cash flows. Dividends paid have to be classified as cash flows from financing activities in the case of all entities.
Consolidation	
An investor controls an investee (and hence is investee's parent) when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.	Control is defined as <ul style="list-style-type: none"> – the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity; or – control of the composition of the Board of Directors in the case of a company or of the corresponding governing body of any other enterprise so as to obtain economic benefits from its activities.
All subsidiaries of a parent are consolidated. IFRS no longer permit exclusion of a subsidiary on grounds of control over subsidiary being intended to be temporary or the subsidiary operating under severe long-term restrictions that impair its ability to transfer funds to the parent.	All subsidiaries are consolidated except for (i) a subsidiary in which control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future i.e., ordinarily, a period not exceeding 12 months from the date of acquisition, or (ii) a subsidiary which operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.
Consolidated financial statements should be prepared using uniform accounting policies for like transactions and other events in similar circumstances.	Same as IFRS. However, if it is not practicable to use uniform accounting policies, the fact should be disclosed together with the proportions of the items to which different accounting policies have been applied.
For purposes of preparation of consolidated financial statements, the difference between the reporting dates of a subsidiary and the parent should not be more than three months.	The difference between reporting dates of a subsidiary and the parent should not exceed six months.
Goodwill arising on acquisition of a subsidiary is computed on the basis of fair value of its net assets on date of acquisition.	Goodwill is computed on the basis of carrying amount of net assets of the subsidiary on date of acquisition.
Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).	There is no specific guidance on this aspect in the relevant accounting standard. However, the practice is to recognize the resultant gains or losses in profit or loss.
Business combinations	
IFRS 3 defines 'business combination' as "a transaction or other event in which an acquirer obtains control of one or more businesses". Thus, among others, business combinations include situations where one enterprise purchases the net assets of another enterprise, or obtains control over the assets and operations of another enterprise by acquiring the majority voting power in the latter and thus making the other enterprise its subsidiary. IFRS 3 does not apply to combinations of entities or businesses under common control.	AS 14, the corresponding Indian standard, deals only with amalgamations which is a situation in which a company is amalgamated into another company and loses its existence. The standard does not deal with the acquisition of the whole or part of shares or assets in one company (acquired company) by another company (acquiring company) where the acquired company is not dissolved and its separate entity continues to exist.
The acquisition date is the date on which control of acquiree is obtained by the acquirer.	The date of acquisition is taken as the appointed date specified in the scheme of amalgamation approved by the court.
All business combinations (i.e. those falling under the	The amalgamations in the nature of purchase are

scope of IFRS 3) are accounted for using the 'acquisition method'.	accounted for using 'purchase method'. The amalgamations in the nature of merger are accounted for using 'pooling of interests method'. Criteria for classifying an amalgamation as in the nature of merger have been prescribed. Failure to meet any of these criteria results in classification of the amalgamation as in the nature of purchase.
Under the acquisition method, the identifiable assets acquired and liabilities assumed are recognized at acquisition date fair values. A contingent liability in a business combination is also recognized at its fair value if fair value can be measured reliably.	Under the purchase method, the acquired assets and liabilities are recognized at their existing carrying amounts or alternatively at their fair values at the date of the amalgamation. Contingent liabilities of acquirer are not recognized as liabilities.
Non-monetary assets transferred by the acquiree as part of consideration for business combination are measured at acquisition-date fair values.	Consideration for the amalgamation includes fair value of any non-cash elements. However, in the case of securities issued to discharge consideration, the value fixed by statutory authorities may be taken to be their fair value.
Excess of consideration transferred (at acquisition-date fair value) over net assets acquired (also at acquisition-date fair value) is recognized as goodwill. Where net assets acquired exceed consideration transferred, the excess is recognized in profit or loss.	Under purchase method, excess of consideration over net assets acquired (measured at book values or fair values) is recognized as goodwill. In case net assets acquired exceed consideration, the excess is credited directly to equity as capital reserve and is not amortised.
Goodwill is not amortised but is tested for impairment at least annually.	Goodwill arising on an amalgamation (in the nature of purchase) is amortised over a period not exceeding five years unless a somewhat longer period can be justified.
Foreign currency	
An entity measures its assets, liabilities, revenues and expenses in its functional currency, which is the currency of the primary economic environment in which the entity operates. In some cases, functional currency of an entity may be different from the local currency. Presentation currency (i.e. the currency in which the financial statements are prepared) can be different from the functional currency (though it is usually not so).	There is no concept of functional currency under Indian GAAP. Enterprises in India have to prepare their general purpose financial statements in Indian currency, namely Indian rupees (INR).
There is no distinction between foreign operations that are integral to the operations of the reporting entity and foreign operations that are not integral. The distinction seems to have been dispensed with on the basis that the foreign operations integral to the reporting entity will have the same functional currency as the reporting entity.	There is a distinction between integral and non-integral foreign operations. Since the reporting currency of even an integral foreign operation will be generally different from the reporting currency of the reporting entity, translation of its financial statements into Indian rupees will be necessary.
At the reporting date, foreign currency assets and liabilities (i.e. those denominated in a currency other than the entity's functional currency) are accounted for in functional currency as follows: <ul style="list-style-type: none"> – monetary items are restated at the exchange rate at the balance sheet date; – non-monetary items carried at historical cost are not restated – they remain at the exchange rate at the date of the transaction; and – non-monetary items measured at fair value in a foreign currency are restated using the exchange rate at the date when the fair value was determined. 	The procedures of accounting for foreign currency assets and liabilities into Indian rupees are the same as under IFRS. However, companies in India also have an irrevocable option of adopting the accounting policy of a different treatment of exchange differences relating to long-term foreign currency monetary items (i.e. those with original maturity of one year or more). This alternative accounting policy results in recognition of exchange differences over the life of related depreciable assets (where the foreign currency item relates to acquisition of a depreciable asset)/over the life of the relevant foreign currency item (in other cases).
The resultant exchange differences (as well as exchange differences arising on settlement of foreign currency monetary items) are recognized in profit or loss, subject to an exception in the case of certain exchange	Certain exchange differences (same as those under IFRS) relating to net investment in a non-integral foreign operation are directly reported under equity and are recycled to profit or loss on disposal of the net

differences relating to net investment in a foreign operation which are recognized in the consolidated financial statements initially in other comprehensive income and recycled to profit or loss on disposal of the net investment.	investment.
Accounting policy changes and prior period adjustments	
Impact of accounting policy changes (other than those covered by specific transitional provisions of an accounting standard) on amounts for prior periods is recognized by adjusting opening retained earnings and restating comparatives unless this is not practicable. Corrections of prior period errors are also made in a like manner.	The overall practice in India is that accounting policy changes are given prospective effect only [except that a change in depreciation method which (unlike that in IFRS) is also treated as an accounting policy change is specifically required under authoritative Indian GAAP to be effected retrospectively with consequent adjustment in the statement of profit and loss of the year of change]. However, transitional provisions of accounting standards generally require retrospective application of the new standards, with consequent adjustment against opening reserves. Error corrections (prior period items) have to be recognised in the current statement of profit and loss. Indian GAAP does not have the concept of restatement of comparatives.
In case of an accounting policy change or correction of a prior period error, a statement of financial position as at the beginning of the earliest period presented is also required.	This requirement of IFRS is not there under Indian GAAP since the resultant adjustments are made in the current period.
Events after the balance sheet date	
For significant non-adjusting events, disclosure is made in the financial statements of the nature of the event and an estimate of its financial effect or a statement that such an estimate cannot be made.	No such disclosure in financial statements is required. However such events are disclosed in the report of the authority that approves the issuance of financial statements (e.g. Board of Directors of a company).
Dividends declared after the balance sheet dates are not recognised as a liability in the financial statements.	Dividends pertaining to the reporting period though proposed or declared after the balance sheet date are recognised as a liability.
Property, plant and equipment	
Cost of an item of property, plant and equipment includes the estimated cost of dismantling and removing the asset and restoring the site. The measurement of such cost is on discounted basis unless the time value of money is immaterial.	If the obligation to incur these costs meets the criteria for recognition as a provision, these costs are also capitalized but only on an undiscounted basis.
Depreciation method used should reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity.	In the absence of a specific stipulation in this regard, in practice companies adopt straight-line method or written-down value method almost as a free choice.
Estimates of useful life and residual value and the method of depreciation have to be reviewed at least at each financial year end. Any resultant changes are accounted for prospectively as a change in accounting estimate.	The useful lives of major depreciable assets or classes of depreciable assets may be reviewed periodically. Any resultant changes are accounted for prospectively as a change in accounting estimate. There is no requirement for periodic review of depreciation method. If the method is changed, depreciation is recalculated retrospectively in accordance with the new method and any surplus or deficiency is included in the statement of profit and loss of the period of change. Periodic review of residual value is not required.
Depreciation is provided over the useful life.	Same as IFRS. However, in the case of companies,

	indicative useful lives of different kinds of depreciable assets are mentioned under the Companies Act 2013 – justification for a different useful life is required to be disclosed in the financial statements. (The predecessor Act laid down depreciation rates which were to be regarded as minimum.)
Components of an item of property, plant and equipment for which different depreciation methods are appropriate or which have different useful lives are depreciated separately ('component approach').	Component approach is mandatory under the newly-enacted Companies Act 2013.
An entity can apply revaluation model as an accounting policy to measure items of property, plant and equipment subsequent to initial recognition. Thus, property, plant and equipment whose fair value can be measured reliably may be revalued to fair value at reasonable intervals so that revaluations are kept up-to-date. Choice of revaluation model is available on a class-of-assets basis.	Fixed assets may be revalued. Revaluation can be either of an entire class of assets, or selection of assets for revaluation can be made on a systematic basis. There is no requirement of keeping revaluations up-to-date.
Intangible assets	
Intangible assets acquired in a business combination are to be recorded at fair value at the date of acquisition whether or not the fair value can be determined by reference to an active market. Thus, the amount to be assigned to such an asset where there is no active market need not be restricted to an amount that does not create or increase 'bargain purchase' gain.	If there is no active market for an intangible asset acquired in an amalgamation in the nature of purchase, the cost initially recognized for the intangible asset is restricted to an amount that does not create or increase any capital reserve at the date of the amalgamation.
Intangible assets with indefinite useful lives and goodwill acquired in a business combination are not amortised but must be tested for impairment at least annually.	Goodwill arising in an amalgamation is amortised over a period of not more than five years unless a somewhat longer period can be justified. Goodwill acquired on purchase of a business/goodwill arising on consolidation need not be amortised but should be tested for impairment. All intangible assets should be amortised over useful life, besides being tested for impairment.
Intangible assets with finite useful lives are amortised over their expected useful lives. There is no presumption under IAS 38 as regards useful life of an intangible asset.	There is a rebuttable presumption that the useful life of an intangible asset does not exceed 10 years.
Subsequent to initial recognition, intangible assets can be measured under the revaluation model (i.e. remeasured at fair value which should be determined with reference to an active market) as an accounting policy. The revaluation model should be applied to all assets within a class of assets, except those for which there is no active market. Revaluations have to be carried out at reasonable intervals so that the revalued amounts are kept up-to-date.	Indian GAAP does not permit revaluation of intangible assets.
The residual value of an intangible asset with a finite useful life is reviewed at least at each financial year end. Any resultant change is accounted for prospectively as a change in an accounting estimate.	The residual value is estimated using prices prevailing at the date of acquisition of the asset. The residual value is not subsequently increased for changes in price or value.
Impairment	
As per the current version of the relevant standard on the subject, (viz IAS 36) goodwill must be allocated to a CGU or groups of CGUs that are expected to benefit from the synergies of the business combination even if no other assets or liabilities of the acquiree are assigned to that CGU or those groups of CGUs. Consequently, the requirements (of the earlier version of the standard) for	The corresponding Indian Standard is based on the previous version of IAS 36. The Indian standard requires goodwill to be allocated to CGUs only when the allocation can be done on a reasonable and consistent basis. If that requirement is not met for a specific CGU under review, the smallest CGU to which the carrying amount of goodwill can be allocated on a

impairment testing of unallocated goodwill have been removed from the standard.	reasonable and consistent basis must be identified and the impairment testing carried out at that level also. Thus, when all or a portion of goodwill cannot be allocated reasonably and consistently to the CGU being tested for impairment, two levels of impairment tests are carried out – bottom-up test and top-down test.
Reversal of impairment of goodwill is prohibited.	Reversal of impairment loss recorded for goodwill is restricted to a situation where the impairment was caused by a specific, exceptional external event that is not expected to recur and subsequent external events have reversed its effect.
There is a specific requirement for management to (i) examine the causes of differences between past cash flow projections and actual cash flows when assessing the reasonableness of the assumptions on which its current cash flow projections are based; and (ii) ensure that the assumptions on which its current cash flow projections are based are consistent with past actual outcomes.	Such explicit requirements are not contained in Indian GAAP.
There is explicit guidance on performing impairment testing when a CGU is comprised of a number of assets with different useful lives.	No explicit guidance on this aspect is available under Indian GAAP.
Investment property	
There is a separate standard under IFRS on accounting for investment property.	There is no separate standard on the subject under the Indian GAAP. However, as per the standard on investments, investment properties are accounted for as long-term investments.
Investment property is recognised initially at cost. Subsequent to initial recognition, barring a few exceptions, investment property should be measured by using either the fair value model or the cost model. The chosen model should be applied to every investment property. When the fair value model is chosen, changes in fair value are recognised in profit or loss.	Investment properties are initially recognized at cost. Subsequent to initial recognition, investment properties are carried in the financial statement at cost less allowance for any other-than-temporary diminution in the value of the investment property.
Investments in associates	
The definition of an associate is based on the investor's ability to exercise significant influence, which is the power to participate in the financial <i>and</i> operating policies of an entity.	The definition of an associate is based on the investor's ability to exercise significant influence, which is defined as the power to participate in the financial <i>and/or</i> operating policy decisions of the investee. Thus, under Indian GAAP, significant influence with reference to either financial policy decisions or operating policy decisions of the investee is sufficient to give rise to the investor-associate relationship.
Barring an exception, investments in associates are accounted for as per equity method in consolidated financial statements.	Barring a few exceptions (which are somewhat different from the exception specified under IFRS), investments in associates are accounted for as per equity method in consolidated financial statements.
Goodwill arising on acquisition of investment in an associate is determined on the basis of investor's share of the net fair value of the associate's identifiable assets and liabilities at the time of investment. Where investor's share of net fair value of the associate's identifiable assets and liabilities at the time of investment exceeds consideration, the difference is regarded as income and included in profit or loss of the period in which the investment is acquired.	Goodwill arising on acquisition of investment in an associate is determined on the basis of investor's share of the net carrying amount of the associate's identifiable assets and liabilities at the time of investment. Excess of investor's share of carrying amount of net assets over consideration is described as Capital Reserve and is not recognized as income.
For applying equity method, in no case should the	There is no cap on difference in reporting period-end of

difference between the end of the reporting period of the associate and that of the entity exceed three months.	associate and investor.
Financial statements of the associate used for applying the equity method should be based on accounting policies that conform to those of the entity	Same as IFRS, unless it is impracticable to do so.
Interests in joint arrangements (or joint ventures)	
Joint arrangements are classified as 'joint operations' and 'joint ventures'.	Joint ventures (which is the term corresponding to 'joint arrangements' under current IFRS) are classified as 'jointly controlled assets', 'jointly controlled operations' and 'jointly controlled entities' (this classification is as per the previous standard on the subject under IFRS). Accounting for jointly controlled assets and jointly controlled operations under Indian GAAP is similar to that for 'joint operations' under IFRS.
A 'joint venture' is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.	The corresponding concept under Indian GAAP is that of a 'jointly controlled entity', i.e., a separate entity in which each venturer has an interest. If the legal form of such separate entity does not confer separation between the parties and the separate entity (i.e., the assets and liabilities placed in the separate entity are the parties' assets and liabilities), such entity would not qualify as a joint venture under IFRS and would instead be a joint operation.
Barring an exception, interests in joint ventures should be accounted for in consolidated financial statements of a venture as per equity method.	Barring a few exceptions (which are somewhat different from the exception under IFRS), jointly-controlled entities are accounted for in the consolidated financial statements of a venture as per proportionate consolidation method.
Investments (other than in subsidiaries/associates/joint venture entities that are consolidated/equity accounted (or proportionately consolidated) in consolidated financial statements)	
Classification of investments is done into two categories based on how they are measured subsequent to initial recognition – at amortised cost or at fair value. An investment is measured at amortised cost if (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and (ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest thereon. However, even where both the above conditions are met, an entity has an irrevocable choice to designate the investment at initial recognition as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise otherwise. Investments that do not meet either or both of the conditions mentioned above are subsequently measured at fair value.	Investments should be classified into long-term and current. The primary criterion for such classification is the intended period of holding from the time of acquisition of investment.
On initial recognition, investments are generally recognised at fair value plus, in the case of investments in the category of 'at amortised cost', directly attributable transaction costs. After initial recognition, investments are measured at amortised cost or at fair value depending upon their classification. Additionally, investments measured at amortised cost are subject to impairment requirements. Gains or losses resulting from	Long-term investments are valued at cost less diminution other than temporary. Current investments are valued at lower of cost and fair value. Resultant changes are recognized in profit or loss.

<p>changes in fair value are recognized in profit or loss (except where a hedging relationship exists or where, at initial recognition, the entity has made an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income). Gains or losses on investments measured at amortised cost are recognised in profit or loss (except where a hedging relationship exists) on derecognition, impairment or reclassification of the investment and through amortisation process.</p>	
Financial instruments and derivatives	
<p>IFRS have detailed standards on recognition, measurement, classification, presentation and disclosure of financial instruments.</p>	<p>Standards similar to corresponding standards under IFRS have been formulated but are yet to become effective. Indian GAAP/laws have very major differences vis-à-vis the IFRS position in respect of accounting for financial instruments. For example, even mandatorily convertible debt is considered a liability under Indian GAAP. Likewise, there are very significant differences in period-end measurement of several kinds of financial instruments. The concept of discounting long-term payables/receivables, etc. is also not there under the present Indian GAAP. Besides, there are several other significant differences.</p>
<p>Derivatives (other than a derivative that is a financial guarantee contract or a designated and effective hedging instrument) are fair valued at each period end and resultant gains or losses are recognized in profit or loss.</p>	<p>The standard dealing with foreign exchange also prescribes treatment of forward exchange contract which is different from that prescribed for derivatives under IFRS. Forward exchange contracts taken to hedge existing assets or liabilities are remeasured at period-end spot rate and the resultant exchange differences are taken to profit or loss; besides, the forward premium or discount is amortised to profit or loss over the life of the contract. (However, as noted earlier, there is an irrevocable accounting policy choice of deferring exchange differences in respect of long-term foreign currency monetary items; this accounting policy choice also covers associated forward exchange contracts). Forward exchange contracts taken for trading or speculative purposes are remeasured at the forward rate available at the reporting date for the remaining maturity of the contract and resultant gains or losses are recognized in profit or loss.</p> <p>For other derivatives, an entity currently has a choice of either fair valuing them and taking the resultant gains or losses to profit or loss or recognizing only mark-to-market losses.</p>
Deferred tax	
<p>Deferred tax liabilities and assets are recognised for the future tax effects of temporary differences and tax loss carry-forwards. A temporary difference is the difference between the tax base of an asset or liability and its carrying amount in the balance sheet.</p>	<p>Under Indian GAAP, deferred taxes are tax consequences of timing differences. ‘Timing differences’ is a term narrower than temporary differences, e.g. an accounting revaluation of a fixed asset that is not recognized for tax purposes is a temporary difference, but not a timing difference.</p>
<p>A deferred tax asset should be recognised for all temporary differences to the extent it is probable that taxable profits will be available in future against which temporary differences can be utilised.</p>	<p>Two different tests - namely, reasonable certainty and virtual certainty – apply for recognition of deferred tax assets depending on absence or existence of unabsorbed tax depreciation/carried forward tax losses. Thus the tests for creation of deferred tax assets are more stringent under Indian GAAP.</p>

In determining tax expense in consolidation financial statements, temporary differences arising from elimination of unrealised profits and losses resulting from intra-group transactions should also be considered.	Tax expenses as appearing in the separate financial statements of parent and subsidiaries are just added together in consolidated financial statements.
Inventories	
For certain inventories, specific identification method has to be used to determine the cost of inventories. For other inventories, there is a choice between FIFO and weighted average cost method, subject to the same cost formula being used for all inventories having a similar nature and use to the entity.	Similar to IFRS. However, the choice between FIFO and weighted average cost method must be made in a manner that the formula selected reflects the fairest approximation to the cost incurred in bringing the inventory item to its present location and condition. Thus, it is not an accounting policy choice. Consequently, there is no requirement for use of same cost formula as under IFRS.
The relevant standard does not exclude work-in-progress of service providers.	The relevant standard excludes work-in-progress of service providers.
Provisions, contingent liabilities and contingent assets	
Where the effect of time value of money is material, the relevant provision should be measured at the present value of the expenditures expected to be required to settle the obligation.	The Indian standard prohibits discounting of provisions. The only exception is regarding provisions for long-term employee benefits which are made on a discounted basis under the standard on employee benefits.
Specified disclosures are required in respect of contingent assets where an inflow of economic benefits is probable.	Disclosure of contingent assets in financial statements is not permitted.
Revenue	
The relevant standard contains explicit guidance on recognition of revenue for exchange of goods or services.	The corresponding Indian standard does not deal with exchange of goods or services.
Revenue is measured at the fair value of the consideration. It is specifically stated that when a transaction effectively constitutes a financing arrangement, the fair value of the consideration is determined by discounting the future receipts using an imputed rate of interest.	The corresponding Indian standard does not specifically deal with this aspect. In practice, except in case of leases, the total amount is attributed to sale of goods or services without any discounting.
Revenue from rendering of services is recognised based on percentage of completion method if the outcome can be estimated reliably, else revenue is recognized only to the extent of expenses recognized that are recoverable.	Revenue from rendering of services is recognised using percentage of completion method or completed contract method based on nature of services. In the latter case, recoverable costs are shown as Work in Progress rather than revenue until the completion of service.
Construction contracts	
Contract revenue is measured at the fair value of the consideration received or receivable. Thus, the measurement of contract revenue may involve discounting.	Contract revenue is measured at the consideration received or received, i.e. on an undiscounted basis.
Government grants	
The relevant standard deals with accounting for government grants and disclosure of other forms of government assistance.	The relevant standard deals only with accounting for government grants and not with other forms of government assistance.
When a government grant is in the form of a non-monetary asset, it can be recorded at either the fair value of the asset or at the nominal amount paid.	Government grants in the form of non-monetary assets are recorded at actual cost, or at a nominal amount if the asset is received free of charge. Thus, recognition of such grants at fair value is not permitted.
All government grants should be recognised as income systematically over the periods necessary to match them with related costs which they are intended to compensate. Thus, no government grant can be credited directly to shareholders' funds.	Certain government grants are required to be credited directly to shareholders' funds as capital reserve.
When a government grant related to an asset becomes	If a government grant related to a depreciable asset

repayable, the cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.	becomes refundable and is consequently adjusted in the carrying amount of the relevant asset, the revised carrying amount has to be depreciated over the remaining useful life of the asset.
Employee benefits	
IAS 19 provides detailed guidance on employee benefits.	Indian accounting standard largely is based on IAS 19. However, unlike IFRS, the Indian standard does not allow accounting policy choices (e.g. 'corridor' approach) for recognizing actuarial gains and losses – these should be recognized immediately in the statement of profit and loss.
Discount rate used to measure liability for post-employment benefits is determined by reference to market yields at the balance sheet date on high quality corporate bonds.	Discount rate used to measure liability for post-employment benefits is determined by reference to market yields at the balance sheet date on government bonds.
Share-based payments	
There is a separate accounting standard on share-based payments, whether made to employees or to other parties.	There is a recommendatory Guidance Note of the Institute of Chartered Accountants of India on the limited issue of share-based payments to employees. For listed companies, SEBI (the regulator of stock markets in India) guidelines on ESOP are applicable – these have some significant differences with the aforementioned Guidance Note.
Share-based payments should be measured at fair value which is generally measured with reference to the fair value of goods or services received. If such fair value cannot be estimated reliably, the fair value is measured with reference to the equity instruments granted.	Share-based employee payments can be accounted for either by the fair value method or the intrinsic value method. However, an entity using the intrinsic value method is required to make extensive fair value disclosures.
Leases	
The relevant standard is applicable to lease agreements to use lands also.	The relevant standard does not deal with lease agreements to use lands. (However, the predominant practice is to show leasehold lands as tangible fixed assets where the leasehold period is long, e.g. 60 years or 99 years.)
In case of sale and leaseback, excess of sale proceeds over the carrying amount is required to be deferred and amortised over the lease term.	Apart from such excess, any such deficiency is also required to be deferred and amortised over the lease term in proportion to the depreciation of the leased asset.
Initial direct costs incurred by lessor (not being a manufacturer or dealer lessor) are required to be included in lease receivable amount in case of finance lease and in the carrying amount of the leased asset in case of operating lease.	Initial direct costs incurred by lessor (not being a manufacturer or dealer lessor) are required to be either charged off at the time of incurrence or amortised over the lease period.
Earnings per share	
If profit or loss from continuing operations attributable to ordinary equity holders of the parent entity is separately presented because there is a 'discontinued operation' within the meaning of IFRS, basic and diluted EPS figures on the basis of such profit or loss have also to be disclosed. Besides, basic and diluted EPS figures for discontinued operation have also to be presented.	These disclosures are not required.
The relevant standard does not require separate disclosure of EPS before extraordinary items since the concept of extraordinary items has been dispensed with under IFRS.	Indian GAAP contains the concept of extraordinary items. Hence, basic / diluted EPS before extraordinary items have also to be disclosed separately.
Segment reporting	
Segmental disclosures are required for entities whose equity or debt instruments are publicly traded, or that are	Segmental disclosures are required for larger enterprises (as specified), not all of which may be listed

in the process of filing financial statements with securities regulator for the purpose of issuing such instruments.	or in the process of seeking listing.
<p>Segmental disclosures are made for ‘operating segments’ that meet the specified quantitative threshold(s). An operating segment is a component of an entity:</p> <p>(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),</p> <p>(b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and</p> <p>(c) for which discrete financial information is available.</p> <p>An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.</p>	<p>Segmental disclosures are made for business segments/geographical segments that meet the specified quantitative threshold(s).</p> <p>A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.</p> <p>A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.</p>
Agriculture	
There is a separate standard under IFRS.	This is no Indian accounting standard on the subject.

GENERAL INFORMATION

1. The Company was incorporated under the Companies Act in India and is registered with the Registrar of Companies, Maharashtra at Mumbai. The Company's corporate identity number is L24230MH2006PLC158589. The Company's registered office is situated at K-4/1, Additional MIDC, Mahad, Raigarh 402309, Maharashtra, India.
2. The Company's principal object is manufacturing drugs and pharmaceuticals. The objects are set out in Clause IIIA of the Memorandum of Association. The Company operates its business in conformity with its constitutional documents.
3. The issue of the Bonds was authorised by a special resolution of the Shareholders of the Company passed through Postal Ballot on 16 June 2014. The terms of the offering and the issue of the Bonds were approved by resolutions of the Company's Board of Directors passed on 10 May 2014. The Company has obtained necessary consents, approvals and authorisations in India required in connection with the issue and performance of the Bonds.
4. Copies of the Company's Memorandum and Articles of Association and copies of the Trust Deed and the Agency Agreement will be available for inspection free of charge during usual business hours on any weekday (except Saturdays and public holidays) at the Company's registered office and between 9:30 am and 3:00 pm on any weekday (except Saturdays and public holidays) at the specified offices of the Agents. Copies in English of the Company's latest audited consolidated and non-consolidated annual financial statements may be obtained during usual business hours on any weekday (except Saturdays and public holidays) at the specified office of the Principal Paying and Conversion Agent subject to the provision of such financial statements to the Principal Paying and Conversion Agent.
5. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 109978353. The International Securities Identification Number for the Bonds is XS1099783539.
6. The Independent Auditors who have audited the Company's consolidated financial statements for fiscal 2012, 2013 and 2014, have rendered audit reports in respect of the Company's financial statements which they have audited, and these audit reports are set out on pages 167 to 185. The qualifications referred to in their audit reports are shown in the Auditor's Reports contained in this Offering Circular.
7. The Company prepared its financial statements as at and for fiscal 2012, 2013 and 2014 and its financial statements as at and for the three months ended 30 June 2014, each as contained herein, in conformity with Indian GAAP which differs in certain material respects from IFRS. See "*Summary of Significant Differences between Indian GAAP and IFRS*".
8. Except as disclosed in this Offering Circular, there has been no significant change in the Company's financial or trading position and no material adverse change in the Company's financial position or prospects since 31 March 2014.
9. Except as disclosed in this Offering Circular, the Company is not involved in any material litigation or arbitration proceedings that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Company's financial position, nor, so far as the Company is aware, are there any such proceedings pending or threatened.
10. The Trust Deed, the Agency Agreement and the Bonds are governed by English law. The Company's submission to the jurisdiction of the English courts and the appointment of an agent for service of process are valid and binding under Indian law.
11. The Bonds provide for the Trustee to take action on behalf of the Bondholders in certain circumstances, but only if the Trustee is prefunded, indemnified and/or provided with security to its satisfaction. It may not be possible for the Trustee to take certain actions and accordingly in such circumstances the Trustee will be unable to take such actions, notwithstanding the provision of an indemnity to it, and it will be for the Bondholders to take such actions directly. The Trustee may require any such indemnity to be given on joint and several basis.

12. The Trustee may rely without liability to Bondholders on any certificate prepared by the directors or authorised officers of the Company and accompanied by a certificate or report prepared by the auditors of the Company or an internationally recognised firm of accountants or any expert called for or provided to the Trustee pursuant to the Conditions and/or the Trust Deed satisfactory to the Trustee, whether or not addressed to the Trustee and whether or not the auditors of the Company or the internationally recognised firm of accountants' liability in respect thereof or the liability of any expert is limited by a monetary cap or otherwise limited or excluded. Any such certificate or report shall in the absence of manifest error in the Trustee's opinion be conclusive and binding on the Company, the Trustee and the Bondholders.
13. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.
14. The Conditions do not provide Bondholders with any participating rights in the event of a takeover offer for the Shares.
15. The address of the Company's website is www.drdatsons.com. Information contained on this website does not constitute part of this Offering Circular.

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**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT
FOR YEAR ENDED 31 MARCH 2014**

To
The Board of Directors,
Dr. Datsons Labs Limited
(formerly known as Aanjaneya Lifecare Limited)

We have audited the accompanying consolidated financial statements of Dr. Datsons Labs Limited (the "Company"), its subsidiaries and Joint ventures (collectively referred to as the "Group") which comprise the consolidated Balance Sheet as at 31 March 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2014 dated 13th September 2014 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

Other Matters

We have relied on the unaudited financial statements of certain subsidiaries and associates wherein the group's share of profit/(loss) aggregate to Rs.1.95 million. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amount included in respect of these subsidiaries and associate companies is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matters.

For Agarwal Desai & Shah
Chartered Accountants
Firm Regn No. 124850W

Place: Mumbai
Date: 30 May 2014

Rishi A.Sekhri
Partner
M. No. 126656

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT
FOR YEAR ENDED 31 MARCH 2013**

To
The Board of Directors,
Aanjaneya Lifecare Limited

- 1) We have audited the attached consolidated balance sheet of Aanjaneya Lifecare Limited (the "Company") and its subsidiary, hereinafter referred to as the "Group" as at 31 March 2013, the related consolidated Statement of Profit and Loss and the related consolidated Cash flow statement annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of the subsidiary. These financial statements have been audited /reviewed by other auditors whose report have been furnished to us and our opinion is so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors. The total assets and revenue in respect of the subsidiary are - Total Assets Rs.24.43 million as at 31 March 2013; Total Revenue Rs.Nil; Total Loss Rs.1.23 million..
- 4) We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21-Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- 5) Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and to the best of our information and according to the explanations given to us and subject to Note 3.8 on accounts relating to Opening stock, provision for taxation and bad debts written off ,in our opinion the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the consolidated Balance sheet , of the state of affairs of the Group as at 31 March 2013;
 - (b) In the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (c) In the case of the consolidated Cash Flow statement of the cash flows of the group for the year ended on that date.

For Agarwal Desai & Shah
Chartered Accountants
Firm Regn No. 124850W

Place: Mumbai
Date: 30 May 2013

Rishi A.Sekhri
Partner
M. No. 126656

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENT
FOR YEAR ENDED 31 MARCH 2012**

To
The Board of Directors,
Aanjaneya Lifecare Limited

- 1) We have audited the attached consolidated balance sheet of Aanjaneya Lifecare Limited (the "Company") and its subsidiary, hereinafter referred to as the "Group" as at 31 March 2012, the related consolidated Statement of Profit and Loss annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) We did not audit the financial statements of the subsidiary. These financial statements have been audited /reviewed by other auditors whose report have been furnished to us and our opinion is so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors. The total assets and revenue in respect of the subsidiary are: Total assets Rs.8.79 million as at 31 March 2012; Total Revenue Nil; Total Loss Rs.0.4 million.
- 4) We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21-Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
- 5) Based on our audit and on consideration of reports of other auditor(s) on separate financial statements and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date.

For Agarwal Desai & Shah
Chartered Accountants
Firm Regn No. 124850W

Place: Mumbai
Date: 30 May 2012

Rishi A.Sekhri
Partner
M. No. 126656

AUDITED CONSOLIDATED BALANCE SHEET

	Particulars	Note No.	FY 2013-14		FY 2012-13	FY 2011-12
			US\$/Mn.	Rs./Mn.	Rs./Mn.	Rs./Mn.
I	EQUITY AND LIABILITIES					
(1)	Shareholder's Funds					
	(a) Share Capital	A	5.27	316.55	138.87	138.87
	(b) Reserves and Surplus	B	62.58	3,760.95	2,954.26	3,359.00
			67.85	4,077.51	3,093.13	3,497.87
(2)	Minority Interest		-	-	-	0.79
(3)	Non-Current Liabilities					
	(a) Long-Term Borrowings	C	27.80	1,670.78	3,588.13	1,016.79
	(b) Deferred Tax Liabilities (Net)		2.86	172.18	166.07	143.85
	(c) Other Long-Term Liabilities		-	-	-	-
	(d) Long-Term Provisions	D	0.03	1.61	1.82	1.47
			30.69	1,844.57	3,756.02	1,162.11
(4)	Current Liabilities					
	(a) Short-Term Borrowings	E	34.65	2,082.63	1,912.16	1,969.09
	(b) Trade Payables	F	51.99	3,124.55	1,588.66	400.71
	(c) Other Current Liabilities	G	24.28	1,459.09	44.10	24.08
	(d) Short-Term Provisions	H	0.74	44.31	55.52	126.35
			111.66	6,710.59	3,600.44	2,520.23
	Total		210.19	12,632.66	10,449.59	7,181.01
II	ASSETS					
(1)	Non-Current Assets					
	(a) Fixed Assets					
	(i) Tangible Assets	I	31.33	1,882.89	2,084.60	2,138.54
	(ii) Intangible assets		-	-	-	-
	(iii) Capital work-in-progress		29.79	1,790.12	1,640.91	1,442.38
	Total Fixed Assets		61.12	3,673.01	3,725.51	3,580.92
	(b) Non-Current Investments	J	35.01	2,104.31	0.51	0.51
	(c) Long-term loans and advances		-	-	-	-
	(d) Other non-current assets	K	0.06	3.68	2.53	-
(2)	Current Assets					
	(a) Inventories	L	30.87	1,855.34	1,664.94	1,375.17
	(b) Trade Receivables	M	61.13	3,673.84	2,723.71	2,005.75
	(c) Cash and Bank Balances	N	0.25	14.85	2,125.47	44.84
	(d) Short-Term Loans and Advances	O	19.59	1,177.20	60.54	17.04
	(e) Other Current Assets	P	2.17	130.45	146.37	156.78
			114.00	6,851.67	6,721.04	3,599.58
	Total		210.19	12,632.66	10,449.59	7,181.01

AUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT

	Particulars	Note No.	FY 2013-14		FY 2012-13	FY 2011-12
			US\$/Mn.	Rs./Mn.	Rs./Mn.	Rs./Mn.
I	Revenue from operations	Q	70.06	4,210.54	5,207.57	4,799.64
II	Other Income	R	1.31	78.71	47.08	23.57
III	Total Revenue (I + II)		71.37	4,289.24	5,254.64	4,823.21
IV	Expenses					
	Cost of materials consumed	S	30.30	1,820.73	3,978.90	3,696.87
	Purchases of Stock-in-Trade		44.82	2,693.54	9.76	2.60
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	T	(16.89)	(1,015.19)	(119.91)	(167.45)
	Manufacturing Expenses	U	1.05	62.95	96.85	94.14
	Employee benefits expense	V	0.94	56.23	67.26	56.42
	Finance Charges	W	7.16	430.15	426.46	290.52
	Depreciation & Amortization	I	3.40	204.42	202.22	156.65
	Administration Expenses	X	0.32	19.22	102.43	47.25
	Selling Expenses	Y	0.07	4.46	15.14	16.14
	Total Expenses		71.16	4,276.52	4,779.11	4,193.14
V	Profit before Prior Period, Exceptional and Extraordinary items and tax (III-IV)		0.21	12.72	475.53	630.07
VI	Prior Period Expenses		0.03	1.78	0.43	0.01
VII	Exceptional Items		-	-	448.62	-
VIII	Profit before extraordinary items and tax (V - (VI+VII))		0.18	10.94	26.48	630.06
IX	Extraordinary Items		-	-	-	-
X	Profit before Tax (VIII - IX)		0.18	10.94	26.48	630.06
XI	Tax Expense					
	(1) Less: Current tax		0.04	2.58	5.56	126.14
	(2) Less: Deferred tax		0.10	6.11	22.22	94.03
	(3) Add: MAT U/s 115JB		0.04	2.58	5.56	-
XII	Profit (Loss) for the period (X - XI)		0.08	4.83	4.26	409.88
VIII	Earning per Share					
	(Face Value of Rs.10 each)					
	Basic		0.01	0.33	0.31	34.38
	Diluted		0.00	0.13	0.28	34.38

AUDITED CONSOLIDATED CASH FLOW STATEMENT

Particulars	FY 2013-14		FY 2012-13	FY 2011-12
	US\$/Mn.	Rs./Mn.	Rs./Mn.	Rs./Mn.
A) Cash Flow From Operating Activities				
Net profit before Tax as per P&L A/c	0.18	10.94	26.48	630.46
<i>Adjusted for:-</i>		-	-	
Depreciation	3.40	204.42	202.22	156.65
Bad Debts Written Off		-	448.62	-
Finance Charges	7.16	430.15	426.46	290.50
Less: (Interest Income)	(0.00)	(0.01)	(2.83)	(16.80)
Less: (Dividend Income)	(0.00)	(0.06)	-	(0.06)
Operating Profit before Working capital changes	10.74	645.44	1,100.95	1,060.75
<i>Movements in working capital :</i>				
Increase/(Decrease) in Trade payables	25.56	1,535.90	1,187.95	460.99
Increase/(Decrease) in long- term provisions	(0.00)	(0.21)	0.35	0.47
Increase/(Decrease) in short- term provisions	(0.19)	(11.20)	39.71	0.01
Increase/(Decrease) in other current liabilities	23.58	1,417.28	19.05	1.78
Increase/(Decrease) in other long- term liabilities		-	-	-
Decrease/ (Increase) in other Non Current Assets		(1.15)	(2.53)	-
Decrease/ (Increase) in short- term loans and advances	(18.58)	(1,116.66)	(43.50)	(9.34)
Decrease/ (Increase) in other current assets	0.27	16.09	27.06	(112.64)
Decrease/ (Increase) in inventories	(3.17)	(190.39)	(766.54)	(551.44)
Decrease/ (Increase) in trade receivables	(15.81)	(950.13)	(1,166.58)	(1,101.16)
Cash(used in)/Generated from Operations	22.40	1,344.97	395.92	(250.57)
Taxes Paid	(0.00)	(0.16)	(16.66)	(204.37)
Net Cash(used in)/From Operating Activities	22.40	1,344.81	379.26	(454.94)
B) Cash flow from investing activities				
(Increase) /Decrease in Fixed Assets	(2.53)	(151.92)	(346.81)	(2,567.27)
(Increase)/Decrease in non- current Investments	(35.01)	(2,103.80)	-	(7.27)
Interest Income recd. from current Investments	0.00	0.01	2.83	16.80
Dividend Income recd. from non- current Investments	0.00	0.06	-	0.06
Net cash flow/ (cash used in) from investing activities	(37.53)	(2,255.64)	(343.97)	(2,557.68)
C) Cash flow from financing activities				
Increase in Share Capital	2.96	177.68	-	63.10
Increase in Share Premium	13.30	799.57	(8.72)	1,680.76
Increase/(Decrease) in Long term borrowings	(31.90)	(1,917.35)	2,571.34	445.30
Increase/(Decrease) in short term borrowings	2.84	170.47	(56.93)	1,152.13
Finance charges paid	(7.16)	(430.15)	(426.46)	(290.50)
Dividend paid (incl distribution tax)	-	-	(33.89)	-
Net cash flow/ (cash used in) from financing activities	(19.96)	(1,199.78)	2,045.34	3,050.79
Net increase in cash and cash equivalents (A+B+C)	(35.10)	(2,110.62)	2,080.63	38.18
Cash and cash equivalents at the beginning of the year	35.37	2,125.47	44.84	6.66
Cash and cash equivalents at the end of the year	0.27	14.85	2,125.47	44.84

NOTES ON CONSOLIDATED ACCOUNTS

Particulars	FY 2013-14		FY 2012-13	FY 2011-12
	US\$/Mn.	Rs./Mn.	Rs./Mn.	Rs./Mn.
NOTE A: SHARE CAPITAL				
Authorised				
50,000,000 Equity Shares of Rs.10 each	8.32	500.00	500.00	300.00
	8.32	500.00	500.00	300.00
Issued, Subscribed and fully Paid-up of Rs.10 each				
At the beginning of the year	2.31	138.87	138.87	75.77
Add: Issued during the year	2.96	177.68	-	63.10
At the end of the year	5.27	316.55	138.87	138.87
NOTE B: RESERVES & SURPLUS				
Profit & Loss Account				
Opening Balance of Profit & Loss	8.32	500.03	994.75	584.97
Add: Surplus for the current year	0.10	5.88	4.26	409.88
Less: Dividend	-	-	27.77	-
Less: Proposed Dividend	-	-	1.39	-
Less: Corporate Dividend Tax	-	-	4.73	-
Less: Transferred to General reserves	-	-	100.09	-
Less: Reduction in Valuation of Opening Stock	-	-	476.77	-
Add: Excess Provision for Taxation of Earlier Year	-	-	110.55	-
Sub-total	8.42	505.92	498.80	994.85
General Reserves				
Opening Balance	1.67	100.09	100.09	-
Add: Transfer From Profit & Loss	-	-	-	-
Sub-total	1.67	100.09	100.09	-
Share Premium				
Opening Balance	39.18	2,354.98	2,363.69	2,363.69
Less: IPO Expenses Written Off	-	-	8.72	-
Add: Share issued	13.30	799.57	-	-
Sub-total	52.49	3,154.54	2,354.98	2,363.69
Capital Reserve (On Consolidation)	0.01	0.35	0.35	0.45
Foreign Currency Translation Reserve	0.00	0.05	0.03	-
Total	62.58	3,760.95	2,954.26	3,359.00
NOTE C: LONG-TERM BORROWINGS				
Secured Loan				
Term Loan				
Term loan from banks	10.44	627.43	502.36	571.40
Interest accrued but not due on Term Loan	-	-	-	6.02
(All Secured against first charge on immovable assets and second charge on movable assets of the Company)				
Sub-total	10.44	627.43	502.36	577.42
Unsecured Loan				
Loans & Trade Advances Recd:				
Loans from directors / shareholders	7.29	438.40	373.68	272.85
Loans & Advances from company /others	10.07	604.95	536.48	166.51
Foreign Currency Convertible Bonds	-	-	2,175.60	-
Sub-total	17.36	1,043.35	3,085.77	439.37
Total	27.80	1,670.78	3,588.13	1,016.79
DEFERRED TAX LIABILITY:				
On Account of Depreciation	2.86	172.18	166.07	143.85
Total	2.86	172.18	166.07	143.85
NOTE D: LONG-TERM PROVISIONS				
For Gratuity	0.03	1.61	1.82	1.47
Total	0.03	1.61	1.82	1.47
NOTE E: SHORT TERM BORROWINGS				

Secured Loan				
.....BankCC/EPC				
Working capital loan from banks	25.50	1,532.43	1,295.25	1,362.03
(All Secured against first charge on the current assets)				
Sub-total	25.50	1,532.43	1,295.25	1,362.03
Unsecured Loan				
WCDL from Other Banks	8.83	530.94	600.43	607.06
Director's Current A/c	0.32	19.26	16.48	-
Sub-total	9.15	550.20	616.91	607.06
Total	34.65	2,082.63	1,912.16	1,969.09
NOTE F: TRADE PAYABLES				
Creditors	51.99	3,124.55	1,588.66	400.71
Total	51.99	3,124.55	1,588.66	400.71
NOTE G: OTHER CURRENT LIABILITIES				
Current Maturities	19.87	1,194.41	-	-
Other Liabilities	4.40	264.67	44.10	24.08
Total	24.28	1,459.09	44.10	24.08
NOTE H: SHORT-TERM PROVISION				
Provisions				
For Income Tax	0.39	23.74	131.71	126.14
Less: Excess Provision for the Earlier Year	-	-	110.55	-
Unpaid Dividend	0.25	15.29	29.06	-
Corporate Dividend Tax Payable	0.08	4.73	4.73	-
For FBT	0.00	0.19	0.19	0.19
For Gratuity	0.01	0.36	0.38	0.02
Total	0.74	44.31	55.52	126.35

NOTE I: FIXED ASSETS												
S. NO.	Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK		
		As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Up to 01.04.2013	For the year	Adjustments	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013	
1	Land	5.54	-	-	5.54	-	-	-	-	5.54	5.54	
2	Factory Building	728.92	2.64	-	731.56	54.30	24.39	-	78.69	652.88	674.62	
3	Plant & Machinery	1,480.30	0.03	-	1,480.33	294.54	153.07	-	447.60	1,032.73	1,185.77	
4	Lab Equipments	135.85	-	-	135.85	24.78	14.05	-	38.83	97.03	111.07	
5	Air Conditioners	89.63	-	-	89.63	18.24	9.27	-	27.51	62.12	71.39	
6	Furniture & Fixtures	24.67	-	-	24.67	4.14	1.56	-	5.70	18.97	20.53	
7	Computers	5.20	0.04	-	5.24	2.09	0.85	-	2.94	2.30	3.11	
8	Office Equipment	10.51	-	-	10.51	1.49	0.67	-	2.16	8.35	9.02	
9	Motor Car	3.19	-	-	3.19	0.87	0.30	-	1.17	2.02	2.33	
10	Software	1.70	-	-	1.70	0.48	0.28	-	0.75	0.94	1.22	
	Total	2,485.53	2.71	-	2,488.24	400.93	204.42	-	605.35	1,882.89	2,084.60	
	US\$ in million	41.36	0.05	-	41.40	6.67	3.40	-	10.07	31.33	34.69	

Particulars	FY 2013-14		FY 2012-13	FY 2011-12
	US\$/Mn.	Rs./Mn.	Rs./Mn.	Rs./Mn.
NOTE J: NON-CURRENT INVESTMENTS				
Unquoted :				
20,000 Shares Of Shamrao Vithal Co-Op bank Ltd @ Rs 25 per share fully paid up valued at cost	0.01	0.50	0.50	0.50
Other	35.01	2,103.81	0.01	0.01
Total	35.01	2,104.31	0.51	0.51
NOTE K: OTHER NON-CURRENT AASETS				
Fixed Deposits	0.04	2.53	2.53	-
Other Deposits	0.02	1.15	-	-
Total	0.06	3.68	2.53	-
NOTE L: INVENTORIES				
(As taken, valued & certified by the Directors)				
Raw Materials	6.59	395.84	1,219.86	965.35
Packing Materials	0.05	3.09	3.87	12.30
Work in Progress	0.00	0.11	234.99	190.71
Finished Goods -Mfg	0.01	0.44	206.23	206.80
Trading	24.22	1,455.85	-	-
Total	30.87	1,855.34	1,664.94	1,375.17
NOTE M: SUNDRY DEBTORS				
Unsecured, considered good	61.13	3,673.84	2,723.71	2,005.75
Considered Bad	-	-	448.62	-
	61.13	3,673.84	3,172.33	2,005.75
Less: Bad Debts Written Off	-	-	448.62	-
Total	61.13	3,673.84	2,723.71	2,005.75
NOTE N: CASH & BANK BALANCES				
1) Cash & Cash Equivalent				
Cash in hand	0.05	2.86	3.21	1.53
Balances with Schedule Bank:				
a) With Scheduled bank	0.16	9.36	2,113.64	43.31
b) Others	0.04	2.63	2.73	-
c) Term Deposits	-	-	2.18	-
Sub-total	0.25	14.85	2,121.76	44.84
2) Others				
Other Term Deposits With maturity Less than 12 Months	-	-	3.71	-
Sub-total	-	-	3.71	-
Total	0.25	14.85	2,125.47	44.84
NOTE O: SHORT TERM LOANS & ADVANCES				
(Unsecured Considered Good)				
Loan/Advance to Companies	19.45	1,169.02	46.78	9.33
Loan/Advance to Staff	0.00	0.03	8.19	7.71
MAT Credit	0.14	8.14	5.56	-
Total	19.59	1,177.20	60.54	17.04
NOTE P: OTHER CURRENT ASSETS				
Deposits	-	-	1.29	15.96
Balance with Revenue Authorities	2.11	126.80	142.73	126.00
Prepaid Expenses	0.06	3.65	2.36	1.39
Interest Receivables	-	-	-	13.43
Total	2.17	130.45	146.37	156.78
NOTE Q: SALES				
Manufacturing Sales	49.01	2,945.37	5,193.81	4,796.38
Trading Sales	21.05	1,265.16	13.76	3.25
Total	70.06	4,210.54	5,207.57	4,799.64

NOTE R: OTHER INCOMES				
Dividend Received	0.00	0.06	-	0.06
Duty Drawback	-	-	0.85	0.02
Exchange Rate Difference	1.30	78.33	43.38	6.31
Interest Received	0.00	0.01	2.83	16.80
Others	0.01	0.30	0.01	0.38
Total	1.31	78.71	47.08	23.57
NOTE S: COST OF MATERIAL CONSUMED				
Opening Stock of R.M.and Pkg. Material	20.36	1,223.72	577.09	593.67
Add :- Purchases	16.57	995.94	4,625.53	4,080.86
Less : Purchase Returns and Rounding Off	-	-	-	-
Opening Stock + Net Purchases	36.93	2,219.66	5,202.62	4,674.52
Less :Closing Stock of R.M.and Pkg. Materials	6.64	398.93	1,223.72	977.65
Raw Material Consumed in Mfg	30.30	1,820.73	3,978.90	3,696.87
PURCHASE OF STOCK-IN-TRADE				
Purchase trading	44.82	2,693.54	9.76	2.60
NOTE T: INCREASE/(DECREASE) IN STOCKS				
Closing Stock :				
...Finished Goods -Mfg	0.01	0.44	206.23	206.80
...Work in Progress	0.00	0.11	234.99	190.71
...Trading - Stock in Transit	24.22	1,455.85	-	-
Closing Stock- Total	24.23	1,456.41	441.22	397.51
Opening Stock :				
...Finished Goods -Mfg	3.43	206.23	206.80	98.37
...Work in Progress	3.91	234.99	114.50	131.66
...Trading	-	-	-	0.03
Opening Stock-Total	7.34	441.22	321.31	230.06
Increase/(Decrease) in Stock of FG & WIP	(16.89)	(1,015.19)	(119.91)	(167.45)
NOTE U: MANUFACTURING EXPENSES				
Coal, Fuel & Oil	0.46	27.59	31.57	38.53
Consumable	0.10	5.79	9.11	5.75
Electricity Expenses	0.06	3.58	7.95	7.30
Factory Expenses	0.06	3.62	5.68	3.82
Freight, Transport, Coolie and Cartage	0.02	1.31	2.56	2.06
Import Clearing & Forwarding Expenses	-	-	1.49	6.09
Labour & Hamali Expenses	0.17	9.95	15.34	12.60
Loading & Unloading Expenses	0.00	0.01	0.27	0.21
M.P.C.B. Expenses	0.00	0.01	0.01	0.01
Packing & Forwarding Expenses	0.00	0.00	0.06	0.05
Product Development Expenses	0.09	5.28	4.22	3.53
Repairs & Maintenance Expenses - Factory & Plant	0.01	0.59	7.09	5.27
Research & Development Expenses	0.00	0.00	3.57	2.98
Security Expenses	0.03	1.84	2.22	1.80
Stores,Spares & Hardware	0.05	3.03	4.99	3.26
Water Expenses	0.01	0.35	0.73	0.88
Total	1.05	62.95	96.85	94.14
NOTE V: EMPLOYEE BENEFIT EXPENSE				
Insurance Expenses	-	-	-	0.14
Employers Contribution & Administration Expenses to PF	0.02	1.21	1.42	1.18
Gratuity Provision	(0.00)	(0.22)	0.71	0.48
Leave Encashment	-	-	0.14	0.08
Salaries,Wages & Bonus	0.66	39.82	49.21	51.59
Remuneration to Directors	0.24	14.18	14.18	-
Staff Welfare Expenses	0.02	1.25	1.60	2.95
Total	0.94	56.23	67.26	56.42
NOTE W: FINANCE CHARGES				

Interest - on Term Loan & Cash Credit	4.84	291.03	242.67	196.15
Interest - Others	2.27	136.18	171.42	75.00
Processing & Other Charges	0.05	2.94	12.37	19.37
Total	7.16	430.15	426.46	290.52
NOTE X: ADMINISTRATION EXPENSES				
Auditors Remuneration				
Statutory and Tax Audit Fees	0.00	0.30	0.30	0.37
VAT Audit	0.00	0.10	0.10	0.10
Cost Audit	0.00	0.05	0.05	0.05
Books & Periodicals	0.00	0.01	0.06	0.04
Commission & Brokerage Expenses	0.02	1.10	2.95	0.92
Computer Expenses	0.00	0.00	0.10	0.10
Conference & Meeting	0.01	0.42	0.64	0.32
Conveyance Expenses	0.00	0.22	0.31	0.27
Courier Expenses	0.00	0.16	0.37	0.33
Exchange Rate Difference	-	-	-	0.01
FCCB Exp	-	-	66.31	-
Donations	0.00	0.00	0.01	0.04
Electricity Expenses	0.01	0.58	0.59	0.49
Gardening Expenses	0.00	0.00	0.00	0.02
Insurance Expenses	0.01	0.37	4.45	2.86
Licence Fees	0.00	0.00	0.76	2.29
Membership & Subscription Fees	0.00	0.11	0.27	0.21
Mobile Expenses	0.01	0.77	0.84	0.90
Office Expenses	0.02	1.03	1.31	0.82
Printing & Stationary Expenses	0.02	1.46	1.79	4.73
Profession Tax Company	0.00	0.00	0.00	0.00
Professional Fees / Charges	0.06	3.58	10.48	24.28
Rates & Taxes	0.00	0.01	0.31	0.27
Rent	0.04	2.64	2.27	1.79
ROC Expenses and Franking Charges	0.02	1.03	1.69	1.42
Security Expenses	0.01	0.47	0.48	0.49
Software Expenses	0.00	0.01	0.09	0.10
Tax Expenses	0.01	0.78	0.27	0.06
Telecommunication & Internet	0.01	0.69	1.01	1.58
Vehicle Expenses & Repairs	0.02	1.04	1.21	1.15
Vehicle Hire Expenses	0.01	0.58	1.00	0.92
Website Development Expenses	0.01	0.50	0.24	0.08
Repairs & Maintenance - Office Equipment	0.01	0.44	0.64	-
Directors Sitting Fees	0.00	0.25	0.25	0.25
Other Expenses	0.01	0.52	1.29	-
Total	0.32	19.22	102.43	47.25
NOTE Y: SELLING EXPENSES				
Advertisement Expenses	0.01	0.67	1.81	1.21
Bank Charges-International trade	0.00	0.11	0.36	0.37
Business Promotion & Marketing Expenses	0.01	0.50	4.39	1.45
Exhibition Expenses	-	-	0.47	2.60
Export Clearing & Forwarding Expenses	0.01	0.48	3.23	2.20
Travelling,Boarding & Lodging Expenses	0.00	0.27	4.13	8.30
Discount Allowed & ECGC Premium	0.04	2.43	0.75	-
Total	0.07	4.46	15.14	16.14

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014 AND CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

1. Principles of consolidation

Investments in Consolidated Financial Statements are accounted in accordance with accounting principles as defined in AS 21 “Consolidated Financial Statements” notified by the companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements are prepared on the following basis:

- i. Subsidiary companies are consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- ii. The excess of cost to the company of its investment in the subsidiary over its share of equity of the subsidiary as on the dates of investment in the subsidiary are made is recognized as “Goodwill” being an asset in the consolidated statements. Alternatively where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the company ,it is recognized as “Capital Reserve” and shown under the head “Reserves and Surplus” in the consolidated financial statements.
- iii. Minorities interest in net profits of the consolidated subsidiary for the year is identified and adjusted against the income in order to arrive at the net income attributable to the Shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of contractual obligation on the minorities, the same is accounted for by the Company.
- iv. As far as possible the consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s stand alone financial statements.
- v. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting dated as that of the Company i.e. year ended 31 March 2014.
- vi. As per Accounting Standard Interpretation (ASI – 15) on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or parent having no bearing on the true and fair view of the Consolidated Financial Statements need not be disclosed in the Consolidated Financial Statements.

The Consolidated Financial Statements as at and for the year ended on 31 March 2014 include the financial statements of the following entity:

Name of Consolidated Entity	Country of incorporation	Nature of interest	Percentage of interest
Eros Pharmachem Pte. Ltd.	Singapore	Subsidiary	100 %
Dr. Datsons Labs Limited	U.K.	Subsidiary	100 %
AANJ Pharmalabs FZE Ltd.	Dubai, UAE	Subsidiary	100 %
Fair Success (H.K.) Limited	Hongkong	Subsidiary	100 %

2. Significant Accounting Policies:

a. Basis of Accounting

The Financial Statements of the Company are prepared under historical cost convention and on accrual basis and in accordance with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. Accounting policies, not specifically referred to hereunder is otherwise consistent with generally accepted accounting polices [“GAAP”].

b. Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of non refundable duties and taxes, freight and incidental expenses, if any. Advances paid towards acquisition/construction of fixed assets outstanding at each balance sheet date and cost of fixed assets not ready for their intended use before such date are disclosed under capital work in progress.

c. Depreciation

Depreciation on Fixed Assets is provided on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956. Depreciation on additions made to fixed assets during the year is provided on pro-rata basis.

d. Valuation of Inventories

- i. Raw Materials are valued at cost or net, realizable value whichever is lower. Cost is determined by using the First In First out (FIFO) method.
- ii. Semi Finished Goods (Work in progress) are valued at cost.
- iii. Finished Goods:
Manufactured goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First In First out (FIFO) method. Cost includes cost of raw materials used and all the related overhead expenses.
Traded Goods are valued at cost or net realisable value whichever is lower. Cost is determined by using the First in First out (FIFO) method.

e. Revenue Recognition

- The Company follows the mercantile system of accounting and hence Revenue is recognized by the company on accrual basis.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is accrued at applicable interest rate.
- Export Benefits / incentives and other incomes are accounted on accrual basis except Dividend, which recognized when right to receive is established.

f. Segment Accounting

1. Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

- a) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.
- b) Expenses that are directly identifiable with/allocable to segments are considered for determining the Segment Result. Expenses, which relate to the Company as a whole and not allocable to segments are included under “Unallocable Corporate Expenditure”.
- c) Income which relates to the Company as a whole and not allocable to segments is included in “Unallocable Corporate Income”.
- d) Segment result includes margins on inter-segment transactions, which are reduced in arriving at the profit before tax of the Company.
- e) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

2. Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

g. Accounting for Foreign Exchange Transaction

In accordance with Companies (Accounting Standards) Rules, 2006 the transaction in foreign exchange are accounted for at the exchange rates prevailing at the date of the transaction. In respect of the Assets and Liabilities remaining unsettled at the Balance sheet date are translated at the closing rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date are recognized as income or expense in the period in which they arise.

Where the company uses derivative financial instruments such as forward contracts to hedge its risk associated against foreign currency fluctuations, the Gain or loss on restatement of such contracts outstanding at the balance sheet date are recognized in the profit and loss account for the year in which it occurs. The premium or discount arising at the inception of forward contracts is amortized through the profit and loss account over the period of the contract

h. Leases

Lease arrangements, where the risk and rewards incidental to the ownership of asset substantially vests with the lessor are recognized as operating lease. Lease payments under operating leases are recognized as an expense in the Profit and Loss Account. Assets leased out under operating leases

i. Taxation

Tax expenses is the aggregate of current tax and deferred tax charged, as the case may be to the Profit and Loss Account for the year in accordance with Companies (Accounting Standards) Rules, 2006 and measured at the tax rate that have been enacted or substantively enacted by the Balance Sheet date.

I. Current Tax

Tax on income for the current period is determined on the basis of assessable income computed in accordance with the provisions of the Income Tax Act, 1961.

II. Deferred Tax

Deferred income taxes are recognized for the future tax consequences attributable to timing difference between the financial statements and determination of income for their recognition for tax purposes. The effect on deferred tax liabilities of a change in tax rates is recognized in income using the rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

j. Contingent Liability:-

Contingent liabilities, if any, are disclosed in the Notes to Accounts. Provisions have been made in the accounts in respect of those contingencies which are likely to materialize into liabilities after the year end till the finalization of accounts and have a material effect on the position stated in the Balance Sheet.

k. Borrowing Cost:-

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are expensed in the period in which they are incurred.

3. Notes on Accounts:

3.1 Fixed assets / Capital Work- in- progress

The company is undertaking capital expenditure program at its Mahad and Pune Plants. An advance payment of Rs.44.85 million towards capital assets has been made in current year. The same is included in capital WIP. The Capital WIP stands at Rs.1790.12 million as on 31 March 2014.

3.2 Investments

Long Term Investments are stated at cost less provision, if any, for diminution which is other than temporary in nature. Current investments are valued at lower of cost and net realizable value.

3.3 Leases

The company has operating lease agreements, primarily for leasing office space and residential premises for it employees. Most of these lease agreements provide for cancellation by either party with a notice period ranging from 30 days to 120 days and contain a clause for renewal of lease agreement at the option of the company. There are no non-cancellable operating leases. There are no assets taken on finance lease.

3.4 Default in repayment of Loans from Banks and payment of Statutory Dues

It may be noted that the business of the company is growing at rapid pace. Consequently, there is substantial increase in requirement of funds for working capital. However, during past few years, our bankers have not carried out fresh appraisal/Assessment of our Working Capital requirement. Due to non-revision of credit facilities by our bankers, there is always financial pressure on the working capital. As a result of the same, there were defaults in repayment of Borrowed Funds from banks as well as payment of Statutory Dues. However, the Management has been continuously putting its efforts in raising funds from various sources both internal as well as external and is expecting to regularize the defaults in the next financial years.

3.5 Contingent Liabilities

Particulars	As at 31 March 2014	As at 31 March 2013
Service Tax liability (excluding Penalties) that may arise. The Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.	82.09	Nil

3.6 No commission on profits is paid at any time during the year to any of the directors of the Company.

3.7 Cenvat

No cenvat credit is availed in respect of finished goods manufactured and sold by the company which are exempt or free of Central Excise. Consequently duty paid on these inputs is expensed during the year. Where finished goods manufactured and sold by the company are excisable, cenvat credit is availed on inputs used in the manufacture of such excisable goods.

3.8 C.I.F. Value of Imports

(Rs. in million)

	2013-14	2012-13
Raw Material	-	29.95
Trading Goods	601.86	-
Capital Goods	-	2.61

3.9 Expenditure in Foreign Currency

(Rs. in million)

	2013-14	2012-13
Travel	-	0.38
Product Development	5.28	1.79
Research and Development	-	-
License/Registration Fees	-	0.33
Lodging & Boarding	-	0.08
FCCB Expenses	-	1.17
Professional Charges	-	1.38

3.10 Earnings in Foreign exchange

(Rs. in million)

	2013-14	2012-13
FOB Value of goods exported	964.04	777.45

3.11 FCCB-Foreign Currency Convertible Bonds

The company had issued Foreign Currency Convertible Bond (FCCB) aggregating to US\$40 million during the last financial year for acquisition of company overseas. During the current financial year under report FCCB aggregating to US\$18 Million were converted into 17,768,124 equity shares at conversion price of Rs.55 per share. Further, on 15 May 2014 the company had converted FCCB amounting to US\$11.20 million into equity shares at conversion price of Rs.55 per share which together with outstanding FCCB amounting to US\$10.80 million is included in unsecured loans under current liabilities.

3.12 Micro Small & Medium Enterprises Development Act 2006. {MSMED Act 2006}

The company is outside the purview of MSMED Act 2006 as the investment in Plant & Machinery is greater than Rs.100 million as at the end of the year.

3.13 The previous year figures have been recast / regrouped whenever necessary in order to confirm to current years presentation.

LIMITED REVIEW REPORT FOR THE QUARTER ENDED 30 JUNE 2014

The Board of Director,
Dr. Datsons Labs Limited
(Formerly known as Aanjaneya Lifecare Limited)
Anjaneya House, Plot 34,
Postal Colony, Chembur,
Mumbai -400 071.

Re: Limited Review of Financial Results for the quarter ended 30 June 2014

We have reviewed the accompanying statement of unaudited financial results of Dr. Datsons Labs Limited (Formerly known as Aanjaneya Lifecare Limited) for the quarter ended 30 June 2014 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors/ Committee of Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Agarwal Desai & Shah
Chartered Accountants

Rishi A.Sekhri
Partner
M. No. 126656
Firm Regn No. 124850W

Place: Mumbai
Date: 14 August 2014

UNAUDITED NON-CONSOLIDATED RESULTS				
S. No.	Particulars	Three months ended (unaudited)		
		30.06.2014		30.06.2013
		US\$/Mn.	Rs./Mn.	Rs./Mn.
1	Net Sales / Income from Operations	33.52	2,014.38	1,176.89
	Total	33.52	2,014.38	1,176.89
2	Expenditure			
	Cost of Materials Consumed	4.54	272.63	955.99
	Purchases of Traded Goods	2.92	175.37	-
	Changes in Inventories of Finished Goods, WIP and Stock-in-trade	24.20	1,454.34	(29.65)
	Employee Benefit Expenses	0.14	8.51	15.35
	Depreciation and Amortisation expense	0.21	12.45	50.95
	Other Expenses	0.05	3.28	27.32
	Total	32.06	1,926.57	1,019.96
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items	1.46	87.81	156.93
4	Other Income	-	-	0.04
5	Profit from Ordinary Activates before Finance Costs and Exceptional Items	1.46	87.80	156.97
6	Finance Costs	1.45	86.94	117.43
7	Profit from Ordinary Activities after Finance Costs but before Exceptional Items	0.01	0.87	39.54
8	Exceptional Items	-	-	-
9	Profit/(Loss) from Ordinary Activities before Tax	0.01	0.87	39.54
10	Tax Expense	0.00	0.27	7.18
11	Net Profit/(Loss) for the period	0.01	0.60	32.36
12	Extraordinary Items (net of Tax)	-	-	-
13	Net Profit	0.01	0.60	32.36
14	Paid -up equity share capital (Face value of Rs.10 each)	8.88	533.72	138.87
15	EPS before Extraordinary items (in Rs) (not annualised)			
	Basic & Diluted EPS before Extraordinary items	0.00	0.02	2.33
	EPS after Extraordinary items (in Rs) (not annualised)	-		
	Basic & Diluted EPS after Extraordinary items	0.00	0.02	2.33

Notes:

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14 August 2014.
- 2 The Statutory Auditors have carried out Limited Review of the un-audited financial results of the Company for the said Quarter.
- 3 Subsequently, the Company has issued 10,660,873 equity shares consequent to conversion notice(s) received from the Bondholders for conversion of Foreign Currency Convertible Bonds ("FCCB") for total value of US\$10.80 million at a conversion price of Rs.55 per share in accordance with the terms of the Offering Circular dated 21 March 2013 for issue of US\$40 million unsecured foreign currency convertible bonds and the Supplemental Trust Deed dated 21 February 2014.
- 4 The Company has only one reportable segment i.e. Pharmaceutical.
- 5 Figures of the previous year has been regrouped/rearranged wherever necessary.

REGISTERED OFFICE OF THE COMPANY K- 4/1, Additional MIDC Mahad, Raigarh 402309 Maharashtra, India	
LEAD MANAGER Arkios Limited 53 Chandos Place, Covent Garden London, United Kingdom WC2N 4HS	
TRUSTEE AND PRINCIPAL PAYING AND CONVERSION AGENT The Bank of New York Mellon, London Branch 40 th Floor One Canada Square London E14 5AL United Kingdom	
REGISTRAR AND TRANSFER AGENT The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building - Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg	LISTING AGENT Colin Ng & Partners LLP 36 Carpenter Street Singapore 059915
LEGAL ADVISERS	
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