NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited
Sanali Info Park, 'A' Block,
Ground Floor, 8-2-120/113
Road No. 2, Banjara Hills
Hyderabad - 500 034.
Telangana, India.

Tel: 040 30211600 / 23551081
Fax: 040 30211602
Email: neuland@neulandlabs.com
www.neulandlabs.com

April 29, 2017

To
BSE Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai - 400 001

Scrip Code: 524558

To
The National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex
Bandra (E)
Mumbai - 400 001

Scrip Code: NEULANDLAB
Series: EQ

Dear Sirs,

Sub: Notice of Postal Ballot

We would like to inform you that the Company is seeking approval of the shareholders for the "Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors" **("Scheme")"** under Sections 108 and 110 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended, and SEBI Circular No. CIR/CFD/CMD/16/2015, dated November 30, 2015, by way of Postal Ballot / e-voting.

Please find enclosed a copy of the Notice of the Postal Ballot dispatched to the Shareholders on even date.

This is for your information and records.

Thanking you,

Yours Sincerely,
For **Neuland Laboratories Limited**

Sarada Bhamidipati
Company Secretary

NEULAND LABORATORIES LTD. HYD.

Encl: as above

NEULAND LABORATORIES LIMITED
(CIN: L85195TG1984PLC004393)
REGD OFF: SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO 2, BANJARA HILLS HYDERABAD – 500034, TELANGANA, INDIA
EMAIL: IR@NEULANDLABS.COM, WEBSITE: WWW.NEULANDLABS.COM

POSTAL BALLOT AND E-VOTING NOTICE

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NEULAND LABORATORIES LIMITED
(CIN: L85195TG1984PLC004393)
REGD OFF: SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO 2, BANJARA HILLS HYDERABAD – 500034, TELANGANA, INDIA
EMAIL: IR@NEULANDLABS.COM, WEBSITE: WWW.NEULANDLABS.COM

POSTAL BALLOT AND E-VOTING NOTICE

Notice pursuant to Section 108 and 110 of the Companies Act, 2013, read with Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, and SEBI Circular No. CIR/CFD/CMD/16/2015, dated November 30, 2015

Sub: Passing of Resolution for approval of the "Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their Respective Shareholders and Creditors" by Postal Ballot and E-voting.

Dear Member(s),

Notice is hereby given that pursuant to Section 108 and 110 of the Companies Act, 2013, read with rule 20 and 22 of Companies (Management and Administration) Rules, 2014, as amended and SEBI Circular No. CIR/CFD/CMD/16/2015, dated 30th November, 2015, your Company is providing the facility of Postal Ballot and E-voting in addition to holding of Tribunal Convened Meeting to enable the Shareholders to cast their vote either through Postal Ballot or E-voting or through poll at the Tribunal Convened Meeting or E-voting, for considering and, if thought fit, passing the Resolution set out below in relation to approval of the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their Respective Shareholders and Creditors.

Please note that by an order made on 07th day of April, 2017, the Hon'ble National Company Law Tribunal, bench at Hyderabad, has directed that a meeting of the Equity Shareholders of Neuland Laboratories Limited to be convened and held on 30th day of May, 2017, at 03:30 PM at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and Their Respective Shareholders and Creditors.

Also note that in terms of Clause 9 of Annexure I to the Securities and Exchange Board of India **('SEBI')** Circular No.CIR/CFD/CMD/16/2015 dated, November 30, 2015 **('SEBI Circular')** listed companies are required to take the approval of shareholders to the Scheme through Postal Ballot and E-voting.

This Postal Ballot and E-voting notice is given accordingly in terms of the aforesaid SEBI Circular, besides convening the Tribunal Convened Meeting, for obtaining the approval of the Shareholders to the proposed Scheme of Amalgamation and Arrangement by passing the resolution enumerated herein by way of Postal Ballot or E-voting pursuant to Section 108 and 110 and other applicable provisions, if any, of the Companies Act, 2013.

The Postal Ballot Form along with the instructions for voting are also enclosed herewith. You are requested to read the instructions carefully printed on the Postal Ballot Form and return the Postal Ballot Form duly completed in the enclosed self-addressed, postage pre-paid envelope so as to reach the Scrutinizer appointed for carrying out the Postal Ballot and E-voting process on or before the close of working hours i.e. 05:00 PM (IST) on 29th day of May, 2017. Any Postal Ballot Forms received after this date and time will be considered as invalid.

E-voting Option

Pursuant to Section 108 of the Companies Act, 2013, read with Rule 20 of The Companies (Management and Administration) Rules, 2014, as amended, we are pleased to offer E-voting facility, as an alternate for Postal Ballot, to our members, which would enable them to cast their votes electronically, instead of posting physical Postal Ballot Form. For this purpose, the Company has entered into an agreement with M/s. Karvy Computershare Pvt. Ltd **('Karvy')** for facilitating E-voting to the shareholders of the Company in order to enable them to cast their votes electronically instead of dispatching the Postal Ballot Form. Instructions for voting electronically are printed in this Notice.

The Scrutinizer shall submit his report to the Chairman of the Company or any other person authorized by the Board of Directors upon completion of scrutiny, in a fair and transparent manner, of voting through E-voting platform and through Postal Ballots not later than 2 days from 29th day of May, 2017. The Chairman shall announce the results of E-voting and Postal Ballot on or before 31st day of May, 2017.

The result of the Postal Ballot & E-voting will also be displayed on the notice board at Registered Office of the Company and shall also be posted on the Company's website **www.neulandlabs.com** besides communicating the same to the BSE Limited and NSE Limited.

Item of business requiring approval of shareholders through Postal Ballot and E-voting as Ordinary Resolution:

ITEM NO. 1

APPROVAL OF SCHEME OF AMALGAMATION

To consider and if thought fit to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications, amendments, re-enactments thereof for the time being in force, applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 **[SEBI (LODR) Regulations]**, the provisions of SEBI Circular No. CIR/CFD/CMD/16/2015, dated 30th November, 2015, the National Company Law Tribunal Rules, 2016, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite approvals, sanctions, consents, observations, no objections, confirmations, permissions from the shareholders and creditors of the Company, the Hon'ble National Company Law Tribunal, Bench at Hyderabad or such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory / regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such

approvals, sanctions, consents, observations, no objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft "Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors" **("Scheme")**, providing for amalgamation of Neuland Health Sciences Private Limited (First Transferor Company) and of Neuland Pharma Research Private Limited (Second Transferor Company) with the Company on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date, as placed before the meeting and initialed by the Chairman for the purpose of identification, be and is hereby approved".

"RESOLVED FURTHER THAT the Board be and is hereby authorized, empowered and directed to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to aforesaid resolution and to effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad, while sanctioning the amalgamation and arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as may be deemed fit and proper".

The Resolution provided in this notice of the Postal Ballot and E-voting seeks your approval to the said Scheme. The Explanatory Statement under section 102 read with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme of Amalgamation and Arrangement, the Valuation Report, Fairness Opinion, Complaints Report, Observation Letters received from BSE Limited and National Stock Exchange of India Limited, a Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company, Supplementary Unaudited Accounting Statements of the Transferee Company, First Transferor Company and the Second Transferor Company for the period ended on 31st December, 2016, and the Postal Ballot Form are forming part of this Notice.

Registered Office:
Sanali Info Park, 'A' Block, Ground Floor,
8-2-120/113, Road No 2, Banjara Hills,
Hyderabad – 500034, Telangana.

By Order of the Board
For Neuland Laboratories Limited

Sd/-
Sarada Bhamidipati
Company Secretary & Compliance Officer

Place: Hyderabad
Date: 14th day of April, 2017

Notes:

1. Voting period for Postal Ballot and E-voting shall commence from 30th day of April, 2017, 09:00 AM (IST) and shall end on 29th day of May, 2017, 05:00 PM (IST).

2. The Explanatory Statement pursuant to section 102 read with Sections 230 to 232 of the Companies Act, 2013, read with Section 110 of the Companies Act, 2013, and Companies (Management and Administration) Rules, 2014, as amended, stating all material facts, disclosure of interest, if any, and reasons there for the proposal is annexed hereto and forms part of this Notice.

3. The Notice is being sent through the Registered Post to those members who have not registered their e-mail IDs with the Company and / or the Depository Participants, and is also being sent electronically by e-mail to those members who have registered their e-mail IDs with their Depository Participants and / or with the Company, whose names appear in the Register of Members / Record of Depositories as on 21st day of April, 2017.

4. The Board of Directors of the Company has appointed Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Co., Company Secretaries, Hyderabad, as the "Scrutinizer" to conduct the Postal Ballot & E-voting process in a fair and transparent manner.

5. The Postal Ballot Form together with the self-addressed postage pre-paid envelope is enclosed for the use of the members. Please read carefully the instructions printed on the enclosed Postal Ballot Form before exercising your vote and return the Form duly completed, signifying your assent or dissent, in the attached self-addressed, postage prepaid envelope, so as to reach the Scrutinizer within a period of 30 days from the date of receipt of notice i.e. before the close of working hours (05:00 PM) on 29th day of May, 2017.

6. The Company is pleased to offer E-voting facility as an alternate, for all its members to enable them to cast their vote electronically instead of dispatching Postal Ballot Forms. In case a member desires to exercise his vote by using E-voting facility then he has to carefully follow the instructions as given for E-voting printed on the backside of the Postal Ballot Form.

7. Members irrespective of who have registered their e-mails for receipt of documents in electronic mode under the green initiative and who wish to vote through Postal Ballot Form can seek duplicate Form from Registered Office of the Company and send the same by post to the Registered Office of the Company addressed to the Scrutinizer.

8. Members are informed that in case of joint holders the Notice will be sent only to such joint holder whose name stands first in the Register of Members of the Company.

9. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the Share Transfer Agent.

10. The soft copy of the Postal Ballot & E-voting Notice along with all its enclosures and the Ballot Paper is also available at the website of the Company i.e. at **www.neulandlabs.com**.

11. In accordance with Para I (A) (8) of the Annexure I to the Circular No. CIR/CFD/CMD/16/2015, dated 30th November, 2015, issued by SEBI, the Observation Letters of the Stock Exchanges, Pre and Post Scheme (expected) Capital structure & Shareholding Pattern, the Valuation Report, Fairness Opinion issued by the Merchant Banker and Complaints Report are forming part of this notice. All these documents are also available at the website of the Company, **www.neulandlabs.com**.

12. Members may contact Mrs. Sarada Bhamidipati, Company Secretary (email: ir@neulandlabs.com, Ph: 040-30211600), for any grievances connected with voting by postal ballot including voting by electronic means at the Registered Office of the Company at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad – 500034, Telangana.

13. All relevant documents referred to in the accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days (except on Saturdays, Sundays and Public holidays) between 02:00 PM (IST) to 05:00 PM (IST) up to 26th day of May, 2017.

14. Pursuant to Section 108 and 110 of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will be offering E-voting facility to the members to cast their votes (*for* or *against*) electronically on business set forth in this Notice.

15. The Company has appointed M/s. Karvy Computershare Private Limited to provide the E-voting facility to the shareholders of the Company to vote electronically. Please read carefully the E-voting Instructions for casting your vote electronically.

16. Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Co., Company Secretaries, Hyderabad has been appointed by the Board as Scrutinizer for the purpose of ascertaining the requisite majority for the business set out in the notice in a fair and transparent manner.

17. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on 21st day of April, 2017, being the cut-off date.

18. The members of the Company, holding shares either in physical form or in dematerialized form, as on 21st day of April, 2017, being the cut-off date, may cast their vote (for or against) electronically during 30th day of April, 2017, 09:00 AM (IST) to 29th day of May, 2017, 05:00 PM (IST).

19. In addition to the providing of Postal Ballot and E-voting facility, the Company is convening the National Company Law Tribunal Convened Meeting of the shareholders of the Company on 30th day of May, 2017, at 03:30 PM at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India,for obtaining their approval to the proposed Scheme of Amalgamation and Arrangement, pursuant to the Order, dated 07th day of April, 2017, passed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad.

20. The members who have cast their vote either through Postal Ballot or E-voting facility prior to the said Tribunal Convened Meeting may also attend the meeting but shall not be entitled to cast their vote again.

21. Kindly note that each member can opt for only one mode for voting i.e. either by Postal Ballot or by E-voting or through poll at the Tribunal Convened Meeting. If you opt for E-voting, then please do not vote by Postal Ballot or by poll at the Tribunal Convened Meeting and vice versa. In case Member do cast their vote, by more than one mode of voting, then first mode of voting done through any of the aforesaid modes shall prevail and voting later by other modes shall be treated as invalid.

22. The facility for voting through poll shall be made available at the Tribunal Convened Meeting and the members attending the Tribunal Convened Meeting who have not already cast their vote electronically through E-voting or through Postal Ballot shall be able to exercise their voting right at the Tribunal Convened Meeting.

23. The Scheme of Amalgamation and Arrangement shall be acted upon only: (i) if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it in the Postal Ballot and E-voting during 30th day of April, 2017, 09:00 AM (IST) to 29th day of May, 2017, 05:00 PM (IST); and (ii) if the proposal is approved by the majority of persons representing three-fourths in value of the members voting in person or by proxy at the Tribunal Convened Meeting on 30th day of May, 2017, and through E-voting during 27th day of May, 2017, 09:00 AM (IST) to 29th day of May, 2017, 05:00 PM (IST).

24. E-voting Instructions for shareholders for voting electronically:

(A) The Company is providing facility for voting by electronic means and the business as set out in the Notice may be transacted through electronic voting system. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 and Sub-regulation (1) of Regulation 44 of SEBI (LODR) Regulations, 2015 and in terms of clause 9 of Annexure I to the Securities and Exchange Board of India **('SEBI')** Circular No. CIR/CFD/CMD/16/2015 dated, November 30, 2015, the Company is pleased to offer E-voting facility as an alternate to its members to cast their votes electronically on the resolution set forth in the Notice of Postal Ballot and E-voting. The Company has engaged the services of M/s. Karvy Computershare Pvt. Ltd, to provide the E-voting facility.

(B) The Members whose names appear in the Register of Members / List of Beneficial Owners as on 21st day of April, 2017 (cut-off date), are entitled to vote on the resolution set forth in this Notice.

(C) The E-voting period will commence on 30th day of April, 2017, 09:00 AM (IST) to 29th day of May, 2017, 05:00 PM (IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The E-voting module shall be disabled by M/s. Karvy Computershare Pvt. Ltd for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

(D) The Company has appointed Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Co., Company Secretaries, to act as Scrutinizer and to conduct and scrutinize the electronic voting and postal ballot voting process in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on E-voting given hereunder.

PROCEDURE & INSTRUCTIONS FOR E-VOTING

Instructions and other information relating to E-voting are as under:

1. Please take note of the below:

(A) In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:

i) Launch internet browser by typing the URL:https://evoting.karvy.com.

ii) Enter the login credentials (i.e. User ID and Password as mentioned in the Covering Letter). Your Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for E-voting, you can use your existing User ID and password for casting your vote.

iii) After entering these details appropriately, click ok "LOGIN".

iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (A-Z), one numeric value (0-9) and a special character(@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v) You need to login again with the new credentials.

vi) On successful login, the system will prompt you to select the "EVENT" i.e., **NEULAND LABORATORIES LIMITED.**

vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any numbering "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned in the Covering Letter. You may also choose the option "ABSTAIN". If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

ix) In case you do not desire to cast your vote, it will be treated as abstained.

x) You may then cast your vote by selecting an appropriate option and click on "Submit".

xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on all the Resolution(s).

xii) Corporate/ Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer / Company at e-mail ID: ir@neulandlabs.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name EVENTNO". The documents should reach the Scrutinizer and such other person on or before 29th day of May, 2017, 05:00 PM.

(B) In case of Members receiving physical copy of the Notice by Registered Post [for Members whose email IDs are not registered with the Company / Depository Participant(s)]:

i) User ID and initial password as provided in the Covering Letter.

ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.

2. The E-voting period commences on **30th day of April, 2017, 09:00 AM (IST)** and will end on **29th day of May, 2017, 05:00 PM (IST)**. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the Cut-off date, being 21st day of April, 2017, may cast their vote by electronic means in the manner and process set out herein above. The E-voting module shall be disabled for voting thereafter. Once the vote on the resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

3. The members who have cast their vote by remote E-voting may also attend the Tribunal Convened Meeting but shall not be entitled to cast their vote again.
4. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide E-voting facility to the members of the Company.
5. The Board of Directors of the Company has appointed Mr. D. Hanumanta Raju, Partner, D. Hanumanta Raju & Co., Company Secretaries, to act as Scrutinizer and to conduct and scrutinize the electronic voting and postal ballot voting process in a fair and transparent manner and he has communicated his willingness to be appointed as such.
6. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the Cut-off date i.e. 21st day of April, 2017.
7. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the Cut-off date, i.e. 21st day of April, 2017, only shall be entitled to avail the facility of E-voting and Postal Ballot.
8. The remote E-voting facility will be available during the following period: **Commencement of remote E-voting: From 09:00 AM (IST) on 30th day of April, 2017. End of remote E-voting:** Up to 05:00 PM (IST) on 29th day of May, 2017. The remote E-voting will not be allowed beyond the aforesaid date and time and the E-voting module shall be disabled by Karvy upon expiry of the aforesaid period.
9. The Scrutinizer shall, immediately after the conclusion of voting, count the votes by unblocking the votes cast through remote E-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the voting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorised by him, upon receipt of the Scrutinizer's Report, will declare the result of voting forthwith.
10. The results declared along with the Scrutinizer's Report(s) will be available on the website of the Company, i.e. at www.neulandlabs.com and on the website of Karvy (https://evoting.karvy.com) and will be communicated to the BSE Limited and National Stock Exchange of India Ltd within 48 hours from the conclusion of the Voting.

Registered Office:
Sanali Info Park, 'A' Block, Ground Floor,
8-2-120/113, Road No 2, Banjara Hills,
Hyderabad - 500034, Telangana.

By Order of the Board
For Neuland Laboratories Limited

Sd/-
Sarada Bhamidipati
Company Secretary & Compliance Officer

Place: Hyderabad
Date: 14th day of April, 2017

NEULAND LABORATORIES LIMITED
(CIN: L85195TG1984PLC004393)
REGD OFF: SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO 2, BANJARA HILLS HYDERABAD - 500034, TELANGANA, INDIA
EMAIL: IR@NEULANDLABS.COM, WEBSITE: WWW.NEULANDLABS.COM

EXPLANATORY STATEMENT UNDER SECTION 102 READ WITH SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND DETAILS & INFORMATION AS REQUIRED UNDER RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (**"Scheme"**), was proposed by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the Appointed Date.

2. The said Scheme of Amalgamation and Arrangement was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies at their respective meetings held on 04.11.2016 (Fourth day of November Two Thousand and Sixteen) under the provisions of Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956, by passing respective Board Resolutions. The Board of Directors of the Transferee Company approved the Scheme after taking into consideration the rationale of the Scheme, the Valuation Report issued by Deloitte Haskins & Sells, Chartered Accountants, dated 04.11.2016, the Fairness Opinion Certificate on the Valuation issued by SBI Capital Markets Limited, dated 04.11.2016, the Report of the Audit committee recommending the Scheme dated 04.11.2016 and the certificate issued by the statutory auditor of the Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

3. The Board of Directors of the Transferee Company at its meeting held on 04.11.2016, authorized, empowered and directed Dr. D.R. Rao, Chairman & Managing Director, Mr. D.Sucheth Rao, Vice Chairman & CEO and Mrs. Sarada Bhamidipati, Company Secretary of the Company severally to file the Scheme along with necessary documents by making application, petition etc., with the Stock Exchanges, Securities and Exchange Board of India (**"SEBI"**), National Company Law Tribunal (**"NCLT"**) and with such other authorities as may be required for taking their approval to the Scheme and further authorized, empowered and directed them to take all such necessary steps and actions to give effect to the provisions of the Scheme.

4. Pursuant to the authorisation given by the Board, a copy of the Scheme was filed with the BSE Limited, the National Stock Exchange of India Limited and the Securities and Exchange Board of India for obtaining their approval to the Scheme of Amalgamation and Arrangement of the Company on 11th day of November, 2016.

5. The Company received the Observation Letters on the Scheme of Amalgamation and the Arrangement from the BSE Limited and the National Stock Exchange of India Limited on 20th day of January, 2017.

6. Meanwhile, the provisions relating to the amalgamations, restructurings, reduction of capital etc., i.e. Sections 230 to 232 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 of the Companies Act, 1956) and section 66 of the Companies Act, 2013 (corresponding sections to sections 100 to 104 of the Companies Act, 1956), were notified by the Ministry of Corporate Affairs vide MCA notification dated 07th day of December, 2016 and as result of such notification the provisions of sections 391 to 394 and 100 to 104 of the Companies Act, 1956 relating to amalgamations, restructurings, reduction of capital etc., got rescinded and consequently the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors ("Scheme") that was approved by the Board at its meeting held on 04.11.2016, in terms of sections 391 to 394 read with section 100 of the Companies Act, 1956, required certain changes in view of the new provisions of Sections 230 to 232 and 66 of the Companies Act, 2013.

7. The changes that were carried out to the Scheme are:

   a) There is no concept of effective date as such in the new provisions and hence the provisions relating to the effective date contained in the Scheme were removed. The appointed date will only be the effective date as per new provisions.

   b) The Scheme has to be filed with the National Company Law Tribunal (NCLT) instead of High Court since the powers of sanctioning the Scheme are vested with the NCLT as per new provisions and hence the words "High Court / Court" mentioned in the Scheme were replaced with the words "NCLT / Tribunal".

8. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of Sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).

9. An application vide **C.A.(CAA) NO.22/230/HDB/2017** was made to the Hon'ble National Company Law Tribunal, Bench at Hyderabad, by the Company for obtaining the sanction of the Tribunal to the Scheme of Amalgamation and Arrangement under sections of Sections 230 to 232 read with section 66 of the Companies Act, 2013, on 29.03.2017.

10. The **C.A.(CAA) NO.22/230/HDB/2017**, was allowed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon'ble Tribunal, in the **C.A.(CAA) NO.22/230/HDB/2017**, filed by the Transferee Company, a meeting of the Equity Shareholders of the Neuland Laboratories Limited is being convened on Tuesday, the 30th day of May, 2017, at 03:30 PM (IST) at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

11. Similar applications vide **C.A.(CAA)NO.20/230/HDB/2017** and **C.A.(CAA)NO.21/230/HDB/2017)** were made to the Hon'ble National Company Law Tribunal, Bench at Hyderabad by Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) respectively for obtaining the sanction of the Tribunal to the Scheme of Amalgamation and Arrangement under Sections 230 to 232 read with section 66 of the Companies Act, 2013, on 29th day of March, 2017.

12. The **C.A.(CAA)NO.20/230/HDB/2017**, was allowed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon'ble Tribunal in the **C.A.(CAA)NO.20/230/HDB/2017**, filed by the First Transferor Company, a meeting of the Equity Shareholders of the Neuland Health Sciences Private Limited (First Transferor Company) is also being convened by the First Transferor Company on Tuesday, the 30th day of May, 2017, at 02:00 PM (IST) at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

13. The **C.A.(CAA)NO.21/230/HDB/2017**, was allowed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon'ble Tribunal in the **C.A.(CAA)NO.21/230/HDB/2017**, filed by the Second Transferor Company, a meeting of the Equity Shareholders of the Neuland Pharma Research Private Limited (Second Transferor Company) is also being convened by the Second Transferor Company on Tuesday, the 30th day of May, 2017, at 02:30 PM (IST) at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034 and a meeting of the Compulsory Convertible Cumulative Preference Shareholder of the Neuland Pharma Research Private Limited (Second Transferor Company) is also being convened by the Second Transferor Company on Tuesday, the 30th day of May, 2017, at 03:00 PM (IST) at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

14. DESCRIPTION, INFORMATION AND OTHER DETAILS PERTAINING TO THE COMPANIES

14.1 Neuland Laboratories Limited was originally incorporated as a Private Limited Company under the name and style "Neuland Laboratories Private Limited" on 07.01.1984 (Seventh day of January One Thousand Nine Hundred and Eighty Four) in the erstwhile state of Andhra Pradesh (now state of Telangana), under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-04393 of 1983-84, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the Company converted itself into a Public Limited Company by following the due procedure as laid down under the provisions of the Companies Act, 1956, and the word "Private" was deleted from the name of the company and consequent upon conversion, the company obtained a Fresh Certificate of Incorporation from the Registrar of Companies on 12.10.1993 (Twelfth day of October One Thousand Nine Hundred and Ninety Three). The present Corporate Identity Number (CIN) of the Company is L85195TG1984PLC004393. The Permanent Account Number of the Company is AAACN9531E. (Hereinafter referred to as **"Transferee Company")**.

14.2 The Transferee Company is a Listed Company having its shares listed and traded on BSE Limited bearing BSE Scrip Code 532406 and on National Stock Exchange of India Limited bearing symbol "NEULANDLAB".

14.3 The Registered office of the Transferee Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

14.4 The main business carried on by the Transferee Company is manufacturing of active pharmaceutical ingredients (APIs) and advanced intermediates and providing solution for the pharmaceutical industry for chemistry related services and the present main objects of Transferee Company are as follows:

a) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals including tablets, injectables, syrups, powders, ointments, aerosols, capsules and liquids for human consumption.

b) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals for veterinary use.

c) To buy, sell, import, export, manufacture and treat and deal in all kinds of chemicals, biologicals, cosmetics, insecticides, agrochemicals, pesticides hormones, medicated soaps and foods.

d) To carry out researches, investigations and experimental work of every description in relation to drugs, pharmaceuticals, chemicals, biological and cosmetics and foods.

14.5 The authorized, issued, subscribed and paid-up share capital of Transferee Company as on 31.03.2016:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	
3,00,000 Cumulative redeemable preference shares of Rs.100/- each	3,00,00,000	
3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- each	3,00,00,000	
Total		**16,00,00,000**
Issued Capital		
90,76,799 Equity Shares of Rs.10/- each		9,07,67,990
Total		**9,07,67,990**
Subscribed Capital		
89,86,530 Equity Shares of Rs.10/- each		8,98,65,300
Total		**8,98,65,300**
Paid Up Capital		
88,83,254 fully paid up Equity Shares of Rs.10/- each 8,88,32,540		
Add:1,03,276 Forfeited shares of Rs.10/- each 7,06,350 (Amount originally paid up)*		
Total		**8,95,38,890**

*1,03,276 equity shares of Rs. 10 each were forfeited on 25.10.2005 (Twenty Fifth Day of October Two Thousand and Five) for failure to pay the calls in respect of such shares.

On 24th day of October, 2016, the Board of Directors of the Transferee Company had allotted 1,000 fully paid up equity shares of face value of Rs.10/- each to the eligible employees of the Company pursuant to the exercise of stock options granted under Employee Stock Option Scheme, 2008 and consequently the number of fully paid up equity shares of the Company increased from 88,83,254 to 88,84,254 and the amount of paid up share capital of the Company increased from Rs.8,95,38,890/- (Rupees Eight Crore Ninety Five Lakh Thirty Eight Thousand Eight Hundred and Ninety only) to Rs.8,95,48,890/- (Rupees Eight Crore Ninety Five Lakh Forty Eight Thousand Eight Hundred and Ninety only).

14.6 Details of Promoters of Transferee Company:

Sl. No.	Full Name	Present Residential Address
1.	Dr. Davuluri Ramamohan Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033
2.	Mr. Gannabathula Venkata Krishna Rama Rao	4-1/2-1/1, Kunappareddi Vari Street, Valandararevu, Narasapuram - 534275
3.	Mr. Davuluri Sucheth Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033
4.	Mr. Davuluri Saharsh Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033

14.7 Details of directors of Transferee Company:

Full Name	DIN	Present Residential Address	Designation	Date of Appointment
Dr. Davuluri Ramamohan Rao	00107737	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Chairman & Managing Director	07/01/1984
Mr. Humayun Dhanrajgir	00004006	F 37/38, Dhanraj Mahal, CSM Road Apollo, Bunder, Mumbai - 400039	Director	23/08/1994
Mr. Parampally Vasudeva Maiya	00195847	106 - Sowmya Springs, Dewan M Rao Road, Basavanagudi , Bangalore- 560004	Director	24/07/1999
Mr. Davuluri Sucheth Rao	00108880	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Vice Chairman & CEO	29/07/2003
Dr. William Gordon Mitchell	02222567	120, Hotelling Court, Chapel Hill, NC 27514 US	Director	23/05/2008
Mr. Davuluri Saharsh Rao	02753145	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Joint Managing Director	01/06/2009

Dr. Christopher Michael Cimarusti	02872948	16, Winged Foot DR. Manalapan, NJ 07726 US	Director	20/10/2009
Mrs. Bharati Rao	01892516	308, Kumar Paradise, BP Wadia Road, Bangalore 560004	Director	09/05/2014
Dr. Nirmala Srinivasa Murthy	00734866	No. 355 1st E Cross BSK, 3rd Stage, 6th Block, Phase 2, Bangalore 560085	Director	08/05/2015

14.8 Name of the Directors of Neuland Laboratories Limited (Transferee Company) who voted in favour of the Resolution approving the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors at the meeting of the Board of Directors of the Company held on 04.11.2016:

Sl. No.	Name of Directors
1.	Dr. Davuluri Ramamohan Rao
2.	Mr. Humayun Dhanrajgir
3.	Mr. Parampally Vasudeva Maiya
4.	Mr. Davuluri Sucheth Rao
5.	Mr. Davuluri Saharsh Rao
6.	Dr. Christopher Michael Cimarusti
7.	Dr. Nirmala Srinivasa Murthy

14.9 None of the Directors voted against the resolution. Dr. William Gorden Mitchell and Mrs. Bharati Rao, Directors of the Company, did not participate in the Board Meeting held on 04.11.2016.

14.10 The Transferee Company owes an amount of Rs.12,00,00,000/- (Rupees Twelve Crore only) to 2 (two) Unsecured Creditors i.e. Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) as on 28th day of February, 2017. The Transferee Company owes an amount of Rs.93,28,83,129/- (Rupees Ninety Three Crore Twenty Eight Lakh Eighty Three Thousand One Hundred and Twenty Nine only) to 660 (Six Hundred and Sixty) Trade Creditors (unsecured) as on 28th day of February, 2017.

14.11 Both the aforesaid Unsecured Creditors have given their respective consent by way of individual affidavits to the Scheme stating that they are aware of the Scheme of Amalgamation and Arrangement and that they do not have any objection to the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors. The Hon'ble

Tribunal vide its order dated 07th day of April, 2017, has dispensed with the requirement of convening the meeting of the Unsecured Creditors of the Company since both the Unsecured Creditors have furnished their consent to the Scheme. The Hon'ble Tribunal vide its order dated 07th day of April, 2017, has also dispensed with the requirement of convening the meeting of the Trade Creditors (unsecured) of the Company with a condition that the Transferee Company serves individual notices on each of the Trade Creditors and file proof of such service with the National Company Law Tribunal, Bench at Hyderabad.

14.12 **Neuland Health Sciences Private Limited,** was originally incorporated under the name and style "Sucheth and Saharsh Holdings Private Limited"on 31.03.1993 (Thirty First day of March One Thousand Nine Hundred and Ninety Three) in the erstwhile state of Andhra Pradesh (Now state of Telangana) under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-15554 of 1992-93. Subsequently the name of the Company was changed from "Sucheth and Saharsh Holdings Private Limited" to "Neuland Health Sciences Private Limited"and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 23.07.2012 (Twenty Third day of July Two Thousand Twelve) after complying with the relevant provisions under the Companies Act, 1956.The present Corporate Identity Number (CIN) of the Company is U73100TG1993PTC015554. The PAN of the Company is AACCS8130N. (Hereinafter referred to as **"First Transferor Company"**).

14.13 The Registered office of the First Transferor Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

14.14 The main business carried on by the First Transferor Company is conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides and the present main objects of First Transferor Company are as follows:

a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediates catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.

b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.

c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning, development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.

d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.

e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research, both scientific and technical, investigations, invention, by providing subsiding endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by-providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others.

14.15 The authorized, issued, subscribed and paid-up share capital of First Transferor Company as on 31.03.2016:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
15,00,000 Equity Shares of Rs.100/- each	15,00,00,000	
3,50,000 - 0.001% Compulsory Convertible Cumulative Preference Shares of Rs.100/- each	3,50,00,000	
Total		**18,50,00,000**
Issued, Subscribed and Paid-Up Capital		
12,42,952 fully paid up Equity Shares of Rs.100/- each		12,42,95,200
Total		**12,42,95,200**

14.16 The First Transferor Company is the Holding Company of the Transferee Company holding 45,90,608 (Forty Five Lakhs Ninety Thousand Six Hundred and Eight) fully paid up equity shares in the share capital of the Transferee Company constituting 51.68% of the total paid up share capital of the Transferee Company.

14.17 Details of Promoters of First Transferor Company:

Sl. No.	**Full Name**	**Present Residential Address**
1.	Dr. Davuluri Ramamohan Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033
2.	Mrs. Davuluri Vijaya Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033
3.	Mr. Davuluri Sucheth Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033
4.	Mr. Davuluri Saharsh Rao	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033

14.18 Details of directors of First Transferor Company:

Full Name	DIN	Present Residential Address	Designation	Date of Appointment
Dr. Davuluri Ramamohan Rao	00107737	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	16/04/2012
Mr. Davuluri Sucheth Rao	00108880	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	07/03/1997
Mr. Davuluri Saharsh Rao	02753145	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	14/10/1999
Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu	01556254	Flat No 302, Chaitanya Estates, Motinagar X Roads, Hyderabad - 500033	Director	07/12/2012
Mr. Tirunelveli Padmanabhan Devarajan	03473633	10-3-152 (New No 38 ST, No 2) East Marredpally, Secunderabad 500026	Alternate Director	07/12/2012

14.19 Name of the Directors of Neuland Health Sciences Private Limited (First Transferor Company) who voted in favour of the Resolution approving the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors at the meeting of Board of Directors the Company held on 04.11.2016:

Sl. No.	Name of Directors
1.	Dr. Davuluri Ramamohan Rao
2.	Mr. Davuluri Sucheth Rao
3.	Mr. Davuluri Saharsh Rao
4.	Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu

14.20 None of the Directors voted against the resolution.

14.21 The First Transferor Company does not have any Unsecured Creditors except in the nature of Trade Payables. The number of Trade Creditors and the total amount due to the Trade Creditors as on 28th day of February, 2017, is 30 (Thirty) and Rs.2,02,80,212/- (Rupees Two Crore Two Lakh Eighty Thousand Two Hundred and Twelve only).

14.22 The Hon'ble Tribunal vide its order dated 07th day of April, 2017, has dispensed with the requirement of convening the meeting of the Trade Creditors (unsecured) of the Company with a condition that the First Transferor Company serves individual notices on each of the Trade Creditors and file proof of such service with the National Company Law Tribunal, Bench at Hyderabad.

14.23 **Neuland Pharma Research Private Limited,** was originally incorporated under the name and style "Sucheth and Saharsh Pharmaceutical Research Private Limited" on 23.03.2012 (Twenty Third day of April, Two Thousand and Twelve) in the erstwhile state of Andhra Pradesh (Now state of Telangana) under the provisions of Companies Act, 1956, vide Corporate Identity Number U73100AP2012PTC080474. Subsequently the name of the Company was changed from "Sucheth and Saharsh Pharmaceutical Research Private Limited" to "Neuland Pharma Research Private Limited" and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 07.06.2012 (Seventh day of June, Two Thousand and Twelve) after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is U73100TG2012PTC080474. The PAN of the Company is AAECN0196K. (Hereinafter referred to as Second Transferor Company).

14.24 The registered office of the Second Transferor Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

14.25 The main business carried on by the Second Transferor Company is contract research and marketing services providing Custom Manufacturing Solutions ("CMS") to its customers with a focus on regulated markets and the present main objects of First Transferor Company are as follows:

a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediates catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.

b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.

c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.

d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.

e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing

subsiding endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by-providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others.

14.26 The authorized, issued, subscribed and paid-up share capital of Second Transferor Company as on 31.03.2016:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	
45,00,000 - 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- each	4,50,00,000	
Total		**9,50,00,000**
Issued, Subscribed and Paid-Up Capital		
5,00,000 Equity Shares of Rs. 10/- each	50,00,000	
44,99,965 - 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- each	4,49,99,650	
Total		**4,99,99,650**

14.27 Details of Promoters of Second Transferor Company:

Sl. No.	**Full Name**	**Present Residential Address**
1.	Neuland Health Sciences Private Limited	Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034

14.28 Details of directors of Second Transferor Company:

Full Name	**DIN**	**Present Residential Address**	**Designation**	**Date of Appointment**
Dr. Davuluri Ramamohan Rao	00107737	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	23/04/2012
Mr. Davuluri Sucheth Rao	00108880	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	23/04/2012
Mr. Davuluri Saharsh Rao	02753145	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad - 500033	Director	23/04/2012

Mr. Tirunelveli Padmanabhan Devarajan	03473633	10-3-152 (New No 38 ST, No 2) East Marredpally, Secunderabad 500026	Director	07/12/2012
Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu	01556254	Flat No 302, Chaitanya Estates, Motinagar X Roads, Hyderabd - 500018	Alternate Director	07/12/2012

14.29 Name of the Directors of Neuland Pharma Research Private Limited (Second Transferor Company) who voted in favour of the Resolution approving the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors at the meeting of the Board of Directors of the Company held on 04.11.2016:

Sl. No.	Name of Directors
1.	Dr. Davuluri Ramamohan Rao
2.	Mr. Davuluri Sucheth Rao
3.	Mr. Davuluri Saharsh Rao
4.	Mr. Tirunelveli Padmanabhan Devarajan

14.30 None of the Directors voted against the resolution.

14.31 The Second Transferor Company does not have any Unsecured Creditors except in the nature of Trade Payables. The number of Trade Creditors and the total amount due to the Trade Creditors as on 28th day of February, 2017, is 175 (One Hundred and Seventy Five) and Rs.1,54,09,197/- (Rupees One Crore Fifty Four Lakh Nine Thousand One Hundred and Ninety Seven only).

14.32 The Hon'ble Tribunal vide its order dated 07th day of April, 2017, has dispensed with the requirement of convening the meeting of the Trade Creditors (unsecured) of the Company with a condition that the Second Transferor Company serves individual notices on each of the Trade Creditors and file proof of such service with the National Company Law Tribunal, Bench at Hyderabad.

14.33 The Second Transferor Company is the Subsidiary Company of the First Transferor Company and 99.99% of the total equity share capital is held by the First Transferor Company.

14.34 The Transferee Company and the Second Transferor Company are the subsidiaries of the First Transferor Company. All the Companies involved in the Scheme i.e. Neuland Laboratories Limited (Transferee Company), Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) are having common promoters and the management.

15. RATIONALE, OBJECTIVE, PURPOSE AND BENEFITS OF THE SCHEME TO THE COMPANY AND ITS STAKEHOLDERS

1. The Transferee Company is a manufacturer of active pharmaceutical ingredients ("APIs") and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services.

2. The First Transferee Company is in the business of conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides. The Transferee Company is the exclusive peptide manufacturer for the First Transferor Company.

3. The First Transferor Company is a contract research and marketing services company providing Custom Manufacturing Solutions ("CMS") to its customers with a focus on regulated markets. The Research and Development facility of the Second Transferor Company has been successfully inspected and classified acceptable by the USFDA in February 2016.

4. The First Transferor Company, the Second Transferor Company and the Transferee Company, as a Group, provide end-to-end solutions for chemistry related services from synthesis of early stage clinical molecules to supply of API and intermediates at various clinical phases up to commercial scale.

5. The businesses being carried on by all these three companies are synergistic and are complementary to each other. Given the nature of consolidation in the pharmaceutical industry, there is a huge opportunity for cross-selling of the products and services of the First Transferor Company and the Second Transferor Company along with that of the Transferee Company which is expected to further enhance the value for the stakeholders of all the companies.

6. The combined entity (i.e. the Transferee Company), with its strong financials, will have greater access to sources of funds, a better credit rating, improved cash flows, increased net worth, thereby expected to strengthen the value of all the stakeholders of the companies involved.

7. Therefore, the proposed Amalgamation is expected to:

   a) Facilitate seamless coordination between the Research and Development ("R&D") facilities and manufacturing activities leading to greater leverage in operations, planning, process, product life cycle management, new product development and product optimization and enhanced flexibility in operations in the combined entity.

   b) Lead to the benefits of synergetic advantages particularly in view of the fact that the companies involved in the amalgamation are engaged in the businesses, which are akin and can be conveniently merged for mutual benefit further leading to improved organizational capability and leadership, arising from the pooling of resources and expertise that has the diverse skills talent and vast experience to compete successfully in an increasingly competitive industry.

   c) Result in consolidation of intellectual properties, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail additional tax benefits for in house R&D.

d) Result in cost savings from utilizing the combined facilities of all the three entities with more focus on operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, elimination of intercompany transactions costs, usage of common resource pool like human resource, administration, accounts, legal and other related functions leading to elimination of duplication and rationalization of administrative expenses and reduction of compliance costs.

e) Result in operational convenience in terms of execution of contracts and provision of related services.

f) Improve relationship with customers, as the combined entity, post amalgamation would become an end-to-end API solution provider.

8. In order to achieve the objectives as mentioned in the abovementioned clauses, the Board of Directors of all the three companies have proposed to consolidate the First Transferor Company, the Second Transferor Company and the Transferee Company as a single company by amalgamating the First Transferor Company, and the Second Transferor Company into the Transferee Company.

9. The amalgamation will build a stronger and sustainable business and enhance the potential for future growth and the Scheme of Amalgamation would be beneficial and in the best interests of the shareholders, creditors, customers, suppliers, employees and other stakeholders of all the companies.

16. SCOPE OF THE SCHEME

The Scheme of Amalgamation and Arrangement provides for:

1. Amalgamation of the First Transferor Company, and the Second Transferor Company into the Transferee Company.

2. Consequent issue of equity shares to the shareholders of each of the Transferor Companies pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013, and Rules issued thereunder to the extent applicable.

3. All the shareholders of each of the Transferor Company shall become the shareholders of the Transferee Company by virtue of the merger.

4. The reorganization of the authorised share capital of the Transferor Companies and Transferee Company.

5. The transfer of the Transferor Companies will be on a going concern basis.

6. Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.

7. This Scheme of Amalgamation and Arrangement has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961.

17. SALIENT FEATURES OF THE SCHEME

a) This Scheme of Amalgamation and Arrangement is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, and provides for the amalgamation of Neuland Health Sciences Private Limited **(First Transferor Company)** and Neuland Pharma Research Private Limited **(Second Transferor Company)** into Neuland Laboratories Limited **(Transferee Company)** and the consequent issue of equity shares by Neuland Laboratories Limited to the Shareholders of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited as consideration for the above said amalgamation, as more specifically stated hereinafter. The Scheme also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.

b) "Appointed date" means 01.04.2016 (First day of April, Two Thousand and Sixteen) or such other date as may be approved by the Hon'ble National Company Law Tribunal at Hyderabad or such other competent authority having jurisdiction to sanction the Scheme. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.

c) The Amalgamating Undertaking of the Transferor Companies shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in clauses) be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company on a going concern basis so as to become the undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Companies therein.

d) All the immovable properties of the Transferor Companies as more specifically provided in the Schedule of the Scheme shall under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the properties of the Transferee Company.

e) All the movable assets including but not limited to computers and equipment, office equipment, machineries, telephones, telexes, facsimile connections and installations and utilities, softwares, copyrights, patents, trade names, trademarks, track record, good-will, products, websites, portals, inventories, insurance policies, cash in hand, advances, receivables, deposits, bank balances, accounts and all other rights, of the Transferor Companies capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.

f) In respect of movables other than those specified in sub clause (b) above, including, outstanding loans and advances, Investments (whether current or non - current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act.

g) In relation to all licenses, pharma licenses, drug licenses , product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements, if any,

belonging to the Transferor Companies, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.

h) All secured and/or unsecured debts, if any, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheets of the Transferor Companies shall also, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.

It is clarified that unless otherwise determined by the Board of Directors of the Transferee Company, in so far as the borrowings / debts and assets comprising the Transferor Companies are concerned, the security or charge created on assets of the Transferor Companies including for the loans and borrowings of the Transferee Company, without any further act or deed continue to relate to the said assets after the sanction of the Scheme by the Tribunal.

i) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Companies, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

j) The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies, and the name of the Transferee Company shall be substituted in such policies.

k) The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies, to implement and carry out all formalities and compliances, if required, referred to above.

l) All the properties or assets of the Transferor Companies whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Companies shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Companies shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.

m) On the Scheme coming into effect, all staff, workmen and employees of the Transferor Companies in service on the date of sanction of this Scheme by the Tribunal shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the date of sanction of this Scheme by the Tribunal without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to

them with reference to the Transferor Companies on the date of sanction of this Scheme by the Tribunal.

n) As an integral part of the Scheme, the face value of 1 (One) equity share of First Transferor Company amounting to Rs.100/- (Rupees One Hundred only) shall be sub-divided into face value of Rs.10/- (Rupees Ten only) comprising 10 (Ten) equity shares of First Transferor Company.

o) As an integral part of the Scheme, all outstanding 0.001% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- (Rupees Ten only) each of the Second Transferor Company shall be converted to equity shares Rs.10/- (Rupees Ten only) each.

p) As an integral part of the Scheme, the authorised share capital of the Transferee Company of which there is a component of preference share capital of 3,00,000 Cumulative redeemable preference shares of Rs.100/- (Rupees One Hundred only) each aggregating Rs.3,00,00,000/- and 3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- (Rupees One Hundred only) each aggregating Rs.3,00,00,000/- shall be converted into 60,00,000 (Sixty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each aggregating Rs.6,00,00,000/- (Rupees Six Crores only).

q) Upon sanction of the Scheme by the Tribunal, **Clause V** of the Memorandum of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, or payment of any fees, stamp duty or levies, including fee payable to Registrar of Companies, stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and Section 394 of the Companies Act, 1956 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"THE AUTHORIZED SHARE CAPITAL OF THE COMPANY IS RS.44,00,00,000/- (RUPEES FORTY FOUR CRORE ONLY) DIVIDED INTO 4,40,00,000 (FOUR CRORE AND FORTY LAKH) EQUITY SHARES OF RS.10/- (RUPEES TEN ONLY) EACH, THE SHARE CAPITAL OF THE COMPANY (WHETHER ORIGINAL, INCREASED OR REDUCED) MAY BE SUB-DIVIDED, CONSOLIDATED OR DIVIDED INTO SUCH CLASSES OF SHARES AS MAY BE ALLOWED UNDER LAW FOR THE TIME BEING IN FORCE RELATING TO COMPANIES WITH SUCH PRIVILEGES OR RIGHTS AS MAY BE ATTACHED AND TO BE HELD UPON SUCH TERMS AS MAY BE PRESCRIBED BY THE REGULATIONS OF THE COMPANY".

r) Upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Companies to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Companies whose names appear in the Register of members as on Record Date, in the following ratio (**"Share Exchange Ratio"**):

- Without giving effect to Clause 9 of the Scheme:

  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100- each fully paid-up based;

  (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- After giving effect to Clause 9 of the Scheme:

  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.

  (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

s) Since the First Transferor Company is the Holding Company of the Transferee and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in Transferee Company and in the Second Transferor Company and the shares held by the First Transferor Company in the Transferee Company and in the Second Transferor Company, shall stand cancelled.

t) Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.

u) The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).

v) In case any shareholder's holding in the Transferor Companies is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the fractional share, if any, that may arise due to the implementation of clause 12.1 of the Scheme, to the nearest higher/ lower Integer.

w) This Scheme is conditional upon and subject to:

  (i) In-principle approval / Observation Letter from the Stock Exchanges being obtained.

  (ii) The Scheme being approved by a shareholders resolution of the Transferee Company passed by way of postal ballot and E-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

  (iii) It being agreed to by the respective requisite majorities of members of Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.

(iv) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.

(v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and

(vi) The certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the Registrar of Companies.

You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the key provisions of the Scheme.

18. Valuation Report

The valuation has been carried out by M/s. Deloitte Haskins & Sells, Chartered Accountants. The valuation has been carried out for the purpose of determining the Share Exchange Ratio in relation to the Scheme of Amalgamation and Arrangement. A copy of the Valuation Report, dated 04.11.2016, including the basis of Valuation, is annexed to this Notice. The valuation report is also available for inspection at the registered office of the company.

19. Fairness Opinion from Merchant Banker

The Company has obtained a Fairness Opinion dated 04.11.2016, from SBI capital Markets Limited, Merchant Banker. The Merchant Banker has certified that the Share Exchange Ratio recommended by the Valuer is fair. A copy of the Fairness Opinion given by the Merchant Banker is annexed to this Notice.

20. Complaints Report

The Company did not receive any complaints from any stakeholder during 29th day of November, 2016 and ending on 19th day of December, 2016, in relation to the proposed Scheme of Amalgamation and Arrangement under between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors. A copy of the Complaints Report as submitted to BSE and NSE is annexed to this Notice.

21. No-Objection / Observation Letters from the Stock Exchanges

The BSE Limited and National Stock Exchange of India Limited has issued their Observation Letter to the Scheme of Amalgamation and Arrangement under between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors dated 20th day of January, 2017. The Observation Letter given by the Stock Exchanges is annexed to this Notice.

22. Pre and Post Amalgamation Capital Structure

a) The pre amalgamation Capital Structure of the First Transferor Company i.e. of Neuland Health Sciences Private Limited is given at clause 14.15 of this Explanatory Statement.

b) The pre amalgamation Capital Structure of the Second Transferor Company i.e. of Neuland Pharma Research Private Limited is given at clause 14.26 of this Explanatory Statement.

c) The pre and post amalgamation Capital Structure of the Transferee Company i.e. of Neuland Laboratories Limited is as follows:

Particulars	Pre Amalgamation as on 31.03.2017		Post Amalgamation	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Authorised Capital				
Equity Shares of Rs.10/- each	1,00,00,000	10,00,00,000	4,40,00,000	44,00,00,000
Cumulative Redeemable Preference Shares of Rs.100/- each	3,00,000	3,00,00,000	-	-
Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- each	3,00,000	3,00,00,000	-	-
Issued Capital				
Equity Shares of Rs.10/- each	90,77,799	9,07,77,990	1,13,48,434	11,34,84,340
Subscribed Capital				
Equity Shares of Rs.10/- each	89,87,530	8,98,75,300	1,12,58,165	11,25,81,650
Paid Up Capital				
Equity Shares	88,84,254	8,88,42,540	1,11,54,889	11,15,48,890
Add forfeited equity shares of Rs.10/-	1,03,276	7,06,350	1,03,276	7,06,350
Total Paid Up Capital		**8,95,48,890**		**11,22,55,240**

23. Pre and Post Amalgamation Shareholding Pattern

a) The pre amalgamation shareholding pattern of First Transferor Company i.e. of Neuland Health Sciences Private Limited, as on March 31, 2017, is as follows:

Sl. No.	Name of the shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Dr. Davuluri Ramamohan Rao	5,35,012	100	5,35,01,200	43.04
2.	Evolvence India Life Sciences Fund LLC	4,08,835	100	4,08,83,500	32.89
3.	Mrs. Davuluri Vijaya Rao	1,11,091	100	1,11,09,100	8.94
4.	Mr. Davuluri Sucheth Rao	57,954	100	57,95,400	4.66
5.	Mr. Davuluri Saharsh Rao	44,107	100	44,10,700	3.55
6.	Malabar India Fund Limited	31,074	100	31,07,400	2.50
7.	Dr. Davuluri Rohini Niveditha Rao	29,583	100	29,58,300	2.38

8.	Mr. Gannabathula Venkata Krishna Rama Rao	8,215	100	8,21,500	0.66
9.	Malabar Value Fund	6,215	100	6,21,500	0.50
10.	Dr. Gannabathula Veeravenkata Satyanarayanamurty	5,685	100	5,68,500	0.46
11.	Mrs. Gannabathula Subbayamma	4,020	100	4,02,000	0.32
12.	Mrs. Gannabathula Uma Bala	1,161	100	1,16,100	0.09
	Total	**12,42,952**	**100**	**12,42,95,200**	**100.00**

b) The pre amalgamation equity shareholding pattern of Second Transferor Company i.e. of Neuland Pharma Research Private Limited, as on March 31, 2017, is as follows:

Sl. No.	Name of the shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Neuland Health Sciences Private Limited	4,99,965	10	49,99,650	99.99
2.	Evolvence India Life Sciences Fund LLC	35	10	350	0.01
	Total	**5,00,000**	**10**	**50,00,000**	**100.00**

c) The pre amalgamation Compulsory Convertible Cumulative Preference shareholding pattern of Second Transferor Company i.e. of Neuland Pharma Research Private Limited, as on March 31, 2017, is as follows:

Sl. No.	Name of the preference shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Evolvence India Life Sciences Fund LLC	44,99,965	10	4,49,99,650	100.00
	Total	**44,99,965**	**10**	**4,49,99,650**	**100.00**

d) As an integral part of the Scheme, all outstanding CCCPS, in the Second Transferor Company, will be converted into 1 (One) equity share of Rs.10/- (Rupees Ten only) of the Second Transferor Company. Upon such conversion, the shareholding pattern of the Second Transferor Company will be as follows:

Sl. No.	Name of the shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Neuland Health Sciences Private Limited	4,99,965	10	49,99,650	99.99
2.	Evolvence India Life Sciences Fund LLC	36	10	360	0.01
	Total	**5,00,001**	**10**	**50,00,010**	**100.00**

e) The pre and post amalgamation shareholding pattern of the Transferee Company i.e. of Neuland Laboratories Limited is as follows:

Category of Shareholder	Pre Amalgamation as on 31.03.2017		Post Amalgamation	
	No. of Shares	%	No. of Shares	%
Promoters and Promoter Group	45,91,748	51.69	43,99,631	39.44
Public	42,92,506	48.31	67,55,258	60.56
Custodian	-	-	-	-
Non-Promoter Non-Public (shares held by Employee Trusts)	-	-	-	-
Total	**88,84,254**	**100.00**	**1,11,54,889**	**100.00**

24. The Scheme of Amalgamation and Arrangement, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact or effect on the Key Managerial Personnel (KMP), Directors, Promoters, Non-Promoter Members, Creditors, whether secured or unsecured, employees of Transferee Company and / or Transferor Companies. The Companies does not have any Depositors or Debenture Holders.

25. The Directors and KMP of the Transferee Company and the Directors of the Transferor Companies have no material interest in the proposed Scheme of Amalgamation and Arrangement except as shareholders in general and the Scheme of Amalgamation and Arrangement shall not have any adverse effect on the Directors and Key Managerial Persons of respective Companies.

26. The details of the present directors and KMP of the Transferee Company and their respective shareholdings in the Transferee Company and Transferor Companies as on 31.03.2017 are as follows:

Name	Designation	No. of Shares held in Transferee Company	No. of Shares held in First Transferor Company	No. of Shares held in Second Transferor Company
Dr. Davuluri Ramamohan Rao	Chairman & Managing Director	116	5,35,012	-
Mr. Humayun Dhanrajgir	Director	3,286	-	-
Mr. Parampally Vasudeva Maiya	Director	2,000	-	-
Mr. Davuluri Sucheth Rao	Vice Chairman & CEO	116	57,954	-
Dr. William Gordon Mitchell	Director	-	-	-
Mr. Davuluri Saharsh Rao	Joint Managing Director	116	44,107	-
Dr. Christopher Michael Cimarusti	Director	-	-	-

Mrs. Bharati Rao	Director	-	-	-
Dr. Nirmala Srinivasa Murthy	Director	-	-	-
Mrs. Sarada Bhamidipati	Company Secretary	-	-	-

27. The details of the present directors and KMP of the First Transferor Company and their respective shareholdings in the First Transferor Company and Transferee Company and Second Transferor Company as on 31.03.2017 are as follows:

Name	**Designation**	**No. of Shares held in First Transferor Company**	**No. of Shares held in Transferee Company**	**No. of Shares held in Second Transferor Company**
Dr. Davuluri Ramamohan Rao	Director	5,35,012	116	-
Mr. Davuluri Sucheth Rao	Director	57,954	116	-
Mr. Davuluri Saharsh Rao	Director	44,107	116	-
Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu	Director	-	-	-
Mr. Tirunelveli Padmanabhan Devarajan	Alternate Director	-	-	-
Ms. Namita Afzulpurkar	Company Secretary	-	-	-

28. The details of the present directors and KMP of the Second Transferor Company and their respective shareholdings in the Transferee Company and First Transferor Company as on 31.03.2017 are as follows:

Name	**Designation**	**No. of Shares held in Second Transferor Company**	**No. of Shares held in Transferee Company**	**No. of Shares held in First Transferor Company**
Dr. Davuluri Ramamohan Rao	Director	-	116	5,35,012
Mr. Davuluri Sucheth Rao	Director	-	116	57,954
Mr. Davuluri Saharsh Rao	Director	-	116	44,107
Mr. Tirunelveli Padmanabhan Devarajan	Director	-	-	-
Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu	Alternate Director	-	-	-

29. A report adopted by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders, laying out in particular the share exchange ratio, is enclosed to this Notice.

30. Supplementary Unaudited Accounting Statements, of Neuland Laboratories Limited (Transferee Company), Neuland Health Sciences Private Limited (First Transferor Company) Neuland Pharma Research Private Limited (Second Transferor Company) for the period ended on 31st December, 2016, are enclosed to this Notice.

31. The rights and interests of secured creditors and unsecured creditors of the Transferee Company or the Transferor Companies will not be prejudicially affected by the Scheme as no sacrifice or waiver is, at all called from them nor their rights sought to be modified in any manner and post the Scheme, the Transferee Company will be able to meet its liabilities as they arise in the ordinary course of business.

32. There are no winding up proceedings pending against the Transferee Company or any of the Transferor Companies as of date.

33. No inquiry or investigation under sections 235 to 251 of the Companies Act, 1956, or under Section 210 to 227 of Companies Act, 2013, is pending against Transferee or Transferor Companies.

34. The financial position of the Transferee Company will not be adversely affected by the Scheme.

35. A copy of the Scheme has been filed by the Transferee Company with the Registrar of Companies, Hyderabad, for the State of Telangana and the State of Andhra Pradesh, on 27th day of March, 2017.

36. The Scheme of Amalgamation and Arrangement requires the approval / sanction / no objection from the following the regulatory and government authorities:

a) BSE Limited

b) National Stock Exchange of India Limited

c) Securities and Exchange Board of India

d) Registrar of Companies

e) Regional Director

f) Official Liquidator

g) National Company Law Tribunal

The approval to the Scheme from BSE Limited, National Stock Exchange of India Limited and Securities and Exchange Board of India has been obtained. The Companies are in the yet to obtain the sanction of Registrar of Companies, Regional Director, Official Liquidator and the National Company Law Tribunal, Bench at Hyderabad. The approval of the aforesaid authorities will be obtained at appropriate time.

37. Inspection and / or extract by the Equity Shareholders of the Transferee Company, of the following documents is allowed at the Registered Office of the Company on all working days (except on Saturdays, Sundays and Public holidays) between 02:00 PM (IST) to 05:00 PM (IST):

a) Company Application No. C.A.(CAA)NO.22/230/HDB/2017 filed by Neuland Laboratories Limited, Company Application No. C.A.(CAA)NO.20/230/HDB/2017 filed by Neuland Health Sciences Private Limited and Company Application No. C.A.(CAA)NO.21/230/HDB/2017 filed by Neuland Pharma Research Private Limited with the Hon'ble National Company Law Tribunal, Bench at Hyderabad.

b) Certified copy of the order dated 07th day of April, 2017, passed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad in the C.A.(CAA) NO.22/230/HDB/2017, C.A.(CAA)NO.20/230/HDB/2017 and C.A.(CAA)NO.21/230/HDB/2017.

c) Resolution passed by the Board of Directors of Neuland Laboratories Limited (Transferee Company), Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) approving the Scheme of Amalgamation and Arrangement at their respective meetings held on 04.11.2016.

d) Scheme of Amalgamation and Arrangement under between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

e) Valuation Report, dated 04.11.2016, issued by M/s. Deloitte Haskins & Sells, Chartered Accountants.

f) Fairness Opinion dated 04.11.2016, issued by SBI capital Markets Limited, Merchant Banker.

g) Complaints Report dated 21.12.2016, filed with BSE Limited and NSE Limited.

h) Observation Letters dated 20.01.2017, issued by BSE Limited and NSE Limited.

i) A certificate issued by Auditor of the company to the effect that the accounting treatment proposed in the scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;

j) Memorandum and Articles of Association of Transferee Company and Transferor Companies.

k) Audited Balance Sheet and Profit and Loss account of the Transferee Company and Transferor Companies for the financial year ended 31.03.2016.

l) Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company.

m) Unaudited Accounting Statement of Neuland Laboratories Limited (Transferee Company) for the period ended on 31st December, 2016.

n) Unaudited Accounting Statement of Neuland Health Sciences Private Limited (First Transferor Company) for the period ended on 31st December, 2016.

o) Unaudited Accounting Statement of Neuland Pharma Research Private Limited (Second Transferor Company) for the period ended on 31st December, 2016.

38. The Scheme of Amalgamation and Arrangement, if approved by the Equity Shareholders, shall be operative from the Appointed Date subject to the approval and directions of the National Company Law Tribunal at Hyderabad.

39. A copy of the Notice, the Explanatory Statement, the Scheme of Amalgamation and Arrangement, details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Valuation Report, Fairness Opinion, Complaints Report, Observation

Letters received from BSE Limited and National Stock Exchange of India Limited, Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company, Supplementary Unaudited Accounting Statements of the Transferee Company, First Transferor Company and the Second Transferor Company for the period ended on 31st December, 2016, a form of Proxy and attendance slip and other relevant documents are also available on the website of the Company i.e. www.neulandlabs.com and also available for inspection at the Registered Office on all working days (except on Saturdays, Sundays and Public holidays) between 02:00 PM (IST) to 05:00 PM (IST).

40. None of the Directors and Key Managerial Personnel of respective Companies and their respective relatives is concerned or interested, financially or otherwise in the proposed resolution except as shareholders of their respective companies in general.

41. The Board of Directors recommends the resolution set out in the notice in relation to the approval of the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors, for approval by the shareholders of the Company.

42. This statement may be treated as an Explanatory Statement under Section 102 read with Sections 230 to 232 of the Companies Act, 2013 read with relevant rules made thereunder.

43. A copy of the Scheme, Explanatory Statement, Proxy Forms and Attendance Slips may be obtained from the Registered Office of the Company.

Registered Office:
Sanali Info Park, 'A' Block, Ground Floor,
8-2-120/113, Road No 2, Banjara Hills,
Hyderabad - 500034, Telangana.

By Order of the Board
For, Neuland Laboratories Limited

Sd/-
Sarada Bhamidipati
Company Secretary & Compliance Officer

Place: Hyderabad
Date: 14th day of April, 2017

SCHEME OF AMALGAMATION AND ARRANGEMENT UNDER SECTIONS 230 to 232 READ WITH SECTIONS 66 OF THE COMPANIES ACT, 2013 BETWEEN NEULAND LABORATORIES LIMITED (TRANSFEREE COMPANY) AND NEULAND HEALTH SCIENCES PRIVATE LIMITED (FIRST TRANSFEROR COMPANY) AND NEULAND PHARMA RESEARCH PRIVATE LIMITED (SECOND TRANSFEROR COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

(A) PREAMBLE OF THE SCHEME

This Scheme (as defined hereinafter) is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013, and provides for:

(i) the amalgamation of Neuland Health Sciences Private Limited hereinafter referred to as **"NHSPL"** or **"First Transferor Company"** into Neuland Laboratories Limited hereinafter referred to as **"NLL"** or **"Transferee Company"**; and

(ii) Neuland Pharma Research Private Limited hereinafter referred to as **"NPRPL"** or **"Second Transferor Company"** into the Transferee Company,

and the consequent issue of equity shares by NLL to the Shareholders of NHSPL and NPRPL as consideration for the above said amalgamation, as more specifically stated hereinafter.

The Scheme (as defined hereinafter) also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.

(B) DESCRIPTION OF THE COMPANIES

1. **M/s. Neuland Laboratories Limited (i.e. the Transferee Company),** is a company which was originally incorporated as a Private Limited Company under the name and style "Neuland Laboratories Private Limited" on 07.01.1984 (Seventh day of January One Thousand Nine Hundred and Eighty Four) in the erstwhile state of Andhra Pradesh (now state of Telangana), under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-04393 of 1983-84, issued by the Registrar of Companies, Andhra Pradesh. Subsequently, the Company converted itself into a Public Limited Company by following the due procedure as laid down under the provisions of the Companies Act, 1956 and the word "Private" was deleted from the name of the company and consequent upon conversion, the company obtained a Fresh Certificate of Incorporation from the Registrar of Companies on 12.10.1993 (Twelfth day of October One Thousand Nine Hundred and Ninety Three). The present Corporate Identity Number (CIN) of the Company is L85195TG1984PLC004393. The PAN of the Company is AAACN9531E.

   NLL had made an Initial Public Offer in the year 1994 and the equity shares were listed on BSE Limited, and the erstwhile Hyderabad Stock Exchange. The equity shares of NLL were listed on the National Stock Exchange of India Limited in the year 2008.

The shares of NLL are presently listed and traded on BSE Limited (formerly known as 'Bombay Stock Exchange Ltd') bearing BSE Scrip Code 532406 and on National Stock Exchange of India Limited bearing symbol "NEULANDLAB".

The registered office of the Transferee Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

The present main objects of the Transferee Company are as follows:

a) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals including tablets, injectables, syrups, powders, ointments, aerosols, capsules and liquids for human consumption.

b) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals for veterinary use.

c) To buy, sell, import, export, manufacture and treat and deal in all kinds of chemicals, biologicals, cosmetics, insecticides, agrochemicals, pesticides hormones, medicated soaps and foods.

d) To carry out researches, investigations and experimental work of every description in relation to drugs, pharmaceuticals, chemicals, biological and cosmetics and foods.

The authorized, issued, subscribed and paid-up share capital of the Transferee Company is as follows:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000	
3,00,000 Cumulative redeemable preference shares of Rs. 100/- each	3,00,00,000	
3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs. 100/- each	3,00,00,000	
Total		**16,00,00,000**
Issued Capital		
90,77,799 Equity Shares of Rs. 10/- each		9,07,77,990
Total		**9,07,77,990**
Subscribed Capital		
89,87,530 Equity Shares of Rs. 10/- each		8,98,75,300
Total		**8,98,75,300**
Paid Up Capital		
88,84,254 fully paid up Equity Shares of Rs. 10/- each	8,88,42,540	
Add:1,03,276 Forfeited shares of Rs. 10/- each (Amount originally paid up)*	7,06,350	
Total		**8,95,48,890**

***1,03,276 equity shares of Rs. 10 each were forfeited on 25.10.2005 (Twenty Fifth Day of October Two Thousand and Five) for failure to pay the calls in respect of such shares.**

The shareholding pattern of the Transferee Company is as follows:

Category of shareholder	Nos. of shareholders shares held	No. of fully paid up equity	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)
(A) Promoter & Promoter Group	11	45,91,748	45,91,748	51.69
(B) Public	8,380	42,92,506	42,92,506	48.31
(C) Non Promoter-Non Public	-	-	-	-
Grand Total	8,391	88,84,254	88,84,254	100.00

The First Transferor Company is the Holding Company of the Transferee Company holding 45,90,608 (Forty Five Lakhs Ninety Thousand Six Hundred and Eight) fully paid up equity shares in the share capital of the Transferee Company constituting 51.68% of the total paid up share capital of the Transferee Company.

2. **M/s. Neuland Health Sciences Private Limited (i.e. the First Transferor Company),** is a Private Limited Company, which was originally incorporated under the name and style "Sucheth and Saharsh Holdings Private Limited" on 31.03.1993 (Thirty First day of March One Thousand Nine Hundred and Ninety Three) in the erstwhile state of Andhra Pradesh (Now state of Telangana) under the provisions of Companies Act, 1956, vide Certificate of Incorporation Number 01-15554 of 1992-93. Subsequently the name of the Company was changed from "Sucheth and Saharsh Holdings Private Limited" to "Neuland Health Sciences Private Limited"and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 23.07.2012 (Twenty Third day of July Two Thousand Twelve) after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is U73100TG1993PTC015554. The PAN of the Company is AACCS8130N.

The registered office of the First Transferor Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

The present main objects of the First Transferor Company are as follows:

a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediate catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.

b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.

c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning, development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.

d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.

e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing subsiding endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by-providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others.

The authorized, issued, subscribed and paid-up share capital of the First Transferor Company as on 31.03.2016 (Thirty First Day of March Two Thousand and Sixteen), is as follows:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
15,00,000 Equity Shares of Rs. 100/- each	15,00,00,000	
3,50,000 - 0.001% Compulsory Convertible Cumulative Preference Shares of Rs. 100/- each	3,50,00,000	
Total		**18,50,00,000**
Issued, Subscribed and Paid-Up Capital		
12,42,952 fully paid up Equity Shares of Rs. 100/- each		12,42,95,200
Total		**12,42,95,200**

The following is the extract of the Register of Members of the First Transferor Company showing the list of the equity shareholders of the First Transferor Company as on 31.03.2016 (Thirty First Day of March Two Thousand and Sixteen):

Sl. No.	Name of the shareholder	No. of shares	Face value Rs.	Total Capital Rs.	%
1.	Dr. Davuluri Ramamohan Rao	5,72,301	100	5,72,30,100	46.04
2.	M/s Evolvence India Life sciences fund LLC	4,08,835	100	4,08,83,500	32.89
3.	Mrs. Davuluri Vijaya Rao	1,11,091	100	1,11,09,100	8.94
4.	Mr. Davuluri Sucheth Rao	57,954	100	57,95,400	4.66
5.	Mr. Davuluri Saharsh Rao	44,107	100	44,10,700	3.55
6.	Mrs. Davuluri Rohini Niveditha Rao	29,583	100	29,58,300	2.38
7.	Mr. Gannabathula Venkata Krishna Rama Rao	8,215	100	8,21,500	0.66
8.	Mr. Gannabathula Veeravenkata Satyanarayana Murthy	5,685	100	5,68,500	0.46
9.	Mrs. Gannabathula Subbayamma	4,020	100	40,2000	0.32
10.	Mrs. Gannabathula Uma Bala	1,161	100	11,6100	0.09
	Total	**12,42,952**	**100**	**12,42,95,200**	**100.00**

3. **M/s. Neuland Pharma Research Private Limited (i.e. the Second Transferor Company),** is a Private Limited Company, which was originally incorporated under the name and style "Sucheth and Saharsh Pharmaceutical Research Private Limited" on 23.03.2012 (Twenty Third day of April, Two Thousand and Twelve) in the erstwhile state of Andhra Pradesh (Now state of Telangana) under the provisions of Companies Act, 1956, vide Corporate Identity Number U73100AP2012PTC080474. Subsequently the name of the Company was changed from "Sucheth and Saharsh Pharmaceutical Research Private Limited" to "Neuland Pharma Research Private Limited" and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 07.06.2012 (Seventh day of June, Two Thousand and Twelve) after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is U73100TG2012PTC080474. The PAN of the Company is AAECN0196K.

The registered office of the Second Transferor Company is situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

The present main objects of the Second Transferor Company are as follows:

a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediates catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.

b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.

c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.

d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.

e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing subsiding endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by-providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others

The authorized, issued, subscribed and paid-up share capital of the Second Transferor Company as on 31.03.2016 (Thirty First Day of March Two Thousand and Sixteen), is as follows:

Share Capital	**Amount in Rs.**	**Amount in Rs.**
Authorized Capital		
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	
45,00,000 - 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- each	4,50,00,000	
Total		**9,50,00,000**
Issued, Subscribed and Paid-Up Capital		
5,00,000 Equity Shares of Rs. 10/- each	50,00,000	
44,99,965 - 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- each	4,49,99,650	
Total		**4,99,99,650**

The following is the extract of the Register of Members of the Second Transferor Company showing the list of the equity shareholders of the Second Transferor Company as on 31.03.2016 (Thirty First Day of March Two Thousand and Sixteen):

Sl. No.	Name of the shareholder	No. of shares	Face value	Total capital (Rs.)	% (Rs.)
1.	Neuland Health Sciences Private Limited	499,965	10	49,99,650	99.99
2.	Evolvence India Life sciences fund LLC	35	10	350	0.01
	Total	**5,00,000**	**10**	**50,00,000**	**100.00**

The following is the extract of the Register of Compulsory Convertible Cumulative Preference Shareholders of the Second Transferor Company showing the list of the Preference Shareholder of the Second Transferor Company:

Sl. No.	Name of the preference shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Evolvence India Life sciences fund LLC	44,99,965	10	4,49,99,650	100.00
	Total	**44,99,965**	**10**	**4,49,99,650**	**100.00**

(C) RATIONALE, OBJECTIVE & PURPOSE OF THE SCHEME

1. The Transferee Company is a manufacturer of active pharmaceutical ingredients (**"APIs"**) and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services.

2. The First Transferor Company is in the business of conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides. The Transferee Company is the exclusive peptide manufacturer for the First Transferor Company.

3. The Second Transferor Company is a contract research and marketing services company providing Custom Manufacturing Solutions (**"CMS"**) to its customers with a focus on regulated markets. The Research and Development facility of the Second Transferor Company has been successfully inspected and classified acceptable by the USFDA in February 2016.

4. The First Transferor Company, the Second Transferor Company and the Transferee Company, as a Group, provide end-to-end solutions for chemistry related services from synthesis of early stage clinical molecules to supply of API and intermediates at various clinical phases up to commercial scale.

5. The businesses being carried on by all these three companies are synergistic and are complementary to each other. Given the nature of consolidation in the pharmaceutical industry, there is a huge opportunity for cross-selling of the products and services of the First Transferor Company and the Second Transferor Company along with that of the Transferee Company which is expected to further enhance the value for the stakeholders of all the companies.

6. The combined entity (i.e. the Transferee Company), with its strong financials, will have greater access to sources of funds, a better credit rating, improved cash flows, increased net worth, thereby expected to strengthen the value of all the stakeholders of the companies involved.

7. Therefore, the proposed Amalgamation is expected to:

   a) Facilitate seamless coordination between the Research and Development (**"R&D"**) facilities and manufacturing activities leading to greater leverage in operations, planning, process, product life cycle management, new product development and product optimization and enhanced flexibility in operations in the combined entity.

   b) Lead to the benefits of synergetic advantages particularly in view of the fact that the companies involved in the amalgamation are engaged in the businesses, which are akin and can be conveniently merged for mutual benefit further leading to improved organizational capability and leadership, arising from the pooling of resources and expertise that has the diverse skills talent and vast experience to compete successfully in an increasingly competitive industry.

   c) Result in consolidation of intellectual properties, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail additional tax benefits for in house R&D.

   d) Result in cost savings from utilizing the combined facilities of all the three entities with more focus on operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, elimination of intercompany transactions costs, usage of common resource pool like human resource, administration, accounts, legal and other related functions leading to elimination of duplication and rationalization of administrative expenses and reduction of compliance costs.

   e) Result in operational convenience in terms of execution of contracts and provision of related services.

   f) Improve relationship with customers, as the combined entity, post amalgamation would become an end-to-end API solution provider.

8. In order to achieve the objectives as mentioned in the abovementioned clauses, the Board of Directors of all the three companies have proposed to consolidate the First Transferor Company, the Second Transferor Company and the Transferee Company as a single company by amalgamating the First Transferor Company and the Second Transferor Company into the Transferee Company.

9. The amalgamation will build a stronger and sustainable business and enhance the potential for future growth and the Scheme of Amalgamation would be beneficial and in the best interests of the shareholders, creditors, customers, suppliers, employees and other stakeholders of all the companies.

(D) SCOPE OF THE SCHEME

The Scheme of Amalgamation and Arrangement provides for:

1 Amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company.

2 Consequent issue of equity shares to the shareholders of each of the Transferor Companies pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.

3 All the shareholders of each of the Transferor Company shall become the shareholders of the Transferee Company by virtue of the merger.

4 The reorganization of the authorised share capital of the Transferor Companies and Transferee Company.

5 The transfer of the Transferor Companies will be on a going concern basis.

6 Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.

7 This Scheme of Amalgamation and Arrangement has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961.

(E) PARTS OF THE SCHEME:

This Scheme of Amalgamation and Arrangement is explained by dividing it into the following parts:

PART A : Deals with Definitions.

PART B : Deals with Amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company.

PART C : Deals with General Terms and Conditions.

PART-A
DEFINITIONS

1. DEFINITIONS

1.1 "Act" or "the Act" means the Companies Act, 1956 or as the case may be, the Companies Act, 2013 (to the extent notified and applicable) and every modification or re-enactment thereof and rules and regulations made hereunder, for the time being in force and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.

1.2 **"Applicable Law(s)"** means any statute, notifications, bye-laws, rules, regulations, guidelines, Circulars or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.

1.3 **"Amalgamation"** means the amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company and the shareholders of Transferor Companies becoming, the shareholders of the Transferee Company.

1.4 **"Amalgamating Undertaking"** shall mean:

a) All the assets and properties of the Transferor Companies as on the Appointed Date.

b) All the secured and unsecured debts, liabilities, whether short term or long term contingent liabilities or duties and obligations of Transferor Companies as on the Appointed Date.

c) Without prejudice to the generality of sub clause (a) above, the Undertaking of Transferor Companies shall include all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but not limited to land and building, all fixed and movable plant and machinery, fixed assets, current assets, investments, reserves, packing material, raw materials, formulations, tablets, capsules, vials, ointments, active pharmaceutical ingredients and drug intermediaries, brands, licences, pharma licenses, drug licences and /or product registrations issued / made by/ with by Drug controller or such state or central government authorities, USFDA approvals, permissions, consents, approvals, sanctions, quotas, entitlements, grants and rights, non-compete right, leasehold rights, tenancy rights, leasehold improvements, software provisions, funds, other licenses, franchises, registrations, certificates, all stocks, investments of all kinds (including share application money, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates in domestic or overseas entities and including shares or other securities held by the Transferor Companies in its subsidiaries), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement/contracts, benefit of any security permissions, consents, approvals, concessions (including but not limited to sales tax concessions, excise duty, services tax or customs, value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds, copyrights, patents, trade names, trademarks, track record, good-will and other rights and licenses in respect thereof, applications for intellectual property rights , application for statutory licenses or any other licenses whether for renewal or otherwise, copyrights, patents, trade names, trademarks, leases, leave and license agreements, tenancy rights, premises, hire purchase, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, benefit and advantage, deposits, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, cash, bank balances, accounts and all other rights, benefits of all

agreements, subsidies, grants, incentives, tax credits, whether granted by state government or central government or any such other authority, (including but not limited to credits in respect of income-tax, tax on book profits, value added tax, sales tax, service tax, etc.), and other claims and powers, all books of accounts, documents and records of whatsoever nature and where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by Transferor Companies, as on the Appointed Date.

d) All rights and benefits including but not limited to (i) rights arising out of statutory licenses, franchises, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, (ii) benefits of all contracts / agreements / leases (including, but not limited to, contracts / agreements with vendors, customers, government etc.); and (iii)all other rights (including, but not limited to, right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of Transferor Companies as on the Appointed Date.

e) All staff, workmen and employees engaged by the Transferor Companies.

f) All books, records, files, papers, information, computer programs, manuals, data, catalogues, sales material, quotations, advertising materials, lists of present and former customers and suppliers and other records, whether in physical form or electronic form and whether owned by, licensed to or assigned to the Transferor Companies, relating to the Transferor Companies business activities and operations whether in India or abroad.

1.5 **"Appointed date"** means **01.04.2016 (First day of April, Two Thousand and Sixteen)** or such other date as may be approved by the Hon'ble National Company Law Tribunal at Hyderabad or such other competent authority having jurisdiction to sanction the Scheme. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.

1.6 **"Appropriate Authority"** means any applicable central, state or local government, legislative body, regulatory, administrative or statutory authority, agency or commission or department or public or judicial body or authority, including but not limited to SEBI, ROC, Stock Exchanges, Foreign Investment Promotion Board, Competition Commission of India, Court, National Company Law Tribunal and the Reserve Bank of India.

1.7 **"Board of Directors" or "Board"** in relation to Transferee and Transferor Companies, as the case may be, shall, unless it be repugnant to the context or otherwise, includes any Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.

1.8 **"CCCPS"** means the 44,99,965 (Forty Four Lakhs Ninety Nine Thousand Nine Hundred and Sixty Five)- 0.001% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- (Rupees Ten only) each of the Second Transferor Company.

1.9 **"Court" or "High Court"** means the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and for the State of Andhra Pradesh or the National Company Law Tribunal / NCLT / Tribunal at Hyderabad or such other tribunal or authority having jurisdictions to sanction the Scheme.

1.10 "First Transferor Company" means Neuland Health Sciences Private Limited, a Company incorporated on 31.03.1993, under the provisions of the Companies Act, 1956, bearing CIN:U73100TG1993PTC015554 and having its registered office situated at Sanali Info Park, 'A' Block, Ground floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

1.11 "Record Date" for the purpose of determining the shareholders of the Transferor Companies, means the date on which the Scheme is approved by the Tribunal.

1.12 "Registrar of Companies" or "ROC" means the Registrar of Companies at Hyderabad for the State of Telangana and Andhra Pradesh.

1.13 "Scheme of Amalgamation and Arrangement" or "Scheme" or "the Scheme" or "this Scheme" means this Scheme of Amalgamation and Arrangement in its present form or with any modifications, imposed or approved or directed by the Board of Directors of the Transferee Company and / or Transferor Companies, or by the members or creditors of the Transferee Company and / or Transferor Companies and /or by the Court, SEBI, the Stock Exchanges or any other regulatory authority.

1.14 "SEBI" means the Securities and Exchange Board of India.

1.15 "Second Transferor Company" means Neuland Pharma Research Private Limited, a Company incorporated on 23.04.2012, under the provisions of Companies Act, 1956, bearing CIN: U73100TG2012PTC080474 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

1.16 "Shareholders" means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of concerned company as the context may require and shall include any third party transferees of such persons registered. The word "Shareholder" and "Member" are used to denote the same meaning and are used interchangeably.

1.17 "Stock Exchanges" means the BSE Limited and National Stock Exchange India Limited where the equity shares of the Transferee Company are listed and traded. The Designated Stock Exchange (DSE), for the purpose of coordinating with SEBI in relation to obtaining the in-principle approval to the Scheme, shall be National Stock Exchange of India Limited.

1.18 "Transferee Company" means Neuland Laboratories Limited, a Company incorporated on 07.01.1984, under the provisions of the Companies Act, 1956, bearing CIN: L85195TG1984PLC004393 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

1.19 "Transferor Companies" means together the First Transferor Company and the Second Transferor Company.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961 or any other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

PART-B
AMALGAMATION OF THE FIRST TRANSFEROR COMPANY AND THE SECOND TRANSFEROR COMPANY INTO THE TRANSFEREE COMPANY

SECTION 1: TRANSFER & VESTING OF AMALGAMATING UNDERTAKING

2. Transfer of assets, properties, estates, claims, debts, duties, liabilities, obligations etc.,

2.1 Subject to the provisions of this Scheme and upon the sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the entire Amalgamating Undertaking of the Transferor Companies shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in sub clauses (b) and (d) below) be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company on a going concern basis so as to become the undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Companies therein, in the following manner:

a) All the immovable properties of the Transferor Companies as more specifically provided in the Schedule of the Scheme shall under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the properties of the Transferee Company.

b) All the movable assets including but not limited to computers and equipment, office equipment, machineries, telephones, telexes, facsimile connections and installations and utilities, softwares, copyrights, patents, trade names, trademarks, track record, good-will, products, websites, portals, inventories, insurance policies, cash in hand, advances, receivables, deposits, bank balances, accounts and all other rights, of the Transferor Companies capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.

c) In respect of movables other than those specified in sub clause (b) above, including, outstanding loans and advances, Investments (whether current or non - current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act.

d) In relation to all licenses, pharma licenses, drug licenses , product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements, if any, belonging to the Transferor Companies, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.

e) All secured and/or unsecured debts, if any, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheets of the Transferor Companies shall also, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or restructuring by virtue of which such secured and/or unsecured debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub clause.

It is clarified that unless otherwise determined by the Board of Directors of the Transferee Company, in so far as the borrowings / debts and assets comprising the Transferor Companies are concerned, the security or charge created on assets of the Transferor Companies including for the loans and borrowings of the Transferee Company, without any further act or deed continue to relate to the said assets after the sanction of the Scheme by the Tribunal.

f) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Companies, the same shall vest with and be available to the Transferee Company on the same terms and conditions.

g) The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies, and the name of the Transferee Company shall be substituted in such policies.

2.2 The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies, to implement and carry out all formalities and compliances, if required, referred to above.

2.3 All the properties or assets of the Transferor Companies whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Companies shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Companies shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.

2.4 Any tax liabilities under the Income-tax Act, 1961, service tax laws, customs law or other applicable laws/ regulations dealing with taxes/ duties / levies of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, if any, shall be transferred to Transferee Company.

2.5 Any refund under the Income-tax Act, 1961, Wealth-tax Act, 1957, service tax laws or other applicable laws / regulations dealing with taxes/ duties / levies tax due to Transferor Companies consequent to the assessment made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.

2.6 Upon the sanction of the Scheme by the Tribunal, all rights, entitlements and powers to revise returns and filings of the Transferor Companies under the Income-tax Act, 1961, service tax laws and other laws, and to claim refunds and / or credits for taxes paid, etc. and for matters incidental thereto, shall be available to, and vest with the Transferee Company, including for the period prior to the Appointed Date.

2.7 All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and / or enforced until the date of sanction of this Scheme by the Tribunal against the Transferor Companies and from the date of sanction of this Scheme by the Tribunal, the same shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.

Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Companies into the Transferee Company or anything contained in the Scheme.

2.8 All the tax payments (including, without limitation payments under the Income-Tax Act, 1961 service tax laws, and other laws) whether by way of tax deduction at source, advance tax or otherwise howsoever, by the Transferor Companies in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly. Further, any tax deducted at source by the Transferor Companies on transactions with the Transferee Company, if any (from Appointed Date till date of sanction of this Scheme by the Tribunal) shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings be dealt with accordingly.

2.9 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies under the Income-tax Act, 1961, service tax laws, or other applicable laws / regulations dealing with taxes/ duties / levies shall be made or deemed to have been made and duly complied with by the Transferee Company.

3. Validity of existing resolutions, etc. in respect of the prior acts

Upon sanction of this Scheme by the Tribunal, the resolutions of the Transferor Companies, as are considered necessary by the Board of the Transferee Company and which are valid and subsisting on the date of sanction of this Scheme by the Tribunal, shall continue to be valid and subsisting in respect of the relative acts performed / steps taken prior to the date of sanction of this Scheme by the Tribunal and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Transferee Company shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company

4. Compliance with Section 2(1B) of the Income Tax Act, 1961

This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section at a later date

including resulting from a retrospective amendment of law or for any other reason whatsoever, till the date of sanction of this Scheme by the Tribunal, the provisions of the said section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-tax Act, 1961.

5. Legal proceedings

5.1 Upon sanction of this Scheme by the Tribunal, all legal and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature, if any, by or against the Transferor Companies pending and/or arising at the Appointed Date, shall be continued and enforced by or against the Transferee Company only, to the exclusion of the Transferor Companies in the manner and to the same extent as it would have been continued and enforced by or against the Transferor Companies. On and from the date of sanction of this Scheme by the Tribunal, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the Transferor Companies in the same manner and to the same extent as it would or might have been initiated by the Transferor Company concerned.

5.2 After the Appointed Date, if any proceedings are taken against any of the Transferor Company the same shall be defended by and at the cost of the Transferee Company.

6. Contracts, deeds and other instruments

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, leave and license agreements, licenses, powers of attorney, engagements, certificates, benefits, privileges, entitlements, grants, sanctions, permissions, consents, approvals, concessions, any schemes under which the Transferor Companies are registered with the government or any other authorities and incentives (including but not limited to benefits under the Income-Tax Act, 1961, service tax, and other laws), remissions, remedies, subsidies, guarantees, licences and other instruments, if any, of whatsoever nature to which the Transferor Companies are parties and which have not lapsed and are subsisting or having effect on the date of sanction of this Scheme by the Tribunal shall be in full force, and be effective against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite restructurings, confirmations or novations, to which the Transferor Companies will, if necessary, also be parties in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

Further all applications for renewals for (i) incentives, subsidies, special status, refund, rebates, exemptions, and other benefits or privileges; (ii) licenses, pharma licenses, drug licenses, product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements; and/or (iii) any other approvals, licenses, consents, that may be pending with any government body, regulatory authority and/or all other agencies, departments and authorities

concerned as are necessary under any law as on the date of sanction of this Scheme by the Tribunal shall be in full force, and be effective against or in favour of the Transferee Company.

7. Saving of concluded transactions

The transfer of Amalgamating Undertaking under clause 2 above and the continuation of proceedings by or against the Transferee Company under clause 5 above and the effectiveness of the contracts and deeds under clause 6 shall not affect any transactions and proceedings or contracts or deeds already concluded by the Transferor Companies on or before the Appointed Date and after the Appointed Date till the date of sanction of this Scheme by the Tribunal, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Companies in respect thereto as done and executed on behalf of itself.

8. Staff, workmen and employees

8.1 Upon sanction of this Scheme by the Tribunal, all staff, workmen and employees of the Transferor Companies in service on the date of sanction of this Scheme by the Tribunal shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the date of sanction of this Scheme by the Tribunal without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Companies on the date of sanction of this Scheme by the Tribunal.

8.2 It is expressly provided that, in so far as the Gratuity Fund, Provident Fund, Super Annuation Fund, if applicable, Employee's State Insurance Corporation Contribution, Labour Welfare Fund or any other Fund created or existing for the benefit of the staff, workmen and employees of the Transferor Companies, are concerned, upon sanction of this Scheme by the Tribunal, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees of the Transferor Companies under such Funds and / or Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous for the purpose of the said Fund or Funds.

8.3 In so far as the Provident Fund, Gratuity Fund, Superannuation Fund, if applicable, or other Special Scheme(s) / Fund(s) created or existing for the benefit of the employees of the Transferor Companies are concerned upon date of sanction of this Scheme by the Tribunal, balances lying in the accounts of the employees of the Transferor Companies in the said funds as on the date of sanction of this Scheme by the Tribunal shall stand transferred from the respective trusts / funds of the Transferor Companies to the corresponding trusts / funds set up by the Transferee Company.

8.4 The officers, employees and staff, other than the Employees, who have resigned or whose services have been terminated in any way, during the period between the Appointed Date and the date of sanction of this Scheme by the Tribunal, shall be entitled to receive from the Transferee Company after date of sanction of this Scheme by the Tribunal, all the Employment Benefits, rights or privileges to which he / she was entitled to receive from the respective Transferor Companies before the date of sanction of this Scheme by the Tribunal, to the extent the same are due and outstanding.

9. Sub division of face value of equity shares of the First Transferor Company, reorganisation of authorised share capital of the Transferor Companies and clubbing of authorised share capital of Transferor Companies with the authorised share capital of Transferee Company.

9.1 As an integral part of the Scheme, the face value of 1 (One) equity share of First Transferor Company amounting to Rs. 100/- (Rupees One Hundred only) shall be sub-divided into face value of Rs. 10/- (Rupees Ten only) comprising 10 (Ten) equity shares of First Transferor Company and the First Transferor Company does not have any outstanding compulsory convertible cumulative preference shares, accordingly the authorised share capital of the First Transferor Company shall be restructured as follows:

"The authorised share capital of the Company is Rs.18,50,00,000/- (Rupees Eighteen Crores and Fifty Lakhs only) divided into 1,85,00,000 (One Crore and Eighty Five Lakhs) equity shares of Rs. 10/- (Rupees Ten only) each".

9.2 The members of the First Transferor Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the Companies Act, 2013 and all other applicable provisions of the said act for sub-division of the face value of equity shares and the amendment to the Authorized Capital of the Company and no separate resolutions will be required to be passed for sub-division of the face value of equity shares of the Company and the amendment to the Authorized Capital of the Company under section 61 of the Companies Act, 2013 and no separate notice will be required to be given to the Registrar of Companies, for intimation of sub-division and reclassification under section 64 of the Companies Act, 2013.

9.3 As an integral part of the Scheme, all outstanding 0.001% Compulsorily Convertible Cumulative Preference Shares of the Second Transferor Company shall be converted to equity shares on the Record Date, and following such conversion, the Second Transferor Company shall cease to have any outstanding compulsory convertible cumulative preference shares and accordingly the authorised share capital of the Second Transferor Company shall be reflected as follows:

"The authorised share capital of the Company is Rs.9,50,00,000/- (Rupees Nine Crore and Fifty Lakh only) divided into 95,00,000 (Ninety Five Lakh) equity shares of Rs.10/- (Rupees Ten only) each".

9.4 The members of the Second Transferor Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the Companies Act, 2013 and all other applicable provisions of the Act for alteration of the authorised share capital of the Second Transferor Company and no separate resolutions will be required to be passed for alteration of the authorised share capital of the Second Transferor Company under section 61 of the Companies Act, 2013 and all

other applicable provisions of the Act and no separate notice will be required to be given to the Registrar of Companies, for intimation of for alteration of the authorised share capital of the Second Transferor Company under section 64 of the Companies Act, 2013 and all other applicable provisions of the Act.

9.5 The Transferor Companies also shall not have any outstanding convertible or redeemable preference shares with effect from the Record Date.

9.6 As an integral part of the Scheme, the authorised share capital of the Transferee Company of which there is a component of preference share capital of 3,00,000 Cumulative redeemable preference shares of Rs. 100/- each aggregating Rs.3,00,00,000/- and 3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- each aggregating Rs.3,00,00,000/- shall be converted into 60,00,000 (Sixty Lakhs) equity shares of Rs.10/- each aggregating Rs.6,00,00,000/- (Rupees Six Crores only) and accordingly the authorised share capital of the Transferee Company shall be reflected as follows:

"The authorised share capital of the Company is Rs.16,00,00,000/- (Rupees Sixteen Crores only) divided into 1,60,00,000 (One Crore and Sixty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each".

9.7 The members of the Transferee Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the Companies Act, 2013 and all other applicable provisions of the Act for alteration of the authorised share capital of the Transferee Company and no separate resolutions will be required to be passed for alteration of the authorised share capital of the Transferee Company under section 61 of the Companies Act, 2013 and all other applicable provisions of the Act and no separate notice will be required to be given to the Registrar of Companies, for intimation of for alteration of the authorised share capital of the Transferee Company under section 64 of the Companies Act, 2013 and all other applicable provisions of the Act.

9.8 Upon sanction of this Scheme and after the sub-division of face value of equity shares of the First Transferor Company and after the restructuring of the authorised share capital of the Transferee Company, First Transferor Company and the Second Transferor Company, the Authorized share capital of the Transferee Company shall automatically stand increased by merging the Authorized Share Capital of Transferor Companies with Authorized Share Capital of Transferee Company without any further act or deed on the part of the Transferee Company, including payment of Stamp Duty and/or registration fee.

9.9 Upon sanction of this Scheme by the Tribunal, Clause V of the Memorandum of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, or payment of any fees, stamp duty or levies, including fee payable to Registrar of Companies, stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and Section 394 of the Companies Act, 1956 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"THE AUTHORIZED SHARE CAPITAL OF THE COMPANY IS RS.44,00,00,000/- (RUPEES FORTY FOUR CRORE ONLY) DIVIDED INTO 4,40,00,000 (FOUR CRORES AND FORTY LAKH) EQUITY SHARES OF RS.10/- (RUPEES TEN ONLY) EACH, THE SHARE CAPITAL OF THE COMPANY (WHETHER ORIGINAL, INCREASED OR REDUCED) MAY BE SUB-DIVIDED, CONSOLIDATED OR DIVIDED INTO SUCH CLASSES OF SHARES AS MAY BE ALLOWED UNDER LAW FOR THE TIME BEING IN FORCE RELATING TO COMPANIES WITH SUCH PRIVILEGES OR RIGHTS AS MAY BE ATTACHED AND TO BE HELD UPON SUCH TERMS AS MAY BE PRESCRIBED BY THE REGULATIONS OF THE COMPANY".

9.10 However, it is clarified that in the event that the companies restructure or increase their authorised share capital by way of share split / consolidation / issue of bonus shares / conversion of warrants into equity shares during the pendency of the Scheme, the clause of Memorandum and Articles of Association of the Transferee Company reproduced in Clause 9.9 above shall be amended accordingly to take into account the effect of any such corporate actions.

9.11 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the Memorandum of Association of the Transferee Company as may be required under the Act and Clause V of the Memorandum of Association of the Transferee Company shall stand altered as stated above.

9.12 Further, if required, the Transferee Company shall take necessary steps to further increase and alter its Authorized Share Capital suitably to enable it to issue and allot the equity shares required to be issued and allotted by it to the shareholders of the Transferor Companies in terms of this Scheme.

10. Conversion of all outstanding CCCPS, if any, into 1 (One) Equity Share of Rs.10/- (Rupees Ten only).

10.1 As an integral part of the Scheme, all outstanding CCCPS, if any, in the Second Transferor Company, will be converted into 1 (One) equity share of Rs.10/- (Rupees Ten only) of the Second Transferor Company as on the Record Date.

10.2 Upon such conversion, the shareholding pattern of the Second Transferor Company will be as follows:

Sl. No.	Name of the shareholder	No. of shares	Face value (Rs.)	Total capital (Rs.)	%
1.	Neuland Health Sciences Private Limited	499,965	10	49,99,650	99.99
2.	Evolvence India Life Sciences Fund LLC	36	10	360	0.01
	Total	**5,00,001**	**10**	**50,00,010**	**100.00**

10.3 The members and the Preference share holder (i.e. equity shareholders and Evolvence India Life Sciences Fund LLC) of the Second Transferor Company, on approval of the Scheme, shall be deemed to have given their approval under the provisions of the Companies Act, 2013 and under all other agreements and arrangements, if any, for the said conversion of 44,99,965 (Forty Four Lakhs Ninety Nine Thousand Nine Hundred and Sixty Five)- 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- (Rupees Ten only) each of the

Second Transferor Company into 1 (One) equity share of Rs.10/- (Rupees Ten only) each on the Record Date and no separate resolutions will be required to be passed and procedure to be followed for such conversion.

SECTION 2: CONDUCT OF BUSINESS

11. With effect from the Appointed Date:

11.1 The Transferor Companies shall carry on and be deemed to have carried on their business and activities and shall stand possessed of Amalgamating Undertaking, in trust for the Transferee Company and shall account for the same to the Transferee Company.

11.2 Any income or profit accruing or arising to the Transferor Companies and all costs, charges, expenses and losses or taxes incurred by the Transferor Companies shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.

11.3 All liabilities debts, duties, obligations which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company. From the date of acceptance of this Scheme by the Boards of the Transferor Companies and the Transferee Company, until the date of sanction of this Scheme by the Tribunal, the Transferor Companies shall not alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof, without the prior written consent of the Transferee Company., save and except in its ordinary course of business.

11.4 The Transferor Companies shall carry on their business with reasonable diligence and in the same manner as it had been doing hitherto and the Transferor Companies shall not alter or substantially expand its business except with the written concurrence of the Transferee Company.

11.5 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the central government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Companies.

SECTION 3: ISSUANCE OF SHARES BY THE TRANSFEREE COMPANY

12. The Provisions of this section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

12.1 Subject to the provisions of clause 12.2 below, upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Companies to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Companies whose names appear in the Register of members as on Record Date, in the following ratio **("Share Exchange Ratio"):**

- Without giving effect to Clause 9 of the Scheme:

(c) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;

(d) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- After giving effect to Clause 9 of the Scheme:

(c) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.

(d) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

12.2 Since the First Transferor Company is the Holding Company of the Transferee Company and the Second Transferor Company upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in Transferee Company and in the Second Transferor Company and the shares held by the First Transferor Company in the Transferee Company and in the Second Transferor Company, shall stand cancelled.

12.3 The Audit Committee of the Transferee Company has taken into account the recommendations on the Share Exchange Ratio given by M/s. Deloitte Haskins & Sells, Chartered Accountants, acting as independent chartered accountants, and the fairness opinion provided by SBI Capital Markets Limited, acting as the Merchant Banker. On the basis of their evaluation and its own independent judgement, the Audit Committee of the Transferee Company have recommended the Scheme, including the Share Exchange Ratio to the Board of Directors of the Transferee Company.

12.4 The Board of Directors of the Transferee Company has taken into account the independent recommendations of the Audit Committee of the Transferee Company.

12.5 The Board of Directors of the Transferee Company and the Transferor Companies have taken into account the recommendations of the Share Exchange Ratio given by M/s. Deloitte Haskins & Sells, Chartered Accountants.

12.6 The Board of Directors of the Transferee Company have also taken into account the fairness opinion provided by M/s.SBI Capital Markets Limited in relation to the Share Exchange Ratio.

12.7 The Board of Directors of the Transferee Company and the Transferor Companies based on the aforesaid advices / opinions and on the basis of their independent judgement and evaluation has come to the conclusion that the Share Exchange Ratio is fair and reasonable and has approved the same at their respective meetings held on 04.11.2016 (Fourth Day of November Two Thousand and Sixteen).

12.8 The shares issued to the members of the Transferor Companies by the Transferee Company pursuant to sub-clause 12.1 above shall be issued in dematerialized form only by the Transferee Company with such shares being credited to the existing depository accounts of the respective members of the Transferor Companies entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.

12.9 The equity shares to be issued in terms of this clause shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company. The new equity shares shall rank pari-passu in all respects, including dividend, with the existing equity shares of the Transferee Company.

12.10 The members of the Transferee Company, on approval of the Scheme, shall be deemed to have given their approval under section 62 of the Companies Act, 2013 and other applicable provisions of the Act, for issue of fresh equity shares to the members of the Transferor Companies and the Transferee Company will not be required to pass any further resolution for issue and allotment of shares to the Shareholders of the Transferor Companies.

12.11 All the equity shares issued pursuant to this Scheme to the members of the Transferor Companies shall be listed and/or admitted to trading on the BSE Limited and National Stock Exchange of India Limited, in accordance with applicable laws.

12.12 In case any shareholder's holding in the Transferor Companies is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the fractional share, if any, that may arise due to the implementation of clause 12.1 of the Scheme, to the nearest higher/ lower Integer.

12.13 Notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the eligible shareholders of the Transferor Companies whose names appear on the Register of Members of the Transferor Companies as on the Record Date, the dematerialized shares held by them in the Transferor Companies shall be deemed to have been cancelled and shall be of no effect on and from such Record Date, without any further act, application, instrument or deed for cancellation thereof by the Transferee Company.

SECTION 4: ACCOUNTING TREATMENT

13. Accounting Treatment in the Books of the Transferee Company:

13.1 Upon sanction of this Scheme by the Tribunal, the Transferee Company shall record the assets and liabilities of the Transferor Companies transferred to the Transferee Company pursuant to this Scheme and account for the amalgamation of the Transferor Companies pursuant to this Scheme in accordance with Accounting Standard -14 under the Purchase method of accounting at fair market value as notified by the Companies (Accounting Standards) Rules, 2006, as amended from time to time.

13.2 The Transferee Company shall record the issuance of shares to the members of the Transferor Company at fair value as determined in the valuation report given by the independent valuer and accordingly credit to its share capital account the aggregate face value of the equity shares issued

pursuant to this Scheme. The excess, if any, of the fair value of the equity shares over the face value of the equity shares so issued shall be credited to the Securities Premium Account of the Transferee Company.

13.3 Inter-corporate deposits / loans and advances, etc., if any, outstanding between the Transferee Company and any of the Transferor Company inter-se shall stand cancelled and there shall be no further obligation / outstanding in that behalf. Any difference arising on such cancellation should be adjusted in the reserves of the Transferee Company.

13.4 Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.

13.5 Upon sanction of this Scheme by the Tribunal and upon reduction in the share capital of the Transferee Company and upon allotment of shares by the Transferee Company to the shareholders of the Transferor Companies pursuant to this Scheme, the authorized and paid up capital of the Transferee Company shall be as follows:

The Authorized Share Capital of the Transferee Company is Rs.44,00,00,000/- (Rupees Forty Four Crore only) divided into 4,40,00,000 (Four Crores Forty Lakh) equity shares of Rs.10/- (Rupees Ten only) each.

The paid up share capital of the Transferee Company is Rs.11,22,54,890/- (Rupees Eleven Crore Twenty Two Lakh Fifty Four Thousand Eight Hundred and Ninety only) divided into 1,11,54,889 (One Crore Eleven Lakh Fifty Four Thousand Eight Hundred and Eighty Nine) fully paid up equity shares of Rs. 10/- (Rupees Ten only) each.

Table depicting the Authorized and Paid Up Capital of the Transferee Company before and after the Scheme:

Particulars	No. of Shares	In Rupees	
		Face Value	Amount
Authorised capital of the Transferee Company before the Scheme:			
Equity Shares	1,00,00,000	10	10,00,00,000
Cumulative Redeemable Preference Shares	3,00,000	100	3,00,00,000
Cumulative or Non-cumulative and redeemable or otherwise preference shares	3,00,000	100	3,00,00,000
Authorised Capital of the Transferee Company upon restructuring Equity Shares	**1,60,00,000**	**10**	**1,60,00,000**
Add: Authorised capital of First Transferor Company upon restructuring:			
Equity Shares	1,85,00,000	10	1,85,00,000

Particulars	No. of Shares	In Rupees	
		Face Value	Amount
Add: Authorised capital of Second Transferor Company upon restructuring:			
Equity Shares	95,00,000	10	9,50,00,000
Total Authorised capital upon sanction of this Scheme by the Tribunal:			
Equity Shares	**4,40,00,000**	**10**	**44,00,00,000**
			44,00,00,000
Paid up share capital before the Scheme:			
Fully paid up equity shares	88,84,254	10	8,88,42,540
Add: Forfeited shares (Amount originally paid up)	1,03,276	10	7,06,350
Less: Share capital held by the First Transferor Company	(45,90,608)	10	(4,59,06,080)
Add: Shares allotted to the shareholders of First Transferor Company (as per clause 12 of the Scheme)	68,61,095	10	6,86,10,950
Add: Shares allotted to the shareholders of Second Transferor Company (as per clause 12 of the Scheme)	148	10	1,480
Total paid up equity share capital upon sanction of this Scheme by the Tribunal:	**1,11,54,889**	**10**	**11,22,55,240**

13.6 The reduction, as specified in this clause, in the share capital and securities premium account of the Transferee Company shall be effected as an integral part of the Scheme in accordance with the provisions of Section 66 of the Companies Act, 2013 and the order of the Tribunal sanctioning the Scheme shall be deemed to be also the order under Section 66 of the Companies Act, 2013 for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital.

13.7 In case of any differences in accounting policy between the Transferor Companies and Transferee Company, the accounting policies followed by Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against Profit and Loss Account, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

13.8 Notwithstanding the above, the Transferee Company in consultation with its auditors, is authorized to account for any of this balances in any manner, whatsoever if considered appropriate.

14. Dissolution of the Transferor Companies

Upon sanction of this Scheme by the Tribunal, the Transferor Companies (i.e. NHSPL and NPRPL) shall, without any further act or deed, stand dissolved without going through the process of winding up.

PART - C
GENERAL TERMS AND CONDITIONS

15. Impact of the Scheme on creditors

This Scheme of Amalgamation and Arrangement, if approved by the appropriate authorities and the Court, shall not have any adverse impact on the creditors whether secured or unsecured, of Transferee Company and / or Transferor Companies.

16. Dividends

16.1 Nothing contained in this Scheme shall be construed as restricting or restraining any of the Companies from being entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders, whether during the pendency of the Scheme or otherwise.

16.2 Till the Record Date, the holders of the equity shares of respective Companies, and the holder of the CCCPS of the Transferor Company, shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights, including under the Articles of Association of the respective Companies including the right to receive dividends.

16.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of any Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of the respective Companies and subject to the approval of the shareholders of the respective Companies.

17. Filing of applications / petitions with the Court

The Transferee Company and Transferor Companies shall, with all reasonable diligence, make and file all necessary applications, affidavits, petitions etc., before the Hon'ble High Court/NCLT/any other competent authority having jurisdiction over the Scheme, as the case may be, for obtaining the sanction to this Scheme of Amalgamation and Arrangement under Sections 230 to 232 read with Section 66 the Act and each of them shall apply for all necessary approvals as may be required under law.

18. Modification of Scheme

18.1 The Transferee Company and the Transferor Companies by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the Court or any appropriate authority(ies) under law may deem fit to approve or impose and which, the Transferee and Transferor Companies may in their discretion accept or such modifications or amendments or additions as the Transferee and Transferor Companies or as the case may be, their respective Delegate may deem fit, or require for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Transferee and Transferor Companies by their respective Boards or Delegate are hereby authorized to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme

into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the Court or any authorities, which Transferee and Transferor Companies find unacceptable for any reason, then Transferee and Transferor Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of Transferee and Transferor Companies may be exercised by their respective Delegates.

18.2 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Delegates (acting jointly) of Transferee and Transferor Companies may give such directions as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors of the respective Companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

19. Scheme Conditional Upon

19.1 This Scheme is conditional upon and subject to:

a) In-principle approval / Observation Letter from the Stock Exchanges being obtained.

b) The Scheme being approved by a shareholders resolution of the Transferee Company passed by way of postal ballot and E-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

c) It being agreed to by the respective requisite majorities of members of Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.

d) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.

e) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and

19.2 In the event of notification of provisions pertaining to the compromise and arrangements under the Companies Act, 2013, during the pendency of the Scheme at any stage, the Scheme shall be governed and administered in accordance with the notification issued by the Central Government in that regard and the relevant applicable provisions of the Companies Act, 2013. It is clarified that consequent upon notification of Section 434 of the Companies Act, 2013 by the Central Government, proceedings pending in respect of the Scheme before the High Court shall, if applicable, be transferred and continued without there being any requirement or necessity of approving the Scheme or filing of applications/petitions afresh by the respective Board of the Transferor Companies and the Transferee Company.

19.3 In the event of this Scheme failing to take effect before 31.03.2018 (Thirty First Day of March Two Thousand and Eighteen), or such later date as may be agreed by the respective Board of Directors of

the Transferee and Transferor Companies, this Scheme shall stand revoked, cancelled and be of no effect and become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the Companies or their shareholders or creditors or employees or any other person. In such case, all the Companies shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be mutually agreed.

20. Effect of non-receipt of approvals

In the event of any of the said sanctions and approvals referred to in clause 19 above, not being obtained (unless otherwise decided by the Board of Directors) and / or the Scheme not being sanctioned by the Court or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

21. Severability

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall subject to the decision of Transferee and Transferor Companies, not affect the validity or implementation of the other parts and / or provisions of this Scheme.

22. Costs, charges, etc.

All costs, charges, levies and expenses (including stamp duty) in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid by the Transferee Company.

SCHEDULE I

Details of the Immovable Properties pertaining to the First Transferor Company whose ownership rights are being transferred to, and vested in the Transferee Company pursuant to this Scheme, are as mentioned below:

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1. Acres 2-00 in Survey No. 490/1 of Bonthapally village, Jinnaram mandal, Medak district, Telangana.

SCHEDULE II

Details of the Immovable Properties pertaining to the Second Transferor Company whose ownership rights are being transferred to, and vested in the Transferee Company pursuant to this Scheme, are as mentioned below:

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1. Acres 2-23 guntas comprised in Survey No. 488/Ru and Survey No. 489/A, of Bonthapally village, Jinnaram mandal, Medak district, Telangana along with a building with Ground + 2 floors having a total built-up area of 36,409.06 square feet constructed on the above mentioned land.

Deloitte Haskins & Sells

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STRICTLY PRIVATE AND CONFIDENTIAL

Ref: DHS/G-200/461

4 November 2016

To,	To,	To,
The Board of Directors, Neuland Laboratories Limited	**The Board of Directors, Neuland Health Sciences Private Limited**	**The Board of Directors, Neuland Pharma Research Private Limited**
Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.	Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.	Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.

Sub: Recommendation of the fair equity share exchange ratio for the purpose of the proposed merger of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited into Neuland Laboratories Limited.

Dear Sir / Madam,

We refer to the engagement letter with Deloitte Haskins & Sells (hereinafter referred to as "DHS" or the "Valuer"), wherein Neuland Laboratories Limited ("NLL"), Neuland Pharma Research Private Limited ("NPRPL") and Neuland Health Sciences Private Limited ("NHSPL") (hereinafter collectively referred to as the "Companies") have requested us to recommend a Fair Equity Share Exchange Ratio for the Proposed Merger (defined hereinafter) and the discussions that we have had with and information that we have received from the managements of the Companies ("Management / Managements") from time to time in the above matter.

SCOPE AND PURPOSE OF THIS REPORT

We have been informed as under:

NLL is a manufacturer of active pharmaceutical ingredients (APIs) and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services. It also provides manufacturing services to NHSPL and NPRPL. The equity shares of NLL are listed on BSE Limited and The National Stock Exchange of India Limited.

NHSPL is a holding company of NPRPL and NLL, and is engaged in the business of conducting research and development on synthesis of peptides and peptide building blocks and marketing of peptides.

NPRPL is a contract research and marketing services company providing custom manufacturing solutions relating to APIs to the pharmaceutical companies.

In order to consolidate their operations, the Managements of the Companies are considering the merger of NHSPL and NPRPL into NLL, on a going concern basis with effect from the proposed Appointed Date of 1 April 2016 (opening of business hours), pursuant to a Scheme of Amalgamation and Arrangement under the provisions of Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 and / or the Companies Act, 2013 and rules issued thereunder to the extent applicable (the "Scheme") (the "Proposed Merger"). In consideration thereof, equity shares of NLL will be issued to shareholders of NHSPL and NPRPL, other than towards equity shares held by NHSPL in NPRPL which will be cancelled upon the Scheme becomes effective. Further, as regards the equity shares held by NHSPL in NLL, such equity shares shall also stand cancelled once the Scheme becomes effective.

In this connection, DHS has been requested by the Companies to submit a report recommending fair equity share exchange ratio in the event of the Proposed Merger, i.e., the number of equity shares of NLL to be issued for the equity shares of NHSPL and NPRPL (the "Fair Equity Share Exchange Ratio") for the consideration of the Board of Directors (the "Boards") of the respective

Companies. This report will be placed before the Boards and the Audit Committee of NLL, as per the SEBI Circular CIR/CFD/DIL/5/2013 dated 4 February 2013, as amended by CIR/CFD/DIL/8/2013 dated 21 May 2013, and to the extent mandatorily required under applicable laws of India, maybe produced before the judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger.

The scope of our services is to conduct a relative valuation of equity shares of NHSPL and NPRPL respectively in terms of the relative value of equity shares of NLL for recommending Fair Equity Share Exchange Ratio for the Proposed Merger in accordance with generally accepted professional standards.

We have considered financial information upto 30 June 2016 (the "Valuation Date") in our analysis and made adjustments for facts made known (past or future) to us till the date of our report which will have a bearing on the financial position as at the Valuation Date. The Managements have informed us that they do not expect any events which are unusual or not in normal course of business upto the effective date of the Proposed Merger, other than the events specifically mentioned in this report. We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger.

This report is our deliverable in respect of our recommendation of Fair Equity Share Exchange Ratio for the Proposed Merger.

This report and the information contained herein is absolutely confidential. It is intended only for the sole use and information of the Companies and only in connection with the Proposed Merger including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Merger. We understand that the Companies may be required to submit this report to judicial, regulatory or government authorities, stock exchanges, shareholders in connection with the Proposed Merger under applicable laws. We hereby consent to such disclosure of this report, on the basis that we owe responsibility to only the Boards of Directors of the Companies that have engaged us, under the terms of our engagement, and no other person; and that, to the fullest extent permitted

by law, we accept no responsibility or liability to the shareholders of the Companies or any other party, in connection with this report. It is understood that this analysis does not represent a fairness opinion. The results of our computation and our report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / businesses of the Companies or their holding company / subsidiaries / associates / investee companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is hereby notified that reproduction, copying or otherwise quoting of this report or any part thereof, other than for the aforementioned purpose, is not permitted.

This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with this exercise, we have received the following information from the respective Companies:

- Salient features of the Proposed Merger.
- Audited financial statements of the Companies for 3 years ended 31 March 2016.
- Unaudited financial statements of the Companies for 3 months ended 30 June 2016.
- Projected balance sheets and profit and loss accounts of the Companies for 9 months and 3 years starting 1 July 2016 and ending 31 March 2020.
- Discussion with the Managements of the Companies in connection with the operations of the respective Companies, past and present activities, future plans and prospects, details of the key products, subsidiaries, value of surplus assets including valuation reports, quarterly results, transfer pricing studies, share capital, shareholding pattern and details of ESOP conversion.

- Other relevant information and documents for the purpose of this engagement.

We have also obtained the explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise from the Managements of the Companies. The Companies have been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) for this engagement to make sure that factual inaccuracies are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This report, its contents and the results herein (i) are specific to the purpose of valuation agreed as per the terms of our engagement; (ii) are specific to the date of this report and (iii) are primarily based on the balance sheets as at 30 June 2016 of the Companies. A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of 3 November 2016. Events occurring after this date may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The recommendation(s) rendered in this report only represent our recommendation(s) based upon information furnished by the Companies and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice, (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this report.

In the course of the valuation, we were provided with both written and verbal information, including financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independently verifying, (i) the accuracy of the information that was publicly available and formed a substantial basis for this report and (ii) the accuracy of information made available to us by the Companies. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. In accordance with our engagement letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical and projected financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the historical financials / financial statements and projections. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by/on behalf of the Companies. The respective Managements of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the Companies.

Our report is not nor should it be construed as our opining or certifying the compliance with the provisions of any law / standards including company, securities market, foreign exchange regulatory, accounting and taxation (including transfer pricing) laws / standards or as regards any legal, accounting or taxation implications or issues. No investigation / enquiry of the Companies' claim to title of assets has been made for the purpose of this report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts provided to us. Therefore, no responsibility is assumed for matters of a legal nature.

This report is not nor should it be construed as our recommending the Proposed Merger. This report does not look into the business / commercial reasons behind the Proposed Merger nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the Companies regarding whether or not to proceed with the Proposed Merger shall rest solely with the Companies.

We must emphasize that realizations of free cash flow forecast used in the analysis of the Companies will be dependent on the continuing validity of assumptions on which they are based. The assumptions used in their preparation, as we have been explained, are based on the respective Management's present expectation of both - the most likely set of future business events and circumstances and the respective Management's course of action related to them. Our analysis,

therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material.

The fees for the engagement is not contingent upon the results reported.

This valuation report is subject to the laws of India.

Neither the valuation report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the Proposed Merger, without our prior written consent. In addition, this report does not in any manner address the prices at which the securities of the Companies could or should transact following the announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders / creditors of Companies should vote at any shareholders' / creditors' meeting(s) to be held in connection with the Proposed Merger.

SHARE CAPITAL DETAILS OF THE COMPANIES

Neuland Laboratories Limited

As at 30 June 2016, the issued equity share capital of NLL was c. INR 90.77 million consisting of 9,076,799 equity shares of INR 10/- each, the subscribed equity capital was INR 89.87 million consisting of 8,986,530 equity shares of INR 10/- each. The paid up equity share capital of NLL as at 30 June 2016 was INR 89.54 million consisting of 8,883,254 equity shares of INR 10/- each fully paid up and INR 0.71 million consisting of 103,276 equity shares which have been forfeited by the company. Further, in October 2016, NLL has allotted 1,000 fully paid up equity shares pursuant to exercise of stock options granted under Employee Stock Option Scheme, 2008. Hence, as of date of this Report, the paid up and outstanding number of equity shares of NLL are 8,884,254 of INR 10/- each fully paid up. NHSPL holds c. 51.68% of the paid up and outstanding equity shares and balance is held by public shareholders. We have been represented by the management of

NLL that NLL does not plan to re-issue the said forfeited equity shares, hence we have considered the paid up and outstanding equity share capital consisting of 8,884,254 equity shares for the purpose of the valuation analysis.

Neuland Health Sciences Private Limited

The issued, subscribed and paid up equity share capital of NHSPL as at 30 June 2016 was c. INR 124.30 million consisting of 1,242,952 equity shares of face value of INR 100/- each fully paid up (the "Existing Share Capital"). Dr. D. R. Rao holds c. 46.04% of the aforesaid equity share capital, c. 32.89% of the same is held by Evolvence India Life Science Fund LLC ("EILSF") and balance shares are held by individual shareholders. Further, the Scheme, inter alia, envisages sub division of equity shares of NHSPL from face value of one equity share of INR 100/- each into face value of INR 10/- each comprising 10 equity shares. Hence, upon the Scheme becoming effective, the revised issued, subscribed and paid up equity share capital of NHSPL will be INR 124.30 million consisting of 12,429,520 equity shares of face value of INR 10/- each fully paid up (the "Restructured Share Capital") (the "Proposed Restructuring").

As required by the Companies, we have considered the Existing Share Capital as well as the Restructured Share Capital of NHSPL for the purpose of the valuation analysis.

Neuland Pharma Research Private Limited

The issued, subscribed and paid up equity share capital of NPRPL as at 30 June 2016 was c. INR 50 million comprising of c. INR 5 million equity share capital consisting 500,000 equity shares of face value of INR 10/- each fully paid up and c. INR 45 million 0.001% compulsorily convertible cumulative preference shares ("CCCPS") capital consisting of 4,499,965 CCCPS of face value of INR 10/- each fully paid up. NHSPL holds c. 99.99% of the aforesaid equity share capital and balance is held by EILSF. Further, EILSF holds entire CCCPS capital. The Scheme, inter alia, envisages conversion of the entire CCCPS capital into 1 equity share of NPRPL. Hence, we have considered the equity share capital consisting of 500,001 equity shares for the purpose of the valuation analysis.

APPROACH - BASIS OF AMALGAMATION

The Scheme contemplates the Proposed Merger under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956 and / or the Companies Act, 2013 and rules issued thereunder to the extent applicable.

Arriving at the Fair Equity Share Exchange Ratio for the purposes of a merger such as the Proposed Merger would require determining the relative values of each company involved and of their shares. These values are to be determined independently but on a relative basis, and without considering the effect of the merger.

There are several commonly used and accepted methods for determining the value of shares / businesses, which have been considered in the present case, to arrive at the Fair Equity Share Exchange Ratio for the purpose of the Proposed Merger to the extent relevant and applicable, including:

1. Net Asset Value method
2. Comparable Companies' Multiples method / Earnings Capitalisation Value method
3. Value based on market quotes as available from recognised stock exchanges
4. Discounted Cash Flows method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the companies / businesses, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The Net Asset Value ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy or invest in the business as a going concern. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. A Scheme of Amalgamation and Arrangement would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. The operating assets have therefore been considered at their book value. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance.

We have computed the Net Asset Value of equity shares of the Companies. We have considered the balance sheets as at the Valuation Date and made suitable adjustments for, inter-alia, surplus assets as deemed appropriate for the purpose of our valuation analysis. In the present case, keeping in mind that our evaluation is on a going concern basis and having regard to the diverse nature of the businesses of the Companies, we have not considered it appropriate to apply this method in the present case for arriving at the value of the Companies. We have considered the value of surplus assets / investments under the CCM and DCF methods as discussed hereinafter.

Comparable Companies' Multiple / Earnings Capitalisation Value Method ("CCM Method")

Under this method, value of the equity shares of a company is arrived at by using multiples / capitalization rates derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples / capitalization rates need to be chosen carefully and adjusted for differences between the circumstances.

We have performed a search for suitable comparable companies for the Companies to derive an appropriate capitalization rate / multiple and have considered the appropriate operating profitability / income based valuation multiples of comparable listed companies for the purpose of our valuation analysis. To arrive at the total value available to the equity shareholders of NLL and NPRPL, the value of the businesses of NLL and NPRPL arrived at above under the CCM method has been suitably adjusted, inter alia, for debt, cash, value of investments and value of surplus assets as deemed appropriate, for the purpose of our valuation analysis. The total value for equity shareholders is then divided by the total number of equity shares of NLL and NPRPL respectively, in order to work out the value per equity share of NLL and NPRPL. NHSPL has been incurring losses and is expected to gradually become profitable going forward based on increased level of operations. In the circumstances, to arrive at the value of NHSPL based on its projected working results, we have considered it appropriate to apply the DCF method, rather than the CCM method.

Value based on market quotes as available from recognised stock exchanges:

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the

share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of NLL are listed but those of NPRPL and NHSPL are not listed. In such a case, where we are valuing the Companies on a relative basis, we have deemed it appropriate to keep the market price of NLL in the background.

Discounted Cash Flows (DCF) Method

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), on a market participant basis, weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To arrive at the total value available to the equity shareholders of the Companies, the value of the businesses of Companies arrived under DCF method has been suitably adjusted, inter alia, for debt, cash, value of investments and value of surplus assets as deemed appropriate, for the purpose of our valuation analysis.

The total value for equity shareholders is then divided by the total number of equity shares of the respective Companies in order to work out the value per equity share of the Companies.

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The fair basis of the Proposed Merger would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values can be arrived at under each of the above methodologies, for the purposes of recommending a Fair Equity Share Exchange Ratio it is necessary to arrive at a single value for the shares of the companies involved in a merger such as the Proposed Merger. It is however important to note that in doing so, we are not attempting to arrive at the absolute values of the shares of the companies but at their relative values to facilitate the determination of a Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology. For arriving at the value of the equity shares of the Companies, for the purpose of arriving at the Fair Equity Share Exchange Ratio for the Proposed Merger, we have given weights to the values arrived at under different methodologies, based on our evaluation and judgement of the businesses of the Companies, in order to arrive at the relative values of the equity shares of the Companies.

In the ultimate analysis, valuation will have to be arrived at by the exercise of judicious discretion by the valuer and judgments taking into account all the relevant factors. There will always be several factors, e.g. quality of the management, present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognised in judicial decisions.

The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative valuation of the equity shares of NLL, NPRPL and NHSPL based on the various methodologies explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses

of the Companies, having regard to information base, key underlying assumptions and limitations.

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Merger:

- without giving effect of the Proposed Restructuring: 552 (Five Hundred and Fifty Two Only) equity shares of NLL of INR 10/- each fully paid up for every 100 (One Hundred Only) equity shares of NHSPL of INR 100/- each fully paid up based on the Existing Share Capital of NHSPL of INR 124.30 million consisting of 1,242,952 equity shares of face value of INR 100/- each fully paid up;
- after giving effect of the Proposed Restructuring: 552 (Five Hundred and Fifty Two Only) equity shares of NLL of INR 10/- each fully paid up for every 1,000 (One Thousand Only) equity shares of NHSPL of INR 10/- each fully paid up based on the Restructured Share Capital of NHSPL of INR 124.30 million consisting of 12,429,520 equity shares of face value of INR 10/- each fully paid up;

- 410 (Four Hundred and Ten Only) equity shares of NLL of INR 10/- each fully paid up for every 100 (One Hundred Only) equity shares of NPRPL of INR 10/- each fully paid up.

Yours faithfully,

For **Deloitte Haskins & Sells,**
Chartered Accountants
Firm Registration No. 117365W

G. K. Subramaniam
Partner
[Membership No.: 109839]

Date: 04.11.2016

To,
The Board of Directors,
Neuland Laboratories Limited
Sanali Infopark, A Block,
Ground Floor, 8-2-120/113,
Road No.2, Banjara Hills,
Hyderabad – 500 034

Dear Sirs/Madams,

Subject: Fairness Opinion Report on the Share Allotment Ratio of the Merging Entities (Neuland Laboratories Limited, Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited) in the Proposed Scheme of Amalgamation and Arrangement

We, SBI Capital Markets Limited ("SBICAP"), understand that Neuland Laboratories Limited ("NLL" or the "Company") is contemplating an amalgamation of Neuland Health Sciences Private Limited ("NHSPL") (the holding company of NLL) and Neuland Pharma Research Private Limited ("NPRPL") (the wholly owned subsidiary of NHSPL) with NLL under Sections 391 - 394 read with Section 100 - 103 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 ("Proposed Scheme of Amalgamation and Arrangement") and has initiated a valuation exercise by appointing Deloitte Haskins & Sells ("Valuer" or "Deloitte") to determine the Share Allotment Ratio. In this regard, the Company seeks Fairness Opinion Report from SBICAP on the Share Allotment Ratio recommended by the Valuer as per the requirements of the Securities and Exchange Board of India Circular No. CIR/CFD/CMD/2015 dated November 30, 2015.

Sources of information:-

I. The draft Proposed Scheme of Amalgamation and Arrangement
II. The valuation report based upon which the Valuer has arrived at the Share Allotment Ratio
III. The financial information relating to NLL, NHSPL and NPRPL for the year ended March 31, 2016 included in the annual reports provided by the Management
IV. The provisional financial statement as on June 30, 2016 for NLL, NHSPL and NPRPL.
V. The current shareholding of NLL, NHSPL and NPRPL
VI. Relevant Management representations received from NLL

SBICAP has not undertaken the valuation of NLL, NHSPL and NPRPL. The valuation exercise for the Proposed Scheme of Amalgamation and Arrangement has been done by Deloitte. We have examined the Valuation Report dated November 4, 2016 submitted by Deloitte to the Company. We have not independently checked or verified the assumptions made by Deloitte. We have reviewed the historical financial and business information of the Company and certain comparable companies

For NEULAND LABORATORIES LIMITED
Company Secretary
M.No: 27854

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and their valuation multiples, and other relevant information from publicly available sources, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions.

In addition to the above, we have had discussions with the Company officials on the past and current business operations of the businesses concerned.

Further, we have had discussions with Deloitte on such matters which we believe are necessary or appropriate for the purpose of issuing the Fairness Opinion Report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out an independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed. This being so, no representation or warranty, express or implied, is or will be made, and no responsibility or liability is or will be accepted by SBICAP and its affiliates, its directors, employees, agents or representatives, or in relation to, the accuracy or adequacy of information, contained in the Fairness Opinion Report or any other written or oral information made available to any party or their advisors. We do not accept any liability to any third party in relation to the issuance of this Fairness Opinion Report.

We have not conducted any evaluation of the solvency or fair value of the Company, under any laws relating to bankruptcy, insolvency or similar matters. In addition we have not assumed any obligation to conduct any physical inspection of the properties or facilities of NLL or NHSPL or NPRPL. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or publicly available; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of NLL or NHSPL or NPRPL.

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Our Fairness Opinion Report does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the business of NLL or NHSPL or NPRPL.

We express no view as to, and our Fairness Opinion Report does not address, the underlying business decision of any company to effect the Proposed Scheme of Amalgamation and Arrangement or the merits of the Proposed Scheme of Amalgamation and Arrangement nor does it constitute any kind of recommendation to any shareholder or creditor of NLL or NHSPL or NPRPL as regards to the Proposed Scheme of Amalgamation and Arrangement or any matter related thereto. In addition, this Fairness Opinion Report does not address the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of NLL or NHSPL or NPRPL. We are not expressing any suggestion or opinion herein as to the price at which the shares of NLL will trade following the announcement of consummation of the Proposed Scheme of Amalgamation and Arrangement.

Our Fairness Opinion Report is not and does not purport to be an appraisal or otherwise reflective of the prices at which any business or securities actually could be ideally bought or sold by any party and is not indicative of actual value or actual future results that might be achieved, which value may be higher or lower than those indicated, and any investment decision shall not be based solely on this Fairness Opinion Report and the buyer shall carry out their own due diligence.

Our Fairness Opinion Report is not necessarily based on economic, market and other conditions as in effect on the date of issuing this Fairness Opinion Report, and the information made available to us as of, the date hereof. It should be understood that in case of any subsequent developments we do not have any obligation to update, revise, or reaffirm this Fairness Opinion Report.

To the extent that the conclusions are based on projections, SBICAP expresses no opinion on the achievability of those forecasts.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of the company that may be the subject matter of this transaction for our own account or for the account of our customers and accordingly, may at any time hold long or short position in such securities.

This Fairness Opinion Report is provided solely for the benefit of the Board of Directors of NLL and shall not confer rights or remedies upon, any shareholder of NLL or any other person other than the members of the Board of Directors of NLL or be used for any other purpose.

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NATCO PHARMA LABORATORIES LTD. HYD.

This Fairness Opinion Report is only a free and fair opinion and does not constitute a commitment by SBICAP to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

Disputes, if any, regarding this Fairness Opinion Report will be governed by and construed in accordance with the laws of India and the Courts in Mumbai, India shall have exclusive jurisdiction in this regard.

On the basis of and subject to the foregoing, to the best of our knowledge and belief, it is our view that, as of the date hereof, the Share Allotment Ratio in relation to the Proposed Scheme of Amalgamation and Arrangement is fair, from a financial point of view.

Thanking you,

Yours faithfully,
For SBI Capital Markets Limited

SBI CAPITAL MARKETS MUMBAI

Name: Ramnish Kochgave
Designation: Vice President

NEULAND LABORATORIES LTD. HYD.

SBI Capital Markets Limited

Disclaimer

This fairness opinion certificate ("Certificate" or "This certificate" or "this certificate") contains proprietary and confidential information regarding Neuland Laboratories Limited, Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited ("Merging Entities"). This certificate is issued for the exclusive use and benefit of the Company as per the Engagement letter dated October 19, 2016. This certificate has been issued by SBI Capital Markets Limited ("SBICAP"), on the basis of the information available in the public domain and sources believed to be reliable and the information provided by the Merging Entities, Valuer and for the purpose to facilitate the Company to comply with, if applicable, The SEBI Listing Obligations and Disclosure Regulations 2015 as amended, ("Listing Regulations") and it shall not be valid for any other purpose or as at any other date. This Certificate is issued by SBICAP in the capacity of an independent merchant banker, on the valuation of assets/shares of the Merging Entities done by Deloitte.

This certificate is issued by SBICAP without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities mentioned therein. Nothing in these materials is intended by SBICAP to be construed as legal, accounting, technical or tax advice. Past performance is not a guide for future performance. Forward-looking statements are not predictions and may be subject to change without notice. Actual results may differ materially from these forward-looking statements due to various factors. This certificate has not been or may not be approved by any statutory or regulatory authority in India or by any Stock Exchange in India. This certificate may not be all inclusive and may not contain all of the information that the recipient may consider material.

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SBICAP has not carried out any due – diligence independently in verifying the accuracy or veracity of data provided by the Company and/or Valuer and SBICAP assumes no liability for the accuracy, authenticity, completeness or fairness of the data provided by the Company and/or Valuer. SBICAP has also assumed that the business continues normally without any disruptions.

Neither SBICAP nor State Bank of India or any of its associates, nor any of their respective Directors, officers, employees, agents or advisors or affiliate of any such person or such persons make any expressed or implied representation or warranty and no responsibility or liability is accepted by any of them and is expressly disclaimed with respect to the accuracy, completeness, authenticity or reasonableness of the facts, opinions, estimates, forecasts, projections or other information set forth in this certificate, or the underlying assumptions on which they are based and nothing contained herein is or shall be relied upon as a promise or representation regarding the historic or current position or performance of the Company or any future events or performance of the Company.

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NEULAND LABORATORIES LTD.

This certificate may be divided into chapters & sub-sections only for the purpose of reading convenience. Any partial reading of this certificate may lead to inferences, which may be at divergence with the conclusions and opinions based on the entirety of this certificate.

The opinion of SBICAP ("Opinion") under this Certificate is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the proposed business transaction or any matter related therein. The opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed business transaction with the provisions of any law including company law, taxation and capital market related laws or as regards any legal implications or issues arising thereon. SBICAP assumes no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. SBICAP does not express any opinion as to the price at which shares of the NLL may trade at any time, including subsequent to the date of this opinion. In rendering the Opinion, SBICAP has assumed, that the proposed business transaction will be implemented on the terms described in the Merger Agreement, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the business transfer, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders.

In the past, SBICAP may have provided, and may currently or in the future provide, investment Banking services to the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders, for which services SBICAP has received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of SBICAP may actively trade securities of the entities under the proposed business transaction and / or its holding or subsidiaries or affiliates and their respective shareholders for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. SBICAP engagement and the opinion expressed herein are for the benefit of the Board of Directors of the entities under the proposed business transaction and for no other purposes. Neither SBICAP, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

This certificate is furnished on a strictly confidential basis and is for the sole use of the person to whom it is addressed. Neither this certificate, nor the information contained herein, may be reproduced or passed to any person or used for any purpose other than stated above, without the prior written approval from SBICAP. By accepting a copy of this certificate, the recipient accepts the terms of this Notice, which forms an integral part of this certificate.

NEULAND
WHERE OPPORTUNITY BECOMES REALITY

Neuland Laboratories Limited
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Telangana, India
Tel: 040 30211600 / 23551081
Fax: 040 30211602
Email: neuland@neulandlabs.com
www.neulandlabs.com

December 21, 2016

To
The Manager, Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza, C-1, Block G, Bandra Kurla
Complex, Bandra (E) Mumbai - 400 051

To
The Manager, Listing Department,
BSE Limited, P. J. Towers, Dalal
Street,
Fort, Mumbai - 400001

Dear Sir/Madam,

Sub: Filing of Complaints Report pursuant to clause 6 of Para I (A) of Annexure - I to the SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015.

Ref: Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors submitted on November 11, 2016 (hereinafter referred to as the "Scheme")

We refer to the above Scheme and herewith submit the Complaints Report pursuant to Clause 6 of Para I (A) of Annexure - I to the SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November, 2015.

The Complaints Report is being uploaded on the website of the Company at www.neulandlabs.com.

Kindly take the Complaints Report on record and oblige. Should you require any further clarification, information or documents in this regard, we shall be happy to provide the same.

We request you to kindly grant your approval to the Proposed Scheme and issue the Observation Letter / No Objection Letter at your earliest convenience.

Thanking you,
Yours Faithfully,

FOR NEULAND LABORATORIES LIMITED

SARADA BHAMIDIPATI
COMPANY SECRETARY

NEULAND LABORATORIES LTD. HYD.

NEULANI
WHERE OPPORTUNITY BECOMES REA

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Complaints Report

Annexure III

Details of Complaints, if any, received from 29th day of November, 2016 to 19th day of December, 2016, in relation to the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

Part A

Sr. No	Particulars	Number
1	Number of complaints received directly	Nil
2	Number of complaints forwarded by Stock exchanges	Nil
3	Total Number of complaints/comments received (1+2)	Nil
4	Number of complaints resolved	Nil
5	Number of complaints pending	Nil

Part B

Sr. No	Name of the complainant	Date of complaint	Status (Resolved/Pending)
	NIL		

For Neuland Laboratories Limited

Sarada Bhamidipati
Company Secretary

NEULAND LABORATORIES LTD. HYD.

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50 Stock of the nation

Ref: NSE/LIST/101407

January 20, 2017

The Company Secretary
Neuland Laboratories Limited
Sanali Info Park, 'A' Block
Ground floor, 8-2-120/113,
Road No. 2, Banjara Hills
Hyderabad - 500034

Kind Attn.: Ms. Sarada Bhamidipati

Dear Madam,

Sub: Observation letter for draft Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited and Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited and their respective Shareholders and Creditors

We are in receipt of the draft Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited and Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited and their respective Shareholders and Creditors, filed by Neuland Laboratories Limited vide letter dated November 04, 2016.

Based on our letter reference no Ref: NSE/LIST/98670 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015, SEBI has vide letter dated January 20, 2017, has given following comments:

a. *The Company shall duly comply with various provisions of the Circular.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from January 20, 2017, within which the scheme shall be submitted to the Hon"ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon"ble High Court, you shall submit to NSE the following:

a. Copy of Scheme as approved by the High Court;
b. Result of voting by shareholders for approving the Scheme;
c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
d. Status of compliance with the Observation Letter/s of the stock exchanges
e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
f. Complaints Report as per Annexure III of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,
For National Stock Exchange of India Ltd.

Divya Poojari
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

BSE
EXPERIENCE THE NEW

DCS/AMAL/SD/R37/685 /2016-17

January 20, 2017

The Company Secretary
NEULAND LABORATORIES LTD.
Sanali Info Park, A Block, Ground Floor,
8-2-120/113, Road No. 2, Banjara Hills,
Hyderabad, Telangana- 500034

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement involving Amalgamation of Neuland Health Sciences Private Ltd and Neuland Pharma Research Private Ltd with Neuland Laboratories Ltd.

We are in receipt of Draft Scheme Arrangement involving Amalgamation of Neuland Health Sciences Private Ltd and Neuland Pharma Research Private Ltd with the Company and their respective shareholders and creditors filed as required under SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015; SEBI vide its letter dated January 20, 2017, has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall duly comply with various provisions of the Circulars."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- Copy of the High Court approved Scheme;
- Result of voting by shareholders for approving the Scheme;
- Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- Status of compliance with the Observation Letter/s of the stock exchanges;
- The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- Complaints Report as per Annexure II of this Circular.
- Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

SD

Nitin Pujari
Manager

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NEULAND LABORATORIES LIMITED BEARING CIN: L85195TG1984PLC004393, AT ITS MEETING HELD ON 14TH DAY OF APRIL, 2017, AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO. 2, BANJARA HILLS, HYDERABAD - 500034, TELANGANA, INDIA.

Members Present:

Dr D R Rao	-	Chairman & Managing Director
D Sucheth Rao	-	Vice-Chairman & CEO
D Saharsh Rao	-	Joint Managing Director
Mr. P.V.Maiya	-	Director
Mr. Humayun Dhanrajgir	-	Director
Mrs. Bharati Rao	-	Director
Dr Christopher Cimarusti	-	Director
Dr Will Mitchell	-	Director
Dr Nirmala Murthy	-	Director

In Attendance:

Mrs. Sarada Bhamidipati - Company Secretary & Compliance Officer

BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (**"Scheme"**), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company)on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.

2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of Sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).

3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio.

4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rational, the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants and the Fairness Opinion Certificate dated 04.11.2016, issued by SBI capital Markets Limited, Merchant Banker, on the Share Exchange Ratio recommended by the valuer, Deloitte Haskins & Sells, Chartered Accountants, opining that the Share Exchange Ratio is fair.

5. The Share Exchange Ratio as recommended by the Valuer is as follows:

- Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;

(b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.

  (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.
2. Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.
3. The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).
4. As far as the Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), the amalgamation of the Transferor Companies with the Transferee Company will result in dilution of holding of Promoter Group in the Transferee Company by approximately 10.40% and in turn an increase in the public holding of the Transferee Company to that extent. This will in turn increase the trading stock of the shares of the Transferee Company. The amalgamation will result in the promoter group of the Transferee Company directly holding shares in the Transferee Company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with the Transferee Company. Pursuant to the Scheme, all the shareholders of the First Transferor Company will get shares of the Transferee Company and there will be no change in economic interest of any of the shareholders of the Transferee Company pre and post scheme.
5. The Scheme would not have any effect on Key Managerial Personnel of the Company.

For **Neuland Laboratories Limited**

Sd/-

Place: Hyderabad
Date: 14.04.2017

Dr. D.R. Rao
Chairman & Managing Director
DIN: 00107737

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NEULAND HEALTH SCIENCES PRIVATE LIMITED BEARING CIN: U73100TG1993PTC015554, AT ITS MEETING HELD ON 14TH DAY OF APRIL, 2017, AT 12 NOON AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO. 2, BANJARA HILLS, HYDERABAD - 500034, TELANGANA, INDIA.

Members Present:

Dr D R Rao	- Chairman
Mr. D Sucheth Rao	- Director
Mr. D Saharsh Rao	- Director
Mr. Viswanath Chibrolu	- Director

BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (**"Scheme"**), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.

2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).

3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity shareholders, promoters and non-promoter shareholders laying out in particular the share exchange ratio.

4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rationale and the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants.

5. The Share Exchange Ratio as recommended by the Valuer is as follows:

- Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

(a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;

(b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.

  (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.

2. Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.

3. The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).

4. As far as the Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), all of them will be issued and allotted equity shares in the share capital of the Transferee Company in accordance with the aforementioned share exchange ratio and the equity shares held by them in the Company will stand cancelled.

5. The Company does not have any Key Managerial Personnel.

On behalf of **Neuland Health Sciences Private Limited**

Sd/-
Dr.D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date: 14.04.2017

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF NEULAND PHARMA RESEARCH PRIVATE LIMITED BEARING CIN: U73100TG2012PTC080474, AT ITS MEETING HELD ON 14TH DAY OF APRIL, 2017, AT 11.30 A.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO. 2, BANJARA HILLS, HYDERABAD - 500034, TELANGANA, INDIA.

Members Present:

Dr D R Rao	- Chairman
Mr. D Sucheth Rao	- Director
Mr. D Saharsh Rao	- Director
Mr. T.P.Devarajan	- Director

BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (**"Scheme"**), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.

2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).

3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity shareholders, promoters and non-promoter shareholders laying out in particular the share exchange ratio.

4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rational and the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants.

5. The Share Exchange Ratio as recommended by the Valuer is as follows:

- Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

(a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;

(b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

  (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.

  (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.

2. As far as the other Shareholder of the Company is concerned (Non-Promoter Shareholder), it will be issued and allotted equity shares in the share capital of the Transferee Company in accordance with the aforementioned share exchange ratio and the equity shares held by it in the share capital of the Company will stand cancelled.

3. The Company does not have any Key Managerial Personnel.

On behalf of **Neuland Pharma Research Private Limited**

Sd/-

Dr.D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date: 14.04.2017

Neuland Laboratories Limited
Supplementary Unaudited Accounting Statement
Balance Sheet as at 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 December 2016	As at 31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	1	**895.49**	895.39
Reserves and surplus	2	**19,916.72**	17,521.81
		20,812.21	18,417.20
Non-current liabilities			
Long-term borrowings	3	**4,395.19**	4,540.00
Deferred tax liabilities (net)	4	**1,418.19**	1,422.82
Other long-term liabilities	5	**253.00**	253.00
Long-term provisions	6	**748.52**	684.92
		6,814.90	6,900.74
Current liabilities			
Short-term borrowings	7	**13,102.24**	12,362.90
Trade payables			
- Dues to micro and small enterprises		**30.25**	43.78
- Dues to creditors other than micro and small enterprises		**7,738.78**	8,288.50
Other current liabilities	8	**6,063.03**	5,774.29
Short-term provisions	9	**147.78**	546.72
		27,082.08	27,016.19
Total		**54,709.19**	52,334.13
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	**14,366.24**	13,827.12
Intangible assets	11	**124.29**	50.23
Capital work-in-progress		**4,891.11**	4,047.74
Non-current investments	12	**754.58**	754.58
Long-term loans and advances	13	**1,935.57**	2,320.67
		22,071.79	21,000.34
Current assets			
Inventories	14	**11,641.05**	12,666.29
Trade receivables	15	**14,888.45**	11,910.83
Cash and bank balances	16	**1,029.64**	904.02
Short-term loans and advances	13	**4,010.77**	4,959.00
Other current assets	17	**1,067.49**	893.65
		32,637.40	31,333.79
Total		**54,709.19**	52,334.13

Notes 1 to 43 form an integral part of these financial statements.

On behalf of **Neuland Laboratories Limited**

Sd/-
Dr. D.R.Rao
Chairman & Managing Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Laboratories Limited
Supplementary Unaudited Accounting Statement
Statement of Profit and Loss for the nine months ended 31 December 2016

(All amounts in ₹ lakhs except earnings per share)

	Notes	Nine months ended 31 December 2016	Year ended 31 March 2016
Revenue			
Revenue from operations (gross)	18	**43,804.73**	51,748.79
Less : Excise duty		**625.88**	751.78
Revenue from operations (net)		**43,178.85**	50,997.01
Other income	19	**67.82**	161.91
Total revenue		**43,246.67**	51,158.92
Expenses			
Cost of raw-materials consumed	20	**20,345.60**	25,956.67
Changes in inventories of finished goods and work-in-progress	21	**813.18**	(611.18)
Employee benefits expense	22	**4,849.82**	5,989.23
Finance costs	23	**1,611.73**	2,446.60
Depreciation and amortisation charge	10 and 11	**1,372.34**	1,574.26
Manufacturing expenses	24	**4,484.67**	5,284.20
Other expenses	25	**6,182.04**	6,391.12
Total expenses		**39,659.38**	47,030.90
Profit before tax		**3,587.29**	4,128.02
Tax expense			
Current tax		**1,310.89**	1,554.86
Deferred tax expense/(benefit)		**(122.89)**	(162.69)
Current and deferred taxes of earlier years		**8.04**	94.37
Profit for the period / year		**2,391.25**	2,641.48

On behalf of **Neuland Laboratories Limited**

Sd/-
Dr. D.R.Rao
Chairman & Managing Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Laboratories Limited
Supplementary Unaudited Accounting Statement
Cash Flow Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

		Nine months ended 31 December 2016	Year ended 31 March 2016
Cash flows from operating activities			
Profit before tax		**3,587.29**	4,128.02
Adjustments :			
Depreciation and amortisation charge		**1,372.34**	1,574.26
Provision for employee benefits		**63.81**	77.12
Provision for doubtful debts and advances, net		**(24.59)**	146.48
Interest income		**(66.84)**	(74.95)
Interest expenses		**1,132.04**	1,574.59
(Gain)/Loss on sale of asset		**12.35**	(6.42)
Unrealised foreign exchange loss, net		**105.87**	81.99
Operating profit before working capital changes		**6,182.27**	7,513.31
Decrease / (increase) in inventories		**1,025.24**	(1,325.89)
Decrease/(increase) in trade receivables		**(3,043.10)**	722.78
Increase in long-term loans and advances		**18.47**	(329.55)
Increase in short-term loans and advances		**948.23**	(72.36)
Decrease/(increase) in other current assets		**(114.34)**	904.19
(Decrease)/increase in trade payables		**(579.05)**	(2,800.68)
Increase/(decrease) in other current liabilities		**689.89**	1,017.18
Increase in Corporate Social Responsibility expenditure payable		**(25.82)**	28.60
Decrease in long-term liabilities		**-**	(20.00)
Cash generated from operating activities		**5,101.79**	5,637.58
Income taxes paid		**(982.73)**	(1,172.82)
Net cash generated from operating activities	**A**	**4,119.06**	4,464.76
Cash flows from investing activities			
Purchase of tangible assets		**(3,469.19)**	(1,928.34)
Purchase of intangible assets		**(112.07)**	(2.80)
Proceeds from sales of tangible assets		**0.80**	53.80
Interest received		**7.34**	29.51
Increase in other bank balances		**(150.23)**	(137.86)
Net cash used in investing activities	**B**	**(3,723.35)**	(1,985.69)
Cash flows from financing activities			
Proceeds from issue of share capital		**3.76**	-
Proceeds from long-term borrowings		**1,279.40**	2,532.80
Repayment of long-term borrowings		**(1,081.34)**	(888.91)
Proceeds from / (repayment of) short-term borrowings, net		**739.34**	(2,216.91)
Interest paid		**(1,148.10)**	(1,629.01)
Dividends paid (including tax on distributed profits)		**(213.38)**	(159.54)
Net cash from / (used in) financing activities	**C**	**(420.32)**	(2,361.57)
Net increase in cash and cash equivalents (A+B+C)		**(24.61)**	117.50
Cash and cash equivalents as at the beginning of the period / year		**149.05**	31.55
Cash and cash equivalents as at the end of the period / year		**124.44**	149.05
Note 1:			
Cash and bank balances (refer note 16)		**1,029.64**	904.02
Less: Other bank balances		**905.20**	754.97
Total Cash and cash equivalents		**124.44**	149.05

On behalf of **Neuland Laboratories Limited**

Sd/-
Dr. D.R.Rao
Chairman & Managing Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs except for share data or as otherwise stated)

1. **Share capital**

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Authorized share capital				
Equity shares of 10 each	**10,000,000**	**1,000.00**	10,000,000	1,000.00
Cummulative redeemable preference shares of 100 each	**300,000**	**300.00**	300,000	300.00
Cumulative or Non-cumulative and redeemable or otherwise preference shares of 100 each	**300,000**	**300.00**	300,000	300.00
Issued share capital				
Equity shares of 10 each	**9,077,799**	**907.78**	9,076,799	907.68
Subscribed share capital				
Equity shares of 10 each	**8,987,530**	**898.75**	8,986,530	898.65
Paid-up share capital				
Equity shares of 10 each	**8,884,254**	**888.43**	8,883,254	888.33
Add: Forfeited equity shares of 10 each	**103,276**	**7.06**	103,276	7.06
	8,987,530	**895.49**	8,986,530	895.39

(a) Reconciliation of shares

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Equity shares of 10 each				
Balance at the beginning of the year	**8,883,254**	**888.33**	7,655,678	765.57
Add: Issued during the year (refer note (e) below)	**-**	**-**	1,225,276	122.53
Add: Shares issued under the employee stock option plan ("ESOP")	**1,000**	**0.10**	2,300	0.23
Balance at the end of the year	**8,884,254**	**888.43**	8,883,254	888.33

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to prior consent from banks and the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(c) Shareholders holding more than five percent shares in the Company

	As at 31 December 2016		As at 31 March 2016	
	Number	**%**	Number	%
Equity shares of 10 each				
Neuland Health Sciences Private Limited. (NHSPL)	**4,590,608**	**51.67%**	4,590,608	51.68%

(d) Details of shares held by holding company and its subsidiaries

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Equity shares of 10 each				
NHSPL	**4,590,608**	**459.06**	4,590,608	459.06

(e) Employee stock option scheme ("ESOP")

(i) Pursuant to the resolution passed by the Board of directors on 20 July 2007 and members of the Company at the Annual General Meeting held on 20 July 2007, the Company had introduced Employee Stock Option Scheme ("the scheme") for permanent employees and directors of the Company and of its subsidiaries, as may be decided by the Compensation Committee/Board. The scheme provides that the total number of options granted thereunder will be not more than 3% of the paid up capital. Each option, on exercise, is convertible into one equity share of the Company having face value of 10. Pursuant to a resolution passed by the Remuneration and Compensation Committee on 17 November 2008, 34,500 options have been granted at an exercise price of 104 per equity share, which is the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.

(ii) Changes in number of shares representing stock options outstanding as at the year ended on 31 December 2016 were as follows:

	Scheme
Outstanding options as at 1 April 2016	**2,500**
Exercised	**1,000**
Lapsed	**1,500**
Outstanding options as at 31 December 2016	**-**

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

2.	**Reserves and surplus**	**As at 31 December 2016**	As at 31 March 2016
	Capital reserve	**3.32**	3.32
	Securities premium reserve		
	Balance at the beginning of the period / year	**6,632.68**	6,632.68
	Add: Additions during the period / year	3.66	-
	Balance at the end of the period / year	**6,636.34**	6,632.68
	General reserve		
	Balance at the beginning and end of the period / year	**2,789.66**	2,789.66
	Revaluation reserve		
	Balance at the beginning of the period / year	**83.89**	76.87
	Add: Additions during the period / year	-	7.02
	Balance at the end of the period / year	**83.89**	83.89
	Surplus in the Statement of Profit and Loss		
	Balance at the beginning of the period / year	**8,012.26**	5,584.62
	Add: Profit for the period / year	**2,391.25**	2,641.48
	Balance at the end of the period / year	**10,403.51**	8,012.26
		19,916.72	17,521.81

3.	**Long-term borrowings**	**As at 31 December 2016**	As at 31 March 2016
	Secured		
	Term loans		
	From banks	**2,432.50**	2,075.00
	From other parties	**2,066.27**	2,452.25
	Vehicle loans from banks	**339.16**	112.62
		4,837.93	4,639.87
	Unsecured		
	Loans and advances from related parties	**1,200.00**	1,200.00
		6,037.93	5,839.87
	Less: Current maturities of long-term borrowings (note 8)	**1,642.74**	1,299.87
		4,395.19	4,540.00

Neuland Laboratories Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

4.	**Deferred tax liabilities, net**	**As at 31 December 2016**	As at 31 March 2016
	Deferred tax liability:		
	- Fixed assets	**1,924.08**	1,935.96
	Deferred tax asset:		
	- Employee benefits	**(391.09)**	(399.44)
	- Trade receivables	**(114.80)**	(113.70)
	Deferred tax liabilities, net	**1,418.19**	1,422.82

5.	**Other long-term liabilities**	**As at 31 December 2016**	As at 31 March 2016
	Security deposits	**233.00**	233.00
	Others	**20.00**	20.00
		253.00	53.00

6.	**Long-term provisions**	**As at 31 December 2016**	As at 31 March 2016
	Provision for gratuity, funded	**651.05**	593.15
	Provision for leave encashment, unfunded	**97.47**	91.77
		748.52	684.92

7.	**Short-term borrowings**	**As at 31 December 2016**	As at 31 March 2016
	Loans repayable on demand		
	Secured		
	From banks	13,102.24	12,362.90
		13,102.24	**12,362.90**

8.	**Other current liabilities**	**As at 31 December 2016**	As at 31 March 2016
	Current maturities of long-term borrowings	**1,642.74**	1,299.87
	Interest accrued but not due	**11.53**	27.59
	Advance from customers	**1,444.64**	2,176.82
	Due to related parties	**1,810.77**	264.03
	Employee related liabilities	**127.05**	192.56
	Statutory liabilities	**303.67**	305.51
	Unclaimed dividends	**8.67**	8.21
	Capital creditors	**230.59**	933.19
	Expenses payable	**483.37**	566.51
		6,063.03	5,774.29

9.	**Short-term provisions**	**As at 31 December 2016**	As at 31 March 2016
	Provision for gratuity, funded	**55.96**	53.03
	Provision for leave encashment, unfunded	**73.82**	76.54
	Provision for income tax, net	**17.06**	202.37
	Provision for wealth tax	**0.94**	0.94
		147.78	546.72

Neuland Laboratories Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in lakhs unless otherwise stated)

10. **Tangible assets**

	Freehold land	Buildings	Plant and equipment	Lab equipment	Furniture	Vehicles	Computers	Total
Gross block								
Balance as at 1 April 2016	**275.06**	**6,934.62**	**18,791.48**	**2,021.16**	**112.18**	**373.88**	**404.80**	**28,913.18**
Additions	-	111.11	1,431.14	-	1.63	326.38	16.34	1,886.60
Disposals	-	-	65.09	-	-	9.93	72.71	147.73
Balance as at 31 December 2016	**275.06**	**7,045.73**	**20,157.53**	**2,021.16**	**113.81**	**690.33**	**348.43**	**30,652.05**
Accumulated depreciation								
Up to 1 April 2016	**-**	**1,892.48**	**11,477.84**	**1,266.34**	**58.29**	**137.35**	**253.76**	**15,086.06**
Depreciation charge	-	164.91	953.32	104.19	7.06	60.59	44.26	1,334.33
Reversal on disposal	-	-	60.97	-	-	4.51	69.10	134.58
Up to 31 December 2016	**-**	**2,057.39**	**12,370.19**	**1,370.53**	**65.35**	**193.43**	**228.92**	**16,285.81**
Net block								
Balance as at 1 April 2016	275.06	5,042.14	7,313.64	754.82	53.89	236.53	151.04	13,827.12
Balance as at 31 December 2016	**275.06**	**4,988.34**	**7,787.34**	**650.63**	**48.46**	**496.90**	**119.51**	**14,366.24**

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

11. **Intangible assets**

	Computer software	Total
Gross block		
Balance as at 1 April 2016	**264.35**	**264.35**
Additions	112.07	112.07
Balance as at 31 December 2016	**376.42**	**376.42**
Accumulated amortisation		
Up to 1 April 2016	**214.12**	**214.12**
Amortization charge	38.01	38.01
Up to 31 December 2016	**252.13**	**252.13**
Net block		
Balance as at 1 April 2016	50.23	50.23
Balance as at 31 December 2016	**124.29**	**124.29**

12. **Non-current investments**

	As at 31 December 2016	As at 31 March 2016
Investments in equity instruments, Trade, Unquoted		
Investments in subsidaries		
300,000 (31 March 2016: 300,000) representing 100% (31 March 2016: 100%) fully paid-up, equity shares of Japan Yen 10 each in Neuland Laboratories K.K., Japan	**15.37**	15.37
1,000 (31 March 2016: 1,000) representing 100% (31 March 2016: 100%) fully paid-up, equity shares of US$ 1 each in Neuland Laboratories Inc., USA	**0.45**	0.45
35,000 fully paid-up shares of 10 each and 872,193 equity shares of 10 each, 1 paid-up (31 March 2016: 35,000 fully paid-up shares of 10 each and 872,193 equity shares of 10 each, 1 paid-up) representing 24% (31 March 2016: 24%) in CATO Research Neuland India Private Limited	**-**	-
Total investments in equity instruments, Trade (A)	**15.82**	15.82
Investment in Government Securities, Non-Trade (B)	**1.61**	1.61
Investments in equity instruments, Others, Trade, Unquoted		
2,200 (31 March 2016: 2,200) fully paid-up, shares of 100 each in Jeedimetla Effluent Treatment Limited.	**2.20**	2.20
209,136 (31 March 2016: 209,136) fully paid-up, shares of 10 each in Pantancheru Enviro-Tech Ltd.	**20.91**	20.91
402,000 (31 March 2016: 402,000) fully paid-up of 1 paid-up, shares of 10 each in Andhra Pradesh Gas Power Corporation Limited.	**704.04**	704.04
Total investments in equity instruments, Others (C)	**727.15**	727.15

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 December 2016	As at 31 March 2016
Other non-current investments, Others, Quoted		
SBI Mutual Fund		
100,000 (31 March 2016: 100,000) units of 10 each	**10.00**	10.00
Total investments in other non-current investments (D)	**10.00**	10.00
Total non-current investments (A+B+C+D)	**754.58**	754.58
Less: Provision for diminution in value of investments	**-**	-
	754.58	754.58
Quoted investments	**10.00**	10.00
Market value of quoted investments	**10.00**	10.00
Unquoted investments	**744.58**	744.58

13. **Loans and advances**

(Unsecured, considered good)

	As at 31 December 2016	As at 31 March 2016
Long-term		
Capital advances	**63.11**	26.49
Prepaid expenses	**39.93**	49.96
Security deposits	**286.23**	284.38
Loans and advances to related parties	**14.79**	14.79
MAT credit receivable	**720.98**	1,124.23
Balances with government authorities	**810.53**	820.82
	1,935.57	2,320.67
Short-term		
Loans and advances to related parties	**124.61**	835.17
Prepaid expenses	**312.45**	305.25
Balances with government authorities	**1,537.64**	2,264.88
Advances for purchases and expenses	**1,860.67**	1,507.36
Other advances	**175.40**	46.34
	4,010.77	4,959.00

14. **Inventories**

	As at 31 December 2016	As at 31 March 2016
Raw materials	**3,281.99**	3,578.41
Work-in-progress	**4,939.61**	5,254.44
Finished goods	**3,016.03**	3,514.38
Stores and consumables	**403.42**	319.06
	11,641.05	12,666.29

15. **Trade receivables**

	As at 31 December 2016	As at 31 March 2016
Due for a period exceeding six months:		
Unsecured, considered good	**38.72**	64.41
Unsecured, considered doubtful	**331.72**	329.03
	370.44	393.44

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

	As at 31 December 2016	As at 31 March 2016
Less: Provision for doubtful receivables	**331.72**	329.03
	38.72	64.41
Other debts:		
Unsecured, considered good	**14,849.73**	11,846.42
	14,888.45	11,910.83

16. **Cash and bank balances**

	As at 31 December 2016	As at 31 March 2016
Cash and cash equivalents		
Balances with banks in current accounts	**122.66**	147.07
Cash on hand	**1.78**	1.98
	124.44	149.05
Other bank balances		
Deposits with a maturity period of over 3 months but less than 12 months*	**896.53**	746.76
Unpaid dividend account	**8.67**	8.21
	905.20	754.97
	1,029.64	904.02

17. **Other current assets**
(Unsecured, considered good)

	As at 31 December 2016	As at 31 March 2016
Export benefits receivable	**789.45**	675.11
Interest accrued on bank deposits	**278.04**	218.54
	1,067.49	893.65

18. **Revenue from operations**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Sale of products	**42,494.70**	49,328.49
Other operating revenues		
Job work income	**-**	613.21
Export incentives	**892.85**	1,076.20
Corporate support fee	**168.69**	198.03
Rental income	**179.10**	242.40
Scrap sales	**69.39**	290.46
	1,310.03	2,420.30
Total revenue from operations	**43,804.73**	51,748.79

19. **Other income**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Interest income	**66.84**	74.95
Foreign exchange gain, net	**-**	46.01
Profit on sale of assets, net	**-**	6.42
Miscellaneous income	**0.98**	34.53
	67.82	161.91

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

20. **Cost of raw materials consumed***

	Nine months ended 31 December 2016	Year ended 31 March 2016
Opening stock	**3,578.41**	3,206.87
Add: Purchases during the year	**20,049.18**	26,328.21
Less: Closing stock	**3,281.99**	3,578.41
	20,345.60	25,956.67

*Disclosed based on derived figures, rather than actual records of issue.

21. **Changes in inventories of finished goods and work-in-progress**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Opening stock		
- Finished goods	**3,514.38**	3,134.57
- Work-in-progress	**5,254.44**	5,023.07
	8,768.82	8,157.64
Closing stock		
- Finished goods	**3,016.03**	3,514.38
- Work-in-progress	**4,939.61**	5,254.44
	7,955.64	8,768.82
	813.18	(611.18)

22. **Employee benefits expense**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Salaries and wages	**4,351.85**	5,426.11
Contribution to provident and other funds	**279.86**	340.08
Staff welfare expenses	**218.11**	223.04
	4,849.82	5,989.23

23. **Finance costs**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Interest expense	**1,132.04**	1,661.56
Other borrowing costs	**479.69**	872.01
Less: Interest expense capitalised	**-**	(86.97)
	1,611.73	2,446.60

Neuland Laboratories Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

24. **Manufacturing expenses**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Consumption of stores and spare parts	**1,368.61**	1,369.80
Power and fuel	**1,914.03**	2,224.29
Carriage inwards	**79.64**	118.26
Repairs and maintenance		
- Buildings	**125.01**	228.73
- Plant and equipment	**223.62**	239.81
- Others	**265.24**	479.72
Effluent treatment charges	**343.68**	385.33
Packing material	**160.43**	223.96
Testing charges	**4.41**	14.30
	4,484.67	5,284.20

25. **Other expenses**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Rent	**148.11**	731.41
CSR expenditure (note 43)	**18.00**	42.60
Rates and taxes	**98.02**	83.95
Travelling and conveyance	**485.43**	585.76
Legal and professional fees	**478.45**	573.33
Payment to auditors		-
- As auditor	**4.06**	32.00
- For reimbursement of expenses	**0.85**	0.57
Insurance	**119.04**	209.59
Advertisement	**3.13**	5.74
Sales promotion expenses including commission	**3,113.54**	2,039.90
Freight and forwarding charges	**417.53**	594.90
Provision for doubtful debts and advances, net	**(24.59)**	146.48
Foreign exchange loss, net	**135.40**	-
Loss on sale of assets, net	**12.35**	-
Sitting fees	**6.72**	12.60
Outsourced research and development expenses	**858.40**	871.44
Other expenses	**307.60**	436.85
	6,182.04	6,391.12

On behalf of **Neuland Laboratories Limited**

Sd/-
Dr. D.R.Rao
Chairman & Managing Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Health Sciences Private Limited
Supplementary Unaudited Accounting Statement
Balance Sheet as at 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 December 2016	As at 31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	1	**1,242.95**	1,242.95
Reserves and surplus	2	**2,637.51**	2,779.12
		3,880.46	4,022.07
Non-current liabilities			
Long-term provisions	3	**13.41**	11.82
Current liabilities			
Trade payables			
- Dues to micro and small enterprises		**-**	-
- Dues to creditors other than micro and small enterprises		**41.36**	16.44
Other current liabilities	4	**219.12**	83.41
		260.48	99.85
		4,154.35	4,133.74
Assets			
Non-current assets			
Fixed assets			
Tangible assets	5	**4.83**	4.88
Non-current investments	6	**3,043.23**	3,043.23
Long-term loans and advances	7	**922.17**	921.98
		3,970.23	3,970.09
Current assets			
Inventories	8	**0.94**	4.64
Trade receivables	9	**106.01**	32.38
Cash and bank balances	10	**17.49**	59.75
Short-term loans and advances	7	**59.68**	66.88
		184.12	163.65
		4,154.35	4,133.74

On behalf of **Neuland Health Sciences Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Health Sciences Private Limited
Supplementary Unaudited Accounting Statement
Statement of Profit and Loss for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	Nine months ended 31 December 2016	Year ended 31 March 2016
Revenue			
Revenue from operations (gross)	11	**164.02**	167.46
Less : Excise duty		**3.35**	-
Revenue from operations (net)		**160.67**	167.46
Other income	12	**91.81**	71.44
Total revenue		**252.48**	238.90
Expenses			
Employee benefits expense	13	**133.64**	141.32
Depreciation charge	5	**0.05**	0.16
Other expenses	14	**260.40**	241.81
Total expenses		**394.09**	383.29
Loss before tax		**(141.61)**	(144.39)
Tax expense			
Current tax		**-**	-
Loss for the period / year		**(141.61)**	(144.39)
Earnings per equity share [EPES]	18		
Basic and diluted EPES (in)		**(11.39)**	(11.62)
Nominal value per equity share		**10**	10
Weighted average number of equity shares considered in computation of Basic and Diluted EPES		**1,242,952**	1,242,952

Notes 1 to 25 form an integral part of these financial statements.

On behalf of **Neuland Health Sciences Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Health Sciences Private Limited
Supplementary Unaudited Accounting Statement
Cash Flow Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

		Nine months ended 31 December 2016	Year ended 31 March 2016
Cash flows from operating activities			
Loss before tax		**(141.61)**	(144.39)
Adjustments :			
Depreciation charge		**0.05**	0.16
Provision for employee benefits		**1.59**	2.90
Interest income		**-**	(0.23)
Dividend income		**(91.81)**	(68.86)
Operating loss before working capital changes		**(231.78)**	(210.42)
(Increase) / decrease in inventories		**3.70**	(0.61)
Increase in trade receivables		**(73.63)**	(4.68)
Increase in short-term loans and advances		**7.20**	(16.81)
Increase in long-term loans and advances		**(0.22)**	(1.55)
Increase / (decrease) in trade payables		**24.92**	(94.19)
Decrease in other current liabilities		**135.71**	(5.19)
Cash used in operating activities		**(134.10)**	(333.45)
Income taxes paid		**0.03**	(3.00)
Net cash used in operating activities	**A**	**(134.07)**	(336.45)
Cash flows from investing activities			
Decrease in capital advances		**-**	313.71
Dividends received		**91.81**	68.86
Interest received		**-**	0.23
Net cash from investing activities	**B**	**91.81**	382.80
Cash flows from financing activities	**C**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents (A+B+C)		**(42.26)**	46.35
Cash and cash equivalents as at the beginning of the period		**59.75**	13.40
Cash and cash equivalents as at the end of the period		**17.49**	59.75

On behalf of **Neuland Health Sciences Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Health Sciences Private Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs except share data)

3. **Share capital**

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Authorized share capital				
Equity shares of 100 each	**1,500,000**	**1,500.00**	1,500,000	1,500.00
0.001% Cumpulsorily covertible cumulative preference shares (CCCPS) of 100 each	**350,000**	**350.00**	350,000	350.00
Paid-up share capital				
Equity shares of 100 each	**1,242,952**	**1,242.95**	**1,242,952**	1,242.95
CCCPS of 100 each	**-**	**-**	-	-
	1,242,952	**1,242.95**	1,242,952	1,242.95

(a) Reconciliation of shares

Equity shares of 100 each

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Balance at the beginning of the period / year	**1,242,952**	**1,242.95**	1,242,952	1,242.95
Add: Equity shares issued	**-**	**-**	-	-
Balance at the end of the period / year	**1,242,952**	**1,242.95**	1,242,952	1,242.95

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.The dividend proposed by the Board of Directors,if any, is subject to the approval of the shareholders in the ensuing annual general meeting.

(c) Shareholders holding more than five percent shares in the Company

Equity shares of 100 each	As at 31 December 2016		As at 31 March 2016	
	Number	**%age**	Number	%age
Dr.D.R.Rao	**572,301**	**46.04%**	572,301	46.04%
Evolvence India Life Science Fund LLC("EILSF")	**408,835**	**32.89%**	408,835	32.89%
D Vijaya Rao	**111,091**	**8.94%**	111,091	8.94%

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during 5 years Immediately preceeding the Balance Sheet:

	Number of shares	Number of shares
	1 April 2011 to 31 December 2016	1 April 2011 to 31 March 2016
Aggregate number of equity shares alloted as fully paid up bonus shares	**91,361**	91,361
Aggregate number of equity shares alloted for consideration other than cash	**60,987**	60,987

Neuland Health Sciences Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

4. **Reserves and surplus**	**As at 31 December 2016**	As at 31 March 2016
Securities premium reserve		
Balance at the beginning and end of the period / year	**2,911.94**	2,911.94
Surplus in the statement of profit and loss		
Balance at the beginning of the period / year	**(132.82)**	11.57
Add: Loss for the period / year	**(141.61)**	(144.39)
Balance at the end of the period / year	**(274.43)**	(132.82)
	2,637.51	2,779.12

5. **Long-term provisions**

	As at 31 December 2016	As at 31 March 2016
Provision for employee benefits		
- gratuity, unfunded	**8.10**	6.82
- compensated absences	**5.31**	5.00
	13.41	11.82

6. **Other current liabilities**

	As at 31 December 2016	As at 31 March 2016
Advance from customers	**84.52**	-
Due to group companies	**124.61**	74.39
Dues to employees	**3.92**	2.53
Statutory liabilities	**5.07**	5.50
Others	**1.00**	0.99
	219.12	83.41

Trade payables

	As at 31 December 2016	As at 31 March 2016
Sundry creditors		
Dues to micro and small enterprises [Refer (a) below]	**-**	-
Dues to others	**41.36**	16.44
	41.36	16.44

The management has identified creditors covered by Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, disclosures in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in note XX to the financials statements and such disclsoures is based on information received and available with the Company.

Neuland Health Sciences Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs except share data)

7. **Tangible assets**

	Land	Furniture & fixtures	Total
Gross block			
Balance as at 1 April 2016	**3.30**	**2.01**	**5.31**
Additions	-	-	-
Balance as at 31 December 2016	**3.30**	**2.01**	**5.31**
Accumulated depreciation			
Up to 1 April 2016	**-**	**0.43**	**0.43**
Depreciation charge	-	0.05	**0.05**
Up to 31 December 2016	**-**	**0.48**	**0.48**
Net block			
Balance as at 31 December 2016	**3.30**	**1.53**	**4.83**
Balance as at 31 March 2016	3.30	1.58	4.88

8. **Non-current investments**

	As at 31 December 2016	As at 31 March 2016
Investments in equity instruments, Trade		
Investments in subsidaries, Quoted		
4,590,608 (31 March 2016: 4,590,608) representing 51.68% (31 March 2016: 51.68%) fully paid-up, equity shares of 10 each in Neuland Laboratories Limited	**2,993.23**	**2,993.23**
Investments in subsidaries, Unquoted		
499,955 (31 March 2016: 499,955) represemting 99.99% (31 March 2016: 99.99%) fully paid-up equity shares of 10 each in Neuland Pharma Research Private Limited.	**50.00**	**50.00**
Aggregate amount of investments, at cost	**3,043.23**	**3,043.23**
Quoted investment	**2,993.23**	**2,993.23**
Market value of quoted Investment	**36,529.76**	**32,297.22**
Unquoted investment	**50.00**	**50.00**

Neuland Health Sciences Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

9. **Loans and advances**

(Unsecured, considered good)

	As at 31 December 2016	As at 31 March 2016
Long-term		
Security deposits	**0.65**	1.73
Loans and advances to related parties*	**900.00**	900.00
Balances with government authorities	**6.42**	5.12
Advance tax, net	**15.10**	15.13
	922.17	921.98

* Represents inter-corporate deposit to Neuland Laboratories Limited ("NLL") (subsidiary) carrying an interest of 0.0001% per annum and the same is repayable at the end of five years from the date of disbursement on 11 December 2012. The deposit was extended for funding the working capital requirments of NLL.

Short-term		
Loans and advances to related parties	**-**	9.14
Prepaid expenses	**1.63**	4.57
Balances with government authorities	**46.71**	45.73
Advances for purchases and expenses	**6.43**	3.42
Other advances	**4.91**	4.02
	59.68	66.88

10. **Inventories**

	As at 31 December 2016	As at 31 March 2016
Chemicals and consumables	**0.94**	4.64
	0.94	4.64

11. **Trade receivables**

	As at 31 December 2016	As at 31 March 2016
Unsecured, considered good		
Due for a period exceeding six months	**-**	-
Others	**106.01**	32.38
	106.01	32.38

12. **Cash and bank balances**

	As at 31 December 2016	As at 31 March 2016
Cash and cash equivalents		
Balances with banks in current accounts	**17.24**	59.47
Cash on hand	**0.25**	0.28
	17.49	59.75

13. **Revenue from operations**

	Nine months ended 31 December 2016	Year ended 31 March 2016
I. Sale of goods	**89.42**	162.30
II. Sale of services		
Revenue from research services	**73.81**	2.66
III. Other operating revenues		
Export incentives	**0.79**	2.50
Total revenue from operations	**164.02**	167.46

Neuland Health Sciences Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs unless otherwise stated)

14. **Other income**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Interest income	**-**	0.23
Dividend income	**91.81**	68.86
Foreign exchange gain, net	**-**	2.26
Miscellaneous income	**-**	0.09
	91.81	71.44

15. **Employee benefit expense**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Salaries and wages	**122.45**	132.72
Contribution to provident and other funds	**6.54**	7.12
Staff welfare expenses	**4.65**	1.48
	133.64	141.32

16. **Other expenses**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Consumption of stores and spare parts	**82.24**	32.44
Power and fuel	**8.72**	10.32
Repairs and maintenance	**1.78**	3.84
Rent	**4.19**	5.06
Rates and taxes	**0.24**	7.31
Travelling and conveyance	**8.97**	5.49
Legal and professional fees	**75.04**	46.53
Payment to auditors		
- As auditor	**4.01**	6.50
- For reimbursement of expenses	**0.14**	0.03
Insurance	**1.01**	9.41
Sales promotion expenses including sales commission	**68.26**	107.24
Foreign exchange loss, net	**1.40**	-
Freight and forwarding charges	**0.75**	0.20
Other finance cost	**1.45**	5.39
Miscellaneous expense	**2.20**	2.05
	260.40	241.81

On behalf of **Neuland Health Sciences Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Pharma Research Private Limited
Supplementary Unaudited Accounting Statement
Balance Sheet as at 31 December 2016

(All amounts in ₹ lakhs of unless otherwise stated)

	Notes	As at 31 December 2016	As at 31 March 2016
Equity and liabilities			
Shareholders' funds			
Share capital	1	**500.00**	500.00
Reserves and surplus	2	**2,523.70**	1,621.09
		3,023.70	2,121.08
Non-current liabilities			
Deferred tax liability	3	**23.88**	23.59
Long-term provisions	4	**115.62**	114.63
		139.50	138.21
Current liabilities			
Trade payables			
- Dues to micro and small enterprises		**-**	-
- Dues to creditors other than micro and small enterprises		**143.33**	1,089.71
Other current liabilities	5	**1,032.33**	421.65
Short-term provisions	6	**2.81**	2.81
		1,178.47	1,514.17
	Total	**4,341.67**	3,773.46
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7	**981.62**	1,024.67
Capital work-in-progress		**43.59**	0.13
Long-term loans and advances	8	**1,121.87**	1,162.63
		2,147.08	2,187.43
Current assets			
Inventories	9	**52.40**	75.27
Trade receivables	10	**1,872.80**	827.52
Cash and cash equivalents	11	**40.95**	420.50
Short-term loans and advances	8	**160.47**	196.63
Other current assets	12	**67.97**	66.11
		2,194.59	1,586.03
	Total	**4,341.67**	3,773.46

On behalf of **Neuland Pharma Research Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Pharma Research Private Limited
Supplementary Unaudited Accounting Statement
Statement of Profit and Loss Account for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of unless otherwise stated)

	Notes	Nine months ended 31 December 2016	Year ended 31 March 2016
Revenue			
Revenue from operations (gross)	13	**4,384.29**	4,973.71
Less : Excise duty		**15.75**	8.05
Revenue from operations (net)		**4,368.54**	4,965.66
Other income		**0.07**	0.71
Total revenue		**4,368.61**	4,966.37
Expenses			
Sub-contracting expenses		**33.72**	953.57
Employee benefits expense	14	**1,040.31**	1,226.41
Finance costs	15	**2.69**	76.48
Depreciation and amortisation charge	7	**43.03**	36.67
Other expenses	16	**1,899.88**	2,150.43
Total expenses		**3,019.63**	4,443.56
Profit before tax		**1,348.98**	522.81
Tax expense			
Current tax / Minimum Alternate Tax (MAT)		**446.08**	106.27
MAT Credit Entitlement		**-**	(99.98)
Deferred tax expense		**0.29**	23.59
Profit for the period / year		**902.61**	492.93

On behalf of **Neuland Pharma Research Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Pharma Research Private Limited
Supplementary Unaudited Accounting Statement
Cash Flow Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of ? unless otherwise stated)

		Nine months ended 31 December 2016	Year ended 31 March 2016
Cash flows from operating activities			
Profit before tax		**1,348.98**	522.81
Adjustments :			
Depreciation and amortisation charge		**43.03**	36.67
Provision for employee benefits		**0.99**	15.32
Provision for doubtful debts and advances, net		**6.09**	12.55
Unrealised foreign exchange loss, net		**1.71**	18.27
Interest expense		**-**	65.55
Operating (loss) / profit before working capital changes		**1,400.80**	671.17
(Increase)/decrease in inventories		**22.87**	(7.49)
(Increase)/decrease in trade receivables		**(1,053.08)**	(607.05)
(Increase)/decrease in short-term loans and advances		**9.04**	4.73
(Increase)/decrease in other current assets		**(1.86)**	74.45
Increase in trade payables		**(946.38)**	604.02
Increase / (decrease) in other current liabilities		**609.70**	119.49
Cash generated from operating activities		**41.09**	859.32
Income taxes paid		**(377.16)**	(193.62)
Net cash generated from operating activities	A	**(336.07)**	665.70
Cash flows from investing activities			
Purchase of tangible assets		**(43.48)**	(184.03)
Net cash used in investing activities	B	**(43.48)**	(184.03)
Cash flows from financing activities			
Interest paid		**-**	(65.55)
Net cash used in financing activities	C	**-**	**(65.55)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(379.55)**	416.12
Cash and cash equivalents as at the beginning of the period / year		**420.50**	4.38
Cash and cash equivalents as at the end of the period / year		**40.95**	420.50

On behalf of **Neuland Pharma Research Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

Neuland Pharma Research Private Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of except share data)

1. **Share capital**

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Authorized share capital				
Equity shares of 10 each	**5,000,000**	**500.00**	5,000,000	500
0.001% compulsorily convertible cumulative preference shares ("CCCPS") of 10 each	**4,500,000**	**450.00**	4,500,000	450.00
Issued, subscribed and fully paid-up share capital				
Equity shares of 10 each	**500,000**	**50.00**	500,000	50.00
CCCPS of 10 each	**4,499,965**	**450.00**	4,499,965	450.00
	4,999,965	**500.00**	4,999,965	500.00

(a) Reconciliation of shares

Equity shares of 10 each

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Balance at the beginning and at the end of the year	**500,000**	**50.00**	500,000	50.00

CCCPS of 10 each

	As at 31 December 2016		As at 31 March 2016	
	Number	**Amount**	Number	Amount
Balance at the beginning and at the end of the year	**4,499,965**	**450.00**	4,499,965	450.00

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing annual general meeting.

(c) Terms and rights attached to CCCPS

The Company has only one class of CCCPS having a par value of 10 per share. CCCPS carry cumulative dividend at 0.001% per annum. Each holder of CCCPS is entitled to one vote for whole lot of such shares held by him only on resolutions placed before the Company which directly affects the rights attached to CCCPS. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors, is subject to the approval of the shareholders in the ensuing annual general meeting. Each holder of CCCPS can opt to convert its preference shares into equity after the end of 60 months but not beyond 120 months from the date of issue, viz., 7 December 2012. Further CCCPS will convert into a maximum of 4,499,965 equity shares of 10 each after the occurrence of certain specified events mentioned in the Restated Investment Agreement ("Agreement") dated 18 November 2012 between the NHSPL, the Company, Core Promoters and Evolvence India Life Sciences Fund, LLC ("EILSF") and in any other case into 1 equity share of 10 each.

Neuland Pharma Research Private Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of except share data)

(d) Shareholders holding more than five percent shares in the Company

	As at 31 December 2016		As at 31 March 2016	
	Number	**% age**	Number	% age
Equity shares of 10 each				
NHSPL	**499,965**	**99.99%**	499,965	99.99%
CCCPS of 10 each				
EILSF	**4,499,965**	**100.00%**	4,499,965	100.00%

(e) Details of equity shares held by holding company

	As at 31 December 2016	As at 31 March 2016
	Number	Number
Equity shares of 10 each		
NHSPL	**499,965**	499,965

2. **Reserves and surplus**

	As at 31 December 2016	As at 31 March 2016
Securities premium reserve		
Balance at the beginning and at the end of the period / year	**849.60**	849.60
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the period / year	**771.49**	278.56
Add: Profit /(loss) for the period / year	**902.61**	492.93
Balance at the end of the period / year	**1,674.10**	771.49
	2,523.70	1,621.09

3. **Deferred Taxation**

	As at 31 December 2016	As at 31 March 2016
Deferred tax liabilities		
-On fixed assets	**68.38**	62.27
Deferred tax assets		
-Employee benefits and others	**(44.50)**	(38.69)
Deferred tax liability, net	**23.88**	23.59

Neuland Pharma Research Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of unless otherwise stated)

4. **Long-term provisions**

	As at31 December 2016	As at31 March 2016
Provision for employee benefits		
- gratuity, unfunded	**70.13**	66.11
- compensated absences	**45.49**	48.52
	115.62	114.63

5. **Other current liabilities**

	As at31 December 2016	As at31 March 2016
Advance from customers	**756.67**	355.54
Due to employees	**18.14**	23.39
Statutory liabilities	**257.52**	42.72
	1,032.33	421.65

6. **Short-term provisions**

	As at31 December 2016	As at31 March 2016
Provision for employee benefits- gratuity, unfunded	2.81	2.81
	2.81	2.81

Neuland Pharma Research Private Limited

Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of unless otherwise stated)

7. **Tangible assets**

	Land	Buildings	Plant and equipment	Furniture and fixtures	Computers	Total
Gross block						
Balance as at 1 April 2016	**87.23**	**702.13**	**286.71**	**4.89**	**40.84**	**1,121.80**
Additions	-	-	-	-	-	-
Balance as at 31 December 2016	**87.23**	**702.13**	**286.71**	**4.89**	**40.84**	**1,121.80**
Accumulated depreciation						
Up to 1 April 2016	**-**	**72.68**	**14.17**	**-**	**10.27**	**97.13**
Depreciation charge	-	16.59	18.48	0.24	7.74	43.05
Up to 31 December 2016	**-**	**89.27**	**32.65**	**0.24**	**18.01**	**140.1**
Net block						
Balance as at 31 December 2016	**87.23**	**612.86**	**254.06**	**4.65**	**22.83**	**981.62**
Balance as at 31 March 2016	87.23	629.45	272.54	4.89	30.57	1,024.67

Note:

Land and buildings owned by the Company are subject to first charge against the loans taken by Neuland Laboratories Limited, a fellow subsidiary of the Company.

8. **Loans and advances**
(Unsecured, considered good)

	As at 31 December 2016	As at 31 March 2016
Long-term		
Security deposit	**234.04**	233.00
Loans and advances to related parties*	**300.00**	300.00
Balances with government authorities	**181.50**	154.38
Advance tax, net	**406.33**	375.27
	1,121.87	1,162.63

* Represents inter-corporate deposit to Neuland Laboratories Limited ("NLL") (fellow subsidiary) carrying an interest of 0.0001% per annum and the same is repayable at the end of five years from the date of disbursement on 11 December 2012.

Short-term		
Balances with government authorities	**112.95**	91.53
Advances for purchases and others	**47.52**	30.71
	160.47	196.63

Neuland Pharma Research Private Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of unless otherwise stated)

9. **Inventories**

	As at 31 December 2016	As at 31 March 2016
Chemicals and consumables	**49.64**	72.72
Raw materials	**2.76**	2.55
	52.40	75.27

10. **Trade receivables**

	As at 31 December 2016	As at 31 March 2016
Due for a period exceeding six months		
Unsecured, considered good	-	18.07
Unsecured, considered doubtful	18.64	12.55
	18.64	30.62
Less: Provision for doubtful receivables	18.64	12.55
	-	18.07
Other debts		
Unsecured, considered good	**1,872.80**	809.45
	1,872.80	827.52

11. **Cash and cash equivalents**

	As at 31 December 2016	As at 31 March 2016
Balances with banks		
- on current accounts	**39.97**	418.94
Cash on hand	**0.98**	1.56
	40.95	420.50

12. **Other current assets**
(Unsecured, considered good)

	As at 31 December 2016	As at 31 March 2016
Exports benefits receivable	**67.97**	66.11

13. **Revenue from operations**

	Nine months ended 31 December 2016	Year ended 31 March 2016
I. Sale of services		
Revenue from research services	**1,496.12**	1,278.95
Revenue from business support services	**2,540.24**	1,255.44
II. Sale of products	**184.73**	2,191.49
III. Other operating revenues		
Sale of impurities	**161.34**	243.10
Export entitlements	**1.86**	4.73
	4,384.29	4,973.71

14. **Employee benefit expense**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Salaries and wages	**957.79**	1,121.32
Contribution to provident and other funds	**61.52**	81.44
Staff welfare expenses	**21.00**	23.65
	1,040.31	1,226.41

Neuland Pharma Research Private Limited
Notes forming part of the Supplementary Unaudited Accounting Statement for the nine months ended 31 December 2016

(All amounts in ₹ lakhs of except share data)

15. **Finance costs**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Bank charges	**2.69**	10.93
Interest expense - others	**-**	65.55
	2.69	76.48

16. **Other expenses**

	Nine months ended 31 December 2016	Year ended 31 March 2016
Consumption of stores and consumables	**442.02**	423.44
Power and fuel	**43.58**	51.62
Repairs - others	**114.17**	73.14
Effluent treatment charges	**5.59**	11.66
Testing and Packaging charges	**0.38**	1.52
Rent	**179.77**	238.02
Rates and taxes	**4.10**	24.13
Insurance	**3.79**	15.55
Subscriptions	**24.87**	20.07
Travelling and conveyance	**179.65**	245.82
Legal and professional fees	**230.40**	238.83
Payment to auditors		
- As auditor	**3.11**	5.50
- For reimbursement of expenses	**0.01**	0.04
Sales promotion expenses	**636.43**	716.27
Provision for doubtful debts	**6.09**	12.55
Freight and forwarding charges	**6.75**	24.31
Foreign exchange loss, net	**1.71**	18.27
Miscellaneous expenses	**17.46**	29.67
	1,899.88	2,150.43

On behalf of **Neuland Pharma Research Private Limited**

Sd/-
Dr. D.R.Rao
Director
DIN: 00107737

Place: Hyderabad
Date : 14th April 2017

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NEULAND LABORATORIES LIMITED

(CIN: L85195TG1984PLC004393)
Registered Office: Sanali Info park, 'A' Block, Ground floor, 8-2-120/113, Road No.2, Banjara Hills, Hyderabad-34.
ir@neulandlabs.com, www.neulandlabs.com, Tel: +91-40-30211600.

POSTAL BALLOT FORM

Serial No..

1. Name and Registered Address of the Sole/First named Member :

2. Name(s) of the joint member(s), if any :

3. Registered Folio No./DP ID No./ Client id No.* :
(* Applicable for Members holding shares in Dematerialized from)

4. Number of shares held :

I / We hereby exercise my/our vote in respect of the Ordinary resolution to be passed through postal ballot for the business stated in the Notice of the Company by sending my/our assent or dissent or abstain to the said resolution by placing the tick (✓) mark at the appropriate box below:

Item No.	Business	No. of Shares	Please place the tick (✓) at the appropriate place		
			Assent	Dissent	Abstain
1.	Ordinary Resolution: Approval of the "Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and Their Respective Shareholders and Creditors"				

Place :

Date :

(Signature of shareholder)

The e-voting facility is available at the link https://evoting.karvy.com. The electronic voting particulars are set out as follows:

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ELECTRONIC VOTING PARTICULARS

EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN

Commencement of e-voting	End of E-voting
April 30, 2017 at 09.00 Hours IST	May 29, 2017 at 05.00 Hours IST

Please follow steps for e-voting procedure as given in the Notice by logging on to - https://evoting.karvy.com

INSTRUCTIONS

1. Members may fill up the ballot form printed overleaf and submit the same in a sealed envelope to the Registrar and Transfer Agent (RTA) at Karvy Computershare Private Limited (Unit: Neuland Lab), Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, so as to reach by 05.00 p.m (IST) on May 29, 2017. Ballot form received thereafter will strictly be treated as if not received.

2. The right of voting by ballot form shall not be exercised by a proxy.

3. The Company will not be responsible if the envelope containing the Ballot form is lost in transit.

4. Assent must be accorded by placing a (✓) mark in the column I/We assent to the Resolution (FOR)' or dissent must be accorded by placing a (✓) mark in the column I/We dissent to the Resolution(AGAINST)'. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.

5. In the event member casts his votes through both the processes i.e. e-voting and ballot form, the votes in the electronic system would be considered and the ballot form would be ignored.

6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic / demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Karvy Computershare Private Limited). Members are requested to keep the same updated.

7. There will be only one ballot form for every Folio/DP ID Client ID irrespective of the number of joint holders. In case of joint holders, the ballot form should be signed by the first named member and in his/her absence by the next named member. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such ballot form from other joint holders.

8. Where the ballot form has been signed by an authorized representative of the body corporate/trust/society, etc. a certified copy of the relevant authorization/board resolution to vote should accompany the ballot form.

9. Instructions for e-voting procedure are available in the Postal Ballot Notice and are also placed on the website of the Company, www.neulandlabs.com and https://evoting.karvy.com. For further details members are requested to refer the same.

10. In case of any query, you may refer Help & FAQ section of https://evoting.karvy.com (Karvy Website) or call Karvy on 040 6716 1606 & Toll Free No.1800 3454 001.

11. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date April 21, 2017.

12. The e-voting period commences on April 30, 2017 (09.00 a.m. IST) and ends on May 29, 2017 (05.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on April 21, 2017, may cast their vote electronically.

13. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.

Shareholders who wish to use e-voting should follow the steps for e-voting procedures given in the Notice by logging on to – https://evoting.karvy.com