**DRAFT RED HERRING PROSPECTUS**
Dated: September 04, 2017
Read section 32 of the Companies Act, 2013
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
**Book Built Offer**

# DECCAN HEALTH CARE LIMITED

Our Company was originally incorporated as Deccan Health Care Limited at Hyderabad, Andhra Pradesh as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 01-24351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Subsequently, our Company was converted into a private limited company and the name of our Company was changed to Deccan Health Care Private Limited vide a Fresh Certificate of Incorporation dated June 12, 2009, issued by the Assistant Registrar of Companies, Andhra Pradesh. Further, our Company was converted into a public limited company pursuant to special resolution passed by the members in Extraordinary General Meeting held on August 12, 2017 and the name of our Company was changed to Deccan Health Care Limited vide a Fresh Certificate of Incorporation dated August 31, 2017, issued by the Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana. The Corporate Identification number of our Company is U72200TG1996PLC024351. For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled 'General Information' and 'Our History and Certain Other Corporate Matters' beginning on page 81 and 197 respectively of this Draft Red Herring Prospectus.

**Registered Office**: 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India
**Tel. No**: +91 040 40144508; **Fax No**.: NA; **E-mail**: investors@deccanhealthcare.co.in; **Website**: www.deccanhealthcare.co.in
**Contact Person**: Narahari Bellamkonda, Company Secretary and Compliance Officer

**PROMOTERS OF OUR COMPANY: MINTO PURSHOTAM GUPTA AND HITESH PATEL**

## THE OFFER

**PUBLIC OFFER OF UPTO 50,00,000 EQUITY SHARES OF FACE VALUE OF 10/- EACH ("EQUITY SHARES") OF DECCAN HEALTH CARE LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS [●] LAKHS ("OFFER") COMPRISING A FRESH ISSUE OF UPTO 36,00,000 EQUITY SHARES AGGREGATING UP TO RS. [●] LAKHS BY THE COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 14,00,000 EQUITY SHARES BY HITESH PATEL (REFERRED TO AS THE " PROMOTOR SELLING SHAREHOLDER) AGGREGATING UPTO [●] EQUITY SHARES BY THE PROMOTOR SELLING SHAREHOLDER ("OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE ("THE OFFER").THE OFFER COMPRISES OF UPTO [●] EQUITY SHARES OF FACE VALUE RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS WHICH WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF UPTO [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] IS HEREINAFTER REFERED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●]% AND [●]%, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●], [●] EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●] AND [●] EDITIONS OF THE REGIONAL NEWSPAPER , EACH WITH WIDE CIRCULATION, AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND SHALL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE EMERGE", REFERRED TO AS THE "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

In case of any revisions in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and the terminals of the Syndicate Members (defined herein below).

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to the chapter titled "Offer Procedure" beginning on page **312** of this Draft Red Herring Prospectus. A copy will be delivered for registration to the Registrar as required under Section 32 of the Companies Act, 2013.

THE OFFER IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME ("SEBI (ICDR) REGULATIONS").FOR FURTHER DETAILS PLEASE REFER THE SECTION TITLED 'OFFER INFORMATION' BEGINNING ON PAGE 300 OF THIS DRAFT RED HERRING PROSPECTUS.

## RISK IN RELATION TO THE FIRST OFFER

This being the first public Offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company in consultation with the BRLM as stated in "Basis for Offer Price" on page 125 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing

## GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares issued in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 20 of this Draft Red Herring Prospectus.

## COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer; that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The Equity Shares of our Company issued through this Draft Red Herring Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited ('NSE EMERGE'). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009 as amended from time to time. Our Company has received an In-Principal approval letter dated [□] from National Stock Exchange of India Limited for using its name in the Offer document for listing of our shares on the EMERGE Platform of National Stock Exchange of India Limited. For the purpose of this Issue, EMERGE Platform of the National Stock Exchange of India Limited shall be the Designated Stock Exchange.

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|---|
| **PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**<br>406-408, Keshva Premises, Behind Family Court,<br>Bandra Kurla Complex, Bandra East, Mumbai - 400051<br>**Tel**: +91-22 61946725<br>**Fax**: +91-22 2659 8690<br>**Website:**www.pantomathgroup.com<br>**Email:** ipo@pantomathgroup.com<br>**Investor Grievance Id:** ipo@pantomathgroup.com<br>**Contact Person:** Kirti Kanoria<br>**SEBI Registration No:**INM000012110 | **BIGSHARE SERVICES PRIVATE LIMITED**<br>1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,<br>Makwana Road, Marol, Andheri East, Mumbai – 400 059<br>**Tel:** +91 22 62638200<br>**Fax:** +91 22 62638299<br>**Email**: ipo@bigshareonline.com<br>**Website:** www.bigshareonline.com<br>**Investor Grievance Id**: investor@bigshareonline.com<br>**Contact Person**: Nilesh S Chalke<br>**SEBI Registration Number**: INR000001385 |

## OFFER PROGRAMME

| BID/OFFER OPENS ON: [●] | BID/OFFER CLOSES ON: [●] |
|---|---|

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The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## SECTION I – GENERAL

## DEFINITION AND ABBREVIATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

### COMPANY RELATED AND SELLING SHAREHOLDERS RELATED TERMS

| Term | Description |
|---|---|
| AOA/ Articles/ Articles of Association | Articles of Association of Deccan Health Care Limited, as amended from time to time. |
| Audit Committee | The committee of the Board of Directors constituted as the Company's Audit Committee in accordance with Section 177 of the Companies Act, 2013 |
| Bankers to the Company | [●] |
| Board of Directors/ the Board / our Board/ Director(s) | The Board of Directors of Deccan Health Care Limited, including all duly constituted Committee(s) thereof. |
| Company Secretary and Compliance Officer | The Company Secretary & Compliance Officer of our Company being Narahari Bellamkonda |
| "Deccan Health Care Limited" or "Deccan", "DHCL" or "the Company" ,or "our Company" or "we", "us", "our", or "Issuer" or the "Issuer Company" | Deccan Health Care Limited, a Public Limited Company incorporated under the Companies Act, 1956 |
| Equity Shareholders/ shareholders | Persons/ Entities holding Equity Shares of our Company |
| Equity Shares | Equity Shares of our Company of face value of Rs. 10 each fully paid up unless otherwise specified in the context thereof |
| Group Companies | Such Companies as are included in the chapter titled '*Our Group Companies*' beginning on page 223 of this Draft Red Herring Prospectus. |
| Hitesh Patel Offered shares | Up to 14,00,000 Equity Shares offered by Hitesh Patel in the Offer for Sale as per authorization letter dated August 31, 2017 |
| ISIN | International Securities Identification Number. In this case being INE452W01019 |
| MOA / Memorandum / Memorandum of Association | Memorandum of Association of our Company, as amended from time to time. |
| Peer Reviewed Auditor | Independent Auditor having a valid Peer Review Certificate in our case being M/S N K Aswani, Chartered Accountants |
| Promoter Group | Persons and entities constitute our promoter group in terms of Regulation 2(1) (zb) of the SEBI (ICDR) Regulations and as enlisted in the chapter titled "*Our Promoter and Promoter Group*" beginning on page 219 of this Draft Red Herring Prospectus. |
| Registered Office | The Registered office of our Company situated at 247, 2nd floor, Dwarakapuri Colony, Punjagutta – 500082, Hyderabad, Telangana, India |
| RoC / Registrar of Companies | The Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana at 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda, Hyderabad - 500 068, India |

| Term | Description |
|---|---|
| Statutory Auditor / Auditor | The Statutory Auditor of our Company, being M/s. Manisha Sharma & Co, Chartered Accountants. |
| Selling shareholder | Hitesh Patel |
| you, your or yours | Prospective investors in this Offer |

**OFFER RELATED TERMS**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| Allotment/ Allot/ Allotted | Issue and allotment of Equity Shares of our Company pursuant to the Issue of the Equity Shares to successful Bidders |
| Allottee(s) | Successful Bidders(s) to whom Equity Shares have been allotted/transferred. |
| ASBA / Application Supported by Blocked Amount | An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form |
| ASBA Application Location(s) / Specified Cities | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Hyderabad. |
| ASBA Bidders | Any Bidder except Anchor Investor |
| ASBA form/ Bid Cum Application | An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus. |
| Banker(s) to the Offer | The banks which are clearing members and registered with SEBI as Banker to an Offer with whom the Public Offer Account will be opened and in this case being ICICI Bank Limited and IndusInd Bank. |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to the successful Bidders under the Issue and which is described under chapter titled "*Offer Procedure*" beginning on page 312 of this Draft Red Herring Prospectus. |
| Bid | An indication to make an issue during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid cum Application Form |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual |

| Term | Description |
|---|---|
| | Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue |
| Bid Cum Application Collecting Intermediaries | 1. a SCSB with whom the bank account to be blocked, is maintained<br>2. a syndicate member (or sub-syndicate member) If any<br>3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)('broker') if any<br>4. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)<br>5. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| Bid cum Application form | The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus |
| Bid Lot | [●] Equity shares and in multiples of [●] Equity Shares thereafter |
| Bid/ Issue Closing Date | The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Issue Opening Date | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. |
| Bidder | Any prospective Resident Indian investor who makes a Bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied |
| Bidding/collecting Centre | Centres at which the Designated Intermediaries shall accept the Bid Cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made |
| Book Running Lead Manager or BRLM | The Book Running Lead Manager to the Issue namely Pantomath Capital Advisors Private Limited, SEBI registered Category – I Merchant Banker. |

| Term | Description |
|---|---|
| Broker Centres | Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the website of National Stock Exchange of India Limited |
| CAN or Confirmation of Allocation Note | The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/ transferred, after approval of Basis of Allotment by the Designated Stock Exchange. |
| Cap Price | The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids (or a revision thereof) will be accepted |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account. |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Controlling Branch/Designated Branch | Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time |
| Cut-off Price | Offer Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM.<br>Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Demographic Details | The demographic details of the Bidders/Applicants such as their address, PAN, occupation and bank account details |
| Depositories | Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL |
| Depository Participant | A Depository Participant as defined under the Depositories Act, 1996 |
| Designated Date | The date on which the Collection Banks transfer funds from the public issue accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Draft Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the respective Offered Shares. |
| Designated Intermediary(ies) | Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Bid Cum Application Forms from the Bidders, in relation to the Issue |
| Designated RTA Locations | Such centres of the RTAs where Bidder can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) |

| Term | Description |
|---|---|
| | and updated from time to time |
| Designated Stock Exchange | EMERGE Platform of National Stock Exchange of India Limited. |
| Draft Red Herring Prospectus or DRHP | The Draft Red Herring Prospectus dated September 4, 2017 issued in accordance with section 32 of the Companies Act, 2013 and filed with the NSE Emerge under SEBI (ICDR) Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue |
| Eligible NRI | NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof. |
| First/sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted |
| Fresh Issue | The fresh issue of up to 36,00,000 Equity Shares aggregating up to Rs. [●] by our Company. |
| General Information Document | The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI suitably modified and included in "Offer Procedure" beginning on page 312 of Draft Red Herring Prospectus. |
| Offer/ Offer Size/ Initial Public Offer / Initial Public Offering/ IPO | Public Issue of Upto 50,00,000 Equity Shares of face value Rs. 10 each fully paid of Deccan Health Care Limited for cash at a price of Rs. [●] per Equity Share (the "*Offer Price*") (including a premium of Rs. [●] per Equity Share) aggregating up to Rs. [●] Lakhs. |
| Listing Agreement | The Equity Listing Agreement to be signed between our Company and the EMERGE Platform of National Stock Exchange of India Limited |
| Market Maker | Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time. |
| Market Maker Reservation Portion | The Reserved Portion of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Issue. |
| Market Making Agreement | Market Making Agreement dated September 01, 2017 between our Company, Book Running Lead Manager and Market Maker. |
| Mutual Fund(s) | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time |
| Net Offer | The Offer (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company. |

| Term | Description |
|---|---|
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "Objects of the Offer" on page 116 of this Draft Red Herring Prospectus |
| NIF | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India |
| Non Institutional Bidders | All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs |
| Non-Resident | A person resident outside India, as defined under FEMA and includes FIIs and FPIs |
| Offer | The initial public offer of up to 50,00,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue of 36,00,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] and the Offer for Sale of up to 14,00,000 Equity Shares by Hitesh Patel |
| Offer Agreement | The agreement dated September 01, 2017 between our Company, the Selling Shareholder and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 14,00,000 Equity Shares aggregating up to Rs.[●] by the Selling Shareholder at the Offer Price in terms of the Draft Red Herring Prospectus, consisting of Hitesh Patel Offered Shares. For further details in relation to Selling Shareholder, see "*The Offer*" on page 79 of this Draft Red Herring Prospectus. |
| Offer Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus |
| Offer Proceeds | The proceeds of the Offer that is available to our Company and the Selling Shareholder For further information about use of Offer Proceeds, see *"Objects of the Offer"* on page 116 of this Draft Red Herring Prospectus. |
| OCB/ Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue |
| Other Investors | Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| Person/ Persons | Any individual, sole proprietorship, unincorporated association, |

| Term | Description |
|---|---|
| | unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires |
| Price Band | Price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price) including revisions thereof.<br>The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Regional newspaper [●], each with wide circulation |
| Pricing date | The date on which our Company in consultation with the BRLM, will finalise the Issue Price |
| Prospectus | The prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information |
| QIB Portion | The portion of the Issue being [●]% of the Net Issue consisting of [●] Equity Shares which shall be Allotted to QIBs subject to valid Bids being received at or above the Issue Price |
| Qualified Institutional Buyers or QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be issued and the size of the issue.<br>The red herring prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Registered Brokers | Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLM and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI |
| Reservation Portion | The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Registrar Agreement | The agreement dated September 01, 2017, entered by our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue |
| Reserved Category / Categories | Categories of persons eligible for making application under reservation portion. |
| Retail Individual Investors / | Individual applicants (including HUFs in the name of Karta and |

| Term | Description |
|---|---|
| RIIs | Eligible NRIs) who have applied for an amount less than or equal to Rs. 2,00,000 in this Issue. |
| Revision Form | The Form used by Applicants to modify the quantity of Equity Shares in any of their Application Forms or any Previous Revision Form(s) |
| SEBI (Foreign Portfolio Investor) Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange. |
| Self Certified Syndicate Bank or SCSB | A Bank which is registered with SEBI under SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA including blocking of bank account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility |
| Share Escrow Agreement | The Agreement to be entered into among the Selling Shareholders, our Company, BRLMs and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer For Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allotees |
| Share Escrow Agent | Escrow agent appointed pursuant to the Share Escrow Agreement, namely September 01, 2017 |
| SME Exchange | Emerge Platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations |
| Specified Locations | Collection centres where the SCSBs shall accept application forms, a list of which is available on the website of the SEBI (www.sebi.gov.in) and updated from time to time. |
| Underwriter | Pantomath Capital Advisors Private Limited |
| Underwriting Agreement | The Agreement dated September 01, 2017 entered into between the Underwriter and our Company. |
| Working Days | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and for (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016. |

## TECHNICAL AND INDUSTRY RELATED TERMS

| TERM | DESCRIPTION |
|---|---|
| ACA | The Affordable Care Act |
| ACO | Accountable Care Organizations |
| AIDS | Acquired Immuno Deficiency Syndrome |
| AIIMS | All India Institute of Medical Sciences |
| ANDAs | Abbreviated New Drug Applications |
| API | Active Pharmaceutical Ingredient |
| ARVs | Antiretrovirals |
| CAGR | Compound Annual Growth Rate |
| CRAMS | Contract Research and Manufacturing Services |
| CSO | Central Statistics Office |
| DIPP | Department of Industrial Policy and Promotion |
| DMFs | Drug Master Files |
| EPCG | Export Promotion Capital Goods |
| EPFO | Employees' Provident Fund Organisation |
| ESI | Employee State Insurance |
| EU | European Union |
| FCNR | Foreign Currency Non-Resident |
| FDI | Foreign Direct Investment |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GFATM | Global Fund to fight AIDS, TB & Malaria |
| GST | Goods and Services Tax |
| GVA | Gross Value Added |
| HIV | Human Immunodeficiency Virus |
| HNI | High-net-worth Individuals |
| I&D | Innovation and Development |
| IBEF | India Brand Equity Foundation |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| IPA | Indian Pharmaceutical Association |
| MLHW | Ministry of Labor Health and Welfare |
| MPP | The Medicines Patent Pool |
| MYEA | Mid-Year Economic Analysis |
| NAS | New Active Substances |
| NIPER | National Institute of Pharmaceutical Education and Research |
| NLEM | National List of Essential Medicines |
| OTC | Over the counter |
| PE | Private Equity |
| PIB | Press Information Bureau |
| PMGKY | Pradhan Mantri Garib Kalyan Yojana |
| PPP | Public Private Partnership |
| R&D | Research and Development |
| RBI | Reserve Bank of India |
| SARC | Syngene Amgen Research and Development Center |
| SU | Standard Units |

| TERM | DESCRIPTION |
|---|---|
| TAF | Tenofovir Alafenamide |
| UDAY | Ujwal DISCOM Assurance Yojana Scheme |
| UN | United Nations |
| US/ U.S./ USA | United States of America |
| USFDA | US Food and Drug Administration |
| VAT | Value Added Tax |
| WHO | World Health Organization |
| WPI | Wholesale Price Index |

## CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

| Term | Description |
|---|---|
| A.Y./AY | Assessment Year |
| A/C | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| AoA | Articles of Association |
| AS/Accounting Standard | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| ASBA | Application Supported by Blocked Amount |
| BIFR | Board for Industrial and Financial Reconstruction |
| BRLM | Book Running Lead Manager |
| CAGR | Compounded Annual Growth Rate |
| Category I Foreign Portfolio Investors | FPIs who are registered as - Category I foreign portfolio investors under the SEBI FPI Regulations |
| Category II Foreign Portfolio Investors | FPIs who are registered as - Category II foreign portfolio investors under the SEBI FPI Regulations |
| Category III Foreign Portfolio Investors | FPIs who are registered as - Category III foreign portfolio investors under the SEBI FPI Regulations |
| CC | Cash Credit |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CFO | Chief Financial Officer |
| CIN | Corporate Identification Number |
| Cm | Centimetre |
| CMD | Chairman and Managing Director |
| Companies Act, 1956 | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013. |
| Companies Act, 2013 | The Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections |
| CS | Company Secretary |
| CEO | Chief Executive Director |
| CST | Central Sales Tax |
| Depositories | NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); Depositories registered with the SEBI |

| Term | Description |
|---|---|
| | under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| DGFT | Directorate General of Foreign Trade |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy & Promotion |
| DP | Depository Participant |
| DP ID | Depository Participant's Identity |
| EBIDTA | Earnings before interest, depreciation, tax, amortization and extraordinary items |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting |
| EPFA | The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 |
| EPS | Earnings Per Share |
| F.Y./FY | Financial Year |
| ESIC | Employee State Insurance Corporation |
| ESOP | Employee Stock Option Plan |
| ESPS | Employee Stock Purchase Scheme |
| FCNR Account | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under |
| FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| FII(s) | Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India |
| FIPB | The Foreign Investment Promotion Board, Ministry of Finance, Government of India |
| FIs | Financial Institutions |
| FPI(s) | Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992 |
| Ft | Foot |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| FV | Face Value |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry number |
| GoI/ Government | Government of India |
| HNI | High Net worth Individual |
| HUF | Hindu Undivided Family |
| I. T. Act | The Income Tax Act, 1961, as amended. |

| Term | Description |
|---|---|
| ICAI | Institute of Chartered Accountants of India |
| ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations/Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time |
| IFRS | International Financial Reporting Standards |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| INR | Indian National Rupee |
| IPO | Initial Public Offering |
| IRDA | Insurance Regulatory and Development Authority |
| IT Authorities | Income Tax Authorities |
| IT Rules | The Income Tax Rules, 1962, as amended from time to time |
| Key Managerial Personnel / KMP | The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled "*Our Management*" beginning on page 202 of this Draft Red Herring Prospectus |
| KVA | Kilovolt-ampere |
| Listing Regulations / SEBI Listing Regulations/ SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| Ltd. | Limited |
| MD | Managing Director |
| MICR | Magnetic Ink Character Recognition |
| Mn | Million |
| MoA | Memorandum of Association |
| MoF | Ministry of Finance, Government of India |
| MoU | Memorandum of Understanding |
| N/A or N.A. | Not Applicable |
| NAV | Net Asset Value |
| NBFC | Non Banking Finance Company |
| Net Worth | The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account |
| NI Act | Negotiable Instruments Act, 1881 |
| NI Act | Negotiable Instruments Act, 1881 |
| NOC | No Objection Certificate |
| NR | Non Resident |
| NRE Account | Non Resident (External) Account |
| NRI | Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time |
| NRO Account | Non Resident (Ordinary) Account |
| NSDL | National Securities Depository Limited |
| OCB | Overseas Corporate Bodies |
| p.a. | per annum |
| P/E Ratio | Price Earnings Ratio |
| PAN | Permanent Account Number |

| Term | Description |
|---|---|
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| Pvt. | Private |
| QIB | Qualified Institutional Buyer |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time |
| RoC | Registrar of Companies |
| RoNW | Return on Net Worth |
| Rs. / INR | Indian Rupees |
| SCRA | Securities Contracts (Regulation) Act, 1956 as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SCSB | Self Certified Syndicate Bank |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI Insider Trading Regulations | The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations /Takeover Regulations / Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| Sec | Section |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time |
| SME | Small Medium Enterprise |
| SSI Undertaking | Small Scale Industrial Undertaking |
| Stock Exchange (s) | Emerge platform of National Stock Exchange of India |
| STT | Securities Transaction Tax |
| Sub-Account | Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals. |
| TAN | Tax Deduction Account Number |
| TIN | Taxpayers Identification Number |
| TNW | Total Net Worth |
| TRS | Transaction Registration Slip |

| Term | Description |
|---|---|
| U.S. GAAP | Generally accepted accounting principles in the United States of America |
| u/s | Under Section |
| UIN | Unique Identification Number |
| UOI | Union of India |
| US/ U.S. / USA /United States | United States of America |
| USD / US$ / $ | United States Dollar, the official currency of the United States of America |
| VAT | Value Added Tax |
| VCF / Venture Capital Fund | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |
| w.e.f. | With effect from |
| WDV | Written Down Value |
| WTD | Whole-time Director |
| YoY | Year over year |

*Notwithstanding the following: -*

i. In the section titled "*Main Provisions of the Articles of Association"* beginning on page 372 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

ii. In the section titled "*Financial Statements*" beginning on page 228 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

iii. In the section titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

iv. In the chapter titled *"Statement of Possible Tax Benefits"* beginning on page 128 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter; and

v. In the chapter titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 259 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to "India" are to the Republic of India and all references to the "Government" are to the Government of India.

### FINANCIAL DATA

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled "*Financial Statements as Restated"* beginning on page 228 this Draft Red Herring Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

Our fiscal year commences on April 1st of each year and ends on March 31st of the next year. All references to a particular fiscal year are to the 12 month period ended March 31st of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company's financial data. Accordingly to what extent, the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian Accounting Practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in *"Risk Factors"*, *"Our Business"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company's restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled "*Financial Statements as Restated"* beginning on page 228 of this Draft Red Herring Prospectus.

### CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "$", "US$", "USD", "U.S. $"or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America.

All references to 'million' / 'Million' / 'Mn' refer to one million, which is equivalent to 'ten lacs' or 'ten lakhs', the word 'Lacs / Lakhs / Lac' means 'one hundred thousand' and 'Crore' means 'ten million' and 'billion / bn./ Billions' means 'one hundred crores'.

### INDUSTRY AND MARKET DATA

Unless stated otherwise, Industry and Market data and various forecasts used throughout this Draft Red Herring Prospectus have been obtained from publically available information, Industry Sources and Government Publications.

Industry Sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by the Book Running Lead Manager or our Company or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors"* beginning on page 20 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

Further, the extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD LOOKING STATEMENT

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant forward looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to the following:-

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the Industry which we operate;
- Factors affecting the Industry in which we operate;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our failure to keep pace with rapid changes in technology;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of Interest with affiliated companies, the promoter group and other related parties; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For a further discussion of factors that could cause our actual results to differ, refer to section titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 20 and 259 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Future looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither we, our Directors, Book Running Lead Manager, Underwriter nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLM and our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

## SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this offer including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

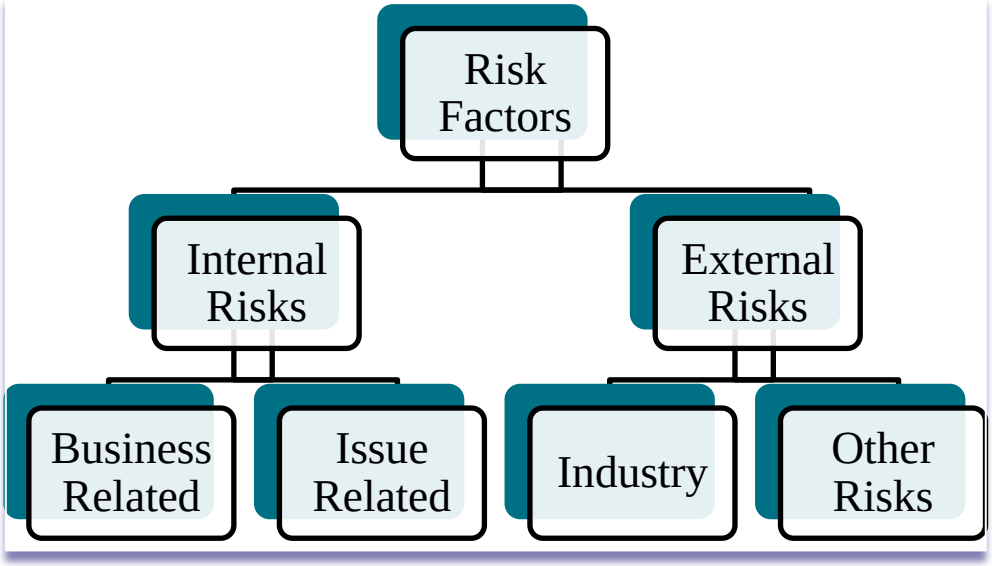
Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled "Our Business" beginning on page 163, "Our Industry" beginning on page 132 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 259 of this Draft Red Herring Prospectus as well as other financial information contained herein.

The following factors have been considered for determining the materiality of Risk Factors:

- Some events may not be material individually but may be found material collectively;
- Some events may have material impact qualitatively instead of quantitatively;
- Some events may not be material at present but may have material impact in future.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled "Definitions and Abbreviation" beginning on page 3 of this Draft Red Herring Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

The risk factors are classified as under for the sake of better clarity and increased understanding:




## INTERNAL RISKS

- **Business Related Risks**

**1. There are certain taxation related proceedings, notices and claims pending with relevant statutory authorities at various jurisdictions against our Company and one of our Directors. One of our Promoters is also involved in a criminal proceeding. Any adverse rulings or decisions in such proceedings by such authorities against our Company or its Promoter and Directors may render us liable to liabilities and penalties and may have an adverse material impact on our business and results of operations.**

Our Company and one of our directors are involved in certain tax related proceedings involving Income Tax Proceedings. They have been issued notices under Income Tax Act, 1961 and related proceedings are pending with relevant statutory authorities at various jurisdictions.

Sri G Satyanarayana has filed a First Information Report dated March 19, 2016 with Hyderabad Police Station, Central Crime Station, Hyderabad, Telangana against one of our Promoters Hitesh Patel for the offence committed under section 420, 406, 467, 468, 471 read with Section 120(B) of the Indian Penal Code involving fraudulent representation and forgery of documents. After investigation, Hitesh Patel was arrested on March 21, 2016 and further released on the bail on May 30, 2016 for a personal bond for sum of Rs. 50,000 with two sureties. The above matter is pending for investigations.

Also, we cannot assure you that, we, our promoters, our directors may not face legal proceedings in future; any adverse decision in such legal proceedings may impact our business and results of operations. For further details in relation to legal proceedings involving our Company, Promoters, Directors, Group Company please refer the chapter titled "Outstanding Litigations and Material Developments" on page 271 of this Draft Red Herring Prospectus. Except as mentioned above, there are no legal proceedings by or against our Company, Directors, and Promoters. A classification of legal proceedings is mentioned below:

| Name of Entity | Criminal Proceedings | Civil/ Arbitration Proceedings | Tax Proceedings | Labour Disputes | Consumer Complaints | Complaints under Section 138 of NI Act, 1881 | Aggregate amount involved (Rs. In lakhs) |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **By the Company** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Company** | **Nil** | **Nil** | **4** | **Nil** | **Nil** | **Nil** | **27.59** |
| **Promoters** | | | | | | | |
| **By the Promoter** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Promoter** | **1** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Not ascertainable** |
| **Directors other than promoters** | | | | | | | |
| **By the Directors** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** | **Nil** |
| **Against the Directors** | **Nil** | **Nil** | **3** | **Nil** | **Nil** | **Nil** | **1.43** |

Please note that our Company does not have any group Company or Subsidiary Company as on date of this Draft Red Herring Prospectus.

**2. Our manufacturing facility is currently underutilized.**

Due to certain manual or semi automated processes and limited capacity of certain ancillary machineries like packing machinery, we are unable to fully utilize the existing capacity of our manufacturing facility. We propose to upgrade our manufacturing facility by utilizing some portion of the Net Proceeds so as to enable us to enhance our capacity utilization and thereby expand our business operations and consequently results of operations. For further details, please refer chapter titled "Objects of the Offer" beginning on page 116 of the Draft Red Herring Prospectus. However if we are not able to upgrade our manufacturing facility in the planned manner, we may not be able to fully utilize our installed capacity and thereby absorb our fixed costs. Consequently we may be unable to expand our business operations and take advantage of the business opportunities available.

3. **Our business operations were adversely impacted by floods that took place in North India in Financial Year 2013-2014.**

In June 2013, our business operations were adversely impacted by the heavy floods that took place in Uttarakhand and adjoining areas. Since our facility is situated at Rudrapur which is a low lying a area situated near Uttarakhand, our facility was also significant impacted by these floods .Our manufacturing facility was heavily damaged by the said floods and our operations had to suffer majorly because of loss of inventory, loss of corporate records, slowdown in local economy due to disruption in physical infrastructure, etc. Further there was a decline also in our revenue from operations due to such floods which also impacted our profitability of 2013-14. Further we have lost many corporate records such as bank statements of the Company, transfer forms, ROC filed forms, etc. the copies of some of which could not be retrieved till date. Being situated in natural calamity prone area, our business operations may also be adversely affected in future. Further, due to loss of records and documents information in this Draft Red Herring Prospectus has been presented on the basis of the records available with us and to the best of the information provided by the management.

4. **Our Company has negative cash flows from its operating activities, investing activities and financing activities in the past years, details of which are given below. Sustained negative cash flows could impact our growth and business.**

Our Company had negative cash flows from our operating activities, investing activities and Financing activities in the previous year(s) as per the Restated Financial Statements and the same are summarized as under:

Amount (Rs. in Lakhs)

| Particulars | For The Year Ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Cash Flow from / (used in) Operating Activities | 247.26 | 308.76 | (17.16) | 134.16 | (265.84) |
| Cash Flow from / (used in) Investing Activities | (131.80) | (5.30) | (2.42) | (22.20) | (28.89) |
| Cash Flow from / (used in) Financing Activities | (121.19) | (290.44) | 13.36 | (164.12) | 277.76 |

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

We also operate in a rapidly consolidating industry. The strength of combined companies could affect our competitive position in all of our business areas. Furthermore, if one of our competitors or their customers acquires any of our customers or suppliers, we may lose business from the customer or lose a supplier of a critical raw material, which may adversely affect our business, results of operations and financial condition.

5. **Our Company has not complied with certain statutory provisions under various acts. Such non-compliances/lapses may attract penalties.**

Our Company has not complied with certain statutory provisions such as the following:

- Non-compliance with section 383A of Companies Act, 1956 by not appointing a Company Secretary when the Paid up capital of the Company has crossed Rs. 5 Crores. However as on date of the Draft Red Herring Prospectus, our Company has appointed a Company Secretary to act as Compliance Officer.
- In past, our company has failed to timely regularised Directors. As on the date of the Draft Red Herring Prospectus such non-compliance is been rectified by our company.
- Due to unavoidable circumstances our company has failed to file Income Tax Audit for AY 2014-15 i.e. FY 2013-14 online, as per the provision of the Income Tax Act.
- As required under the Accounting Standard, our company has failed to present the schedule of Related Party Transaction in the Statutory Audit report and also Provision for Gratuity valuation. However, the effect of Related Party Transaction schedule and Provision for Gratuity valuation is given in the restated financials.
- Non-availability of records pertaining to FC-TRS i.e. transfer of 30,85,800 Compulsorily Convertible Cumulative Participatory Preference Shares executed between Viren Jewellers LLC, Dubai and Hitesh Patel.
- Our company was required to contribute towards Corporate Social Responsibility for the FY 2016-17. However, our company has failed to comply with the requirements of Section 135 of the Companies Act, 2013.
- Provision of Section 73 of Companies Act 2013 with respect to availment of unsecured loans from persons other than the directors, relatives of directors and members of the Company during the past.

Further, Our Company is required to make filings under various rules and regulations as applicable under the Companies Act, 2013 and under the applicable provisions of the Companies Act, 1956 some of which has not been done within the stipulated time period at some instances which includes but not limited to increase in authorised capital, allotment form, regularisation of Directors. Due to these delays in filings, our Company had on several occasions paid the requisite late fees.

No show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent. Such delay/noncompliance may in the future render us liable to statutory penalties and disallowing the resolutions, which may have consequence of violation of statutory provisions concerned.

While this could be attributed to technical lapses and human errors, our Company is in the process of setting up a system to ensure that requisite filings are done appropriately with the requisite timeline.

6. **Some of our corporate records including forms filed with the Registrar of Companies are not traceable. We cannot assure you that these forms filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect.**

Our Company is unable to trace certain corporate and other documents in relation to our Company including forms filed with the Registrar of Companies prior to the year 2006. Due to change in methods of record keeping on account of technological advancement and computerisation over the years, and heavy floods destroying our manufacturing facility in 2013-14, certain forms filed with ROC like Incorporation Form, Return of Allotment, Increase in Authorised Capital, Appointment of Directors, etc., could not be traced by our Company. We are also unable to trace bank statements of the Company, Promoters and certain transfer forms. Further online filing of RoC documents was initiated in the year 2006 and all forms prior to the said year were physically filed, hence some of these forms could not be retrieved from Ministry of Corporate Affairs (MCA) portal. Our Company had carried search for the physical copies of the untraceable forms at the office of ROC, but the forms are not available at the office of Registrar of Companies as well. As such under the circumstances elaborated above, our Company cannot assure you that the filings were made in a timely manner or the information gathered through other available documents of the Company are correct. Also our Company may not be in a position to attend to and / or respond appropriately to any legal matter due to lack of lost / destroyed records and to that extent the same could adversely affect our business operations.

7. **Our Company requires significant amount of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.**

Our business is working capital intensive primarily on account of high debtor days and inventory levels. A significant portion of our working capital is utilized towards trade receivables and inventories. Summary of our working capital position is given below:-

| Particulars | For the year ended | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| **A. Current Assets** | | | | | |
| A. Inventories | 1026.70 | 359.31 | 263.28 | 306.19 | 463.71 |
| B. Trade Receivables | 2153.27 | 1104.74 | 496.48 | 322.38 | 665.37 |
| C. Cash and Bank Balances | 8.91 | 14.64 | 1.61 | 7.84 | 15.60 |
| D. Short Term Loans & Advances | 911.11 | 607.15 | 634.39 | 741.53 | 816.90 |
| **B. Current Liabilities** | | | | | |
| A. Trade Payables | 1007.86 | 329.76 | 118.00 | 334.79 | 520.54 |
| B. Other Current Liabilities | 206.61 | - | 0.84 | 7.13 | 14.20 |
| C. Short Term Provisions | 264.64 | 178.28 | 129.51 | 67.97 | 50.70 |
| **Working Capital (A-B)** | **2620.88** | **1577.80** | **1147.41** | **968.05** | **1376.14** |
| **Inventories as % of total current assets** | 25.04% | 17.23% | 18.86% | 22.22% | 23.64% |
| **Trade receivables as % of total current assets** | 52.52% | 52.96% | 35.57% | 23.40% | 33.92% |

Our Company intends to continue growing by expanding our operations and geographical reach. All these factors may result in increase in the quantum of current assets. Our inability to maintain

sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

8. **If we cannot respond adequately to the increased competition we expect to face, we will lose market share and our profits will decline, which will adversely affect our business, results of operations and financial condition.**

   Our products face intense competition from products commercialized or under development by competitors in all of our product portfolios. We compete with local companies, multi-national corporations and companies from the rest of world. If our competitors gain significant market share at our expense, our business, results of operations and financial condition could be adversely affected.

   Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges and stronger sales forces. Our competitors may succeed in developing products that are more effective, more popular or cheaper than any we may develop, which may render our products obsolete or uncompetitive and adversely affect our business and financial results. Also, we face pressure on our margins due to pricing competition from several small and unorganized local players. Presence of more players in the unorganized sector compared to organized ones has resulted in increasingly competitive environment characterized by stiff price competition.

9. **Any disruption in production at, or shutdown of, our sole manufacturing facility could adversely affect our business, results of operations and financial condition.**

   We own and operate only one manufacturing facility situated at Rudrapur, Uttarakhand. All of our products are manufactured at this facility only. The locality of the facility is prone to natural calamities evidenced by the events happened in the recent past such as floods, heavy rains, etc. Therefore, in the event any natural calamity happens in the area, our ability to manufacture our products may be adversely affected. Apart from natural calamities, our manufacturing facility is susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, and industrial accidents and similar events. Further, our manufacturing facility is also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. If our Company experiences delays in production or shutdowns due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

**10. Our business largely depends on the performance of our distributors and marketing agents. Any non-performance by these distributors or marketing agents may adversely affect our business operations, profitability and cash flows.**

Our business model is currently mainly divided into three parts viz. marketing through distributors, marketing agents and e-commerce. Of these, we mainly derive revenue from our distributors and marketing agents. In distribution model, we sale our products directly to distributors who in turn take forward the supply chain. In case of marketing agents, we train such people and provide them incentives and offer them schemes to sell our products. Our business hence largely depends on the performance of our distributors and marketing agents, who may be responsible for selling our products to end users at domestic as well as international level. Currently, we have more than 140 distributors and around 5,000 marketing agents. We can give no assurance that the performance of such distributors and marketing agents will meet our required specifications or performance parameters.

Such distributors/marketing agents are independent third parties over which we do not have control. Additionally, we do not have any non-compete agreement with such distributors and in the event that such distributors enter into agreements with competitors, we may not be able to take any course of action.

Similarly, we may be restricted from directly involving ourselves in marketing services in certain cities where these distributors are located. As a result, our growth, results of operations and the integrity of our brand name in these areas is dependent on the performance of these distributors and marketing agents. Moreover, there can be no assurance that our distributors/ marketing agents will be able to generate adequate revenue consistently, and we may be exposed to credit risks associated with non-payment or untimely payments from our distributors. Though we are in process of reaching directly to consumer through e-commerce, sale through distributors shall continue to dominate our marketing strategy in near future.

**11. The products that we commercialize may not perform as expected which could adversely affect our business, financial condition and results of operations.**

Our success depends significantly on our ability to commercialize new nutraceutical products in India and across various markets around the world. Commercialization requires us to successfully develop, test, manufacture and obtain the required regulatory approvals for our products, while complying with applicable regulatory and safety standards. In order to develop a commercially viable product, we must demonstrate, through trials that the products are safe and effective for use in humans. Our products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and market such products.

Furthermore, even if we are successful in developing a new product, that product may become subject to litigation by third parties claiming our products infringe on their patents or may be seized in-transit by regulatory authorities for alleged infringement of intellectual property or may be otherwise unsuccessful in the market place due to the introduction of superior products by competitors. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all.

**12. Any manufacturing or quality control issues may damage our reputation for high quality products and expose us to litigation or other liabilities, which could adversely affect our financial results.**

Being a manufacturer of Nutraceutical and Wellness Products, we are subject to significant regulatory scrutiny. Our manufacturing facility at Rudrapur, Uttarakhand must manufacture products in accordance with Good Manufacturing Practices stipulated by WHO, State level food and drug administrations, and other regulatory agencies, as applicable.

Further, we are liable for the quality of our products for the entire duration of the shelf life of the product manufactured by us. After our products reach the market, certain developments could adversely affect demand for our products, including any contamination of our products by intermediaries, re-review of products that are already marketed, new scientific information, greater scrutiny in advertising and promotion, the discovery of previously unknown side effects or the recall or loss of approval of products that we manufacture, market or sell.

Disputes over non-conformity of our products with such quality standards or specifications are generally referred to independent government approved testing laboratories. If any such independent laboratory confirms that our products do not conform to the prescribed or agreed standards and specifications, we would bear the expenses of replacing and testing such products, which could adversely affect our business, results of operations and financial condition.

We also face the risk of loss resulting from, and the adverse publicity associated with, manufacturing or quality problems. Such adverse publicity harms the brand image of our Company and products. We may be subject to claims resulting from manufacturing defects or negligence in storage and handling of our products. Any loss of our reputation or brand image, for whatsoever reason may lead to a loss of existing business contracts and adversely affect our ability to enter into additional business contracts in the future. We currently carry no products liability insurance with respect to our manufactured products

**13. If we do not maintain and increase the number of our arrangements for the distribution of our products, our business, results of operations and financial condition could be adversely affected.**

In most of the markets in which we have a presence, we generally appoint a local third party entity who distributes our products. We have limited control over the operations and businesses of such local third party entities. We cannot assure you that we will be able to successfully identify or appoint new distributors or effectively manage our existing distribution network. If the terms offered to such distributors by our competitors are more favourable than those offered by us, distributors may decline to distribute our products and terminate their arrangements with us. We may be unable to appoint replacement distributors in a timely fashion, or at all, which may reduce our sales volumes and adversely affect our business, results of operations and financial condition. Further, our competitors may have exclusive arrangements with distributors and such distributors may not be able to stock and distribute our products, which may limit our ability to expand our distribution network. While we offer our distributors certain incentive schemes to distribute our products, we may not be able to effectively implement them across our distribution network. Any failure on our part to maintain and increase the number of our arrangements for the distribution of our products, our business, results of operations and financial condition could be adversely affected.

**14. We have not entered into agreements with the customers to whom we sell R& D technology and our cash flows may be adversely affected in case such customers decline to make payment against their dues.**

For the year ended March 31, 2016 and March 31, 2017, we have accrued income of Rs. 435.00 lakhs and Rs. 600.00 lakhs respectively on account of transfer of R&D technology to some of our customers. As per our understanding with the said customers, they can use such technology for the mutually agreed period and make us payment over a period of 5 years in equal installments from the year after the year in which transfer has been made. However we have not entered into agreements for such kind of arrangement with the customers and these are based on mutual understanding. In the event any of our client lapses in making the payment against our dues, we may not be legally entitled to claim such amounts from them and may incur losses on account of bad debts. Further in the absence of any formal arrangement, we may not be able to institute any legal suit for prohibited use of our technology or if the customer passes on such technology to other person without our consent.

**15. The Company is yet to place orders for 100% of the machinery and equipment required for upgradation and expansion. Any delay in placing orders, procurement of equipments may delay our implementation schedule and may also lead to increase in price of these equipments.**

We are yet to place orders for machinery and equipments worth Rs 1,000.00 lakhs as detailed in the chapter titled, "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus. These are based on our estimates and on third-party quotations, which are subject to a number of variables, including possible cost overruns, changes in management's views of the desirability of current plans, change in supplier of equipments or equipments depending on the contracts bidded and actually awarded, among others, which may have an adverse effect on our business and results of operations.

**16. We have certain contingent liabilities that have not been provided for in our Company's financials which if materialised, could adversely affect our financial condition.**

Our contingent liabilities as on March 31, 2017 is as under:

(Rs in lakhs)

| Sr. | Particulars | As at March 31, 2017 |
|---|---|---|
| 1. | In respect of Income Tax | 27.44 |
| 2. | In respect of Commercial Tax | 136.24 |
| | **Total** | **163.68** |

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled "*Financial Statements*" on page 228 of this Draft Red Herring Prospectus.

**17. Our Company has taken registered office on rent. Any termination of the lease(s) or our failure to renew the same in a favourable, timely manner, or at all, could adversely affect our activities.**

Our registered office premises is taken on rent. If we are unable to renew these leases or if they are not renewed on favourable conditions, it may affect our operations adversely. Also if we do not comply with certain conditions of the lease agreements, it may lead to termination of the leases. In the event of non-renewal or termination of the leases, we may have to vacate our current manufacturing facility or office premises and shift the same to new premises. There can be no assurance that we shall be able to find a suitable location, or one at present terms and conditions.

Any additional burden due to shifting of premises, or increased rental expenses, may adversely affect our business operations and financial conditions.For details on properties taken on lease/rent by us please refer to the heading titled "Land & Property" in chapter titled "Our Business" beginning on page 163 of this Draft Red Herring Prospectus.

**18. We require a number of approvals, NOCs, licences, registrations and permits in the ordinary course of our business. Some of these approvals are required to be transferred in the name of "Deccan Healthcare Limited" from "Deccan Healthcare Private Limited" pursuant to conversion and name change of our company and any failure or delay in obtaining such approvals or renewal of the same in a timely manner may adversely affect our operations.**

We require a number of approvals, licenses, registrations and permits in ordinary course of our business. Additionally, we need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course. We were a private limited company in the name of "DECCAN HEALTHCARE PRIVATE LIMITED". After complying with the relevant provisions and procedures of Companies Act, 2013, the Company was converted into public limited company, followed by the name change of the Company to "DECCAN HEALTHCARE LIMITED". We shall be taking necessary steps for transferring the approvals in new name of our company. In case we fail to transfer/obtain the same in name of the company same may adversely affect our business or we may not be able to carry our business.

We have a logo "StayWoW" which we use for our business purpose. The said logo is applied for registration with the Registrar of Trademarks, Trademark Registry, Government of India vide an Application No. 3595626 under Class 99 and the application is currently objected. We have also made an Application dated April 05, 2017 for renewal of License under the Food Safety and Standards Act, 2006 and the same is pending with the authority. An Application dated June 13, 2017 has been made to Uttarakhand Environment Protection & Pollution Control Board for renewal of Consent to Operate issued by State Pollution Control Board Under section 25 of the Water (Prevention &Control of Pollution) Act, 1974 & Under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management, handling & Transboundary movement) Rules 2008 and the same is pending.

Further, Our Company is yet to apply for following approvals:

- Registration of Establishment under Shops and Establishments Act for registered office
- Renewal of Certificate of Registration with the U.S Food and Drug Administration
- Registration for Professional Tax Enrollment Certificate (PTEC) (under section 6(2) of Andhra Pradesh Tax on Professions, Trades, Callings And Employments Act, 1987)
- Application for renewal of License for Contract Labour under the Contract Labour (regulation and abolition) Act, 1970.
- Renewal of Certificate for Efficiency of Fire Extinguishing Equipments
- Registration of Logo of the Company i.e. with the Registrar of Trademarks, Trademark Registry, Government of India

Any failure to apply for and obtain the required approvals, licences, registrations or permits in a timely manner, or any suspension or revocation of any of the approvals, licences, registrations and permits would result in a delay in the our business operations which could otherwise adversely

affect our financial condition, results of operations and prospects of the Company. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. In addition to same, our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business and results of operations.

For further details, please refer the chapter titled "Government and Other Statutory Approvals" on page 279 of this Draft Red Herring Prospectus..

**19. Our application for registration of one of our trademarks is currently pending with relevant Trademark Certifying Authorities as a result of which we may have lesser recourse to initiate legal proceedings to protect our brand in respect of these products. This may lead to dilution in the brand value in respect of certain products/ services in which we may deal in future.**

We operate in an extremely competitive environment, where generating brand recognition is significant element of our business strategy. Our ability to market and sell our products depends upon the recognition of our brand names and associated consumer goodwill. However our trademark application under Trade Marks Act, 1999 for the business logo "StayWoW"is pending for registration with the Registrar of Trademarks, Trademark Registry, Government of India vide an Application No. 3595626 under Class 99. Further, Our Company is yet to apply for Registration of new Logo of our Company i.e. with the Registrar of Trademarks, Trademark Registry, Government of India.

Therefore we do not enjoy the statutory protection accorded to a registered trademarks and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. Thereby, our ability to use our logo may be impaired. There can be no assurance that we will be able to register the logo or our other trademarks or those third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill.

For further details, please refer the chapter titled "Government and Other Statutory Approvals" on page 279 of this Draft Red Herring Prospectus.

**20. If we inadvertently infringe on the intellectual property rights of others, our business and results of operations may be adversely affected.**

We operate in an industry characterized by patent litigation, including frivolous litigation by competitors to delay grant of patent. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay significant royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of significant damages or royalty, which would affect our ability to sell current or future products. The occurrence of any of these risks could adversely affect our business, financial condition and results of operations.

**21. Conflicts of interest may arise out of common business undertaken by our Company and our Group Company.**

Our Group Company, MINTAKASHI FMCH PRODUCTS INDIA (OPC) PRIVATE LIMITED is also authorized to carry similar activities as those conducted by our Company. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company, and our Group

Company in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other company in which our Promoters have interests. There can be no assurance that our Promoters or our Group Company or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

**22. The availability of counterfeit products, such as products passed off by others as our products, could adversely affect our goodwill and results of operations.**

Entities in India and abroad could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand name, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. We may have to invest in our products to prevent counterfeit versions of our products from being distributed in the markets. Such measures include, monitoring products in the market and initiating actions against counterfeiters, each of which may entail incurring significant costs at our end. The proliferation of counterfeit and pirated products, and the time and attention lost to defending claims and complaints about counterfeit products could have an adverse effect on our goodwill and our business, prospects, results of operations and financial condition could suffer.

**23. The shortage or non-availability of power facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.**

Our manufacturing processes require substantial amount of power facilities. Currently, Company receives 400 MU power from Uttarakhand Power Corporation Limited. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involve significant capital expenditure and per unit cost of electricity produced is very high in view of oil prices and other constraints. Our Company is mainly dependent on State Government for meeting its electricity requirements. Any disruption/non availability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

**24. The Shortage or non availability of water facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.**

Our manufacturing facility situated at Uttarakhand requires substantial amount of water facilities for manufacturing process. The quantum and nature of water requirements of our industry is significant and requires continuous supply. Our Company is mainly dependent on borewell for meeting its water requirements. As high purity water is used in the healthcare industry, our Company has installed water purification / processing system having capacity of 1,000 litres which ensures required purity of the water. Any disruption/non availability of water shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

**25. The average cost of acquisition of Equity Shares by our Promoters could be lower than the floor price.**

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Floor Price of the Price Band as may be decided by the Company and the Selling Shareholders, in consultation with the BRLM. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to section "Prominent Notes" under chapter "Capital Structure" beginning on page 93 of this Draft Red Herring Prospectus, respectively.

**26. We have not received complete information with respect to persons forming part of our Promoter Group.**

Our Company has issued letters dated July 12, 2017 to relatives of our Individual promoter, Minto Gupta i.e. Mohanlal Gupta, DR. V. B Patak, Rajeev Pathak, asking for details of entity(ies) in which they severally or jointly may have an interest. Our Company has sent a letter to each relative demanding their personal documents for identification of promoter group. However, we have not received reply from Mohanlal Gupta (Father of Minto Gupta), DR. V. B Patak (Father in law of Minto Gupta), Rajeev Pathak (Brother in law of Minto Gupta). Further our individual promoter Minto Gupta is not in contact with and his sisters to Shinny Anandna and Kinny Kaul, both of whom are living abroad and consequently has not been able to retrieve their information in this respect. Therefore, the disclosures made in this Draft Red Herring Prospectus are limited to the extent of information that has been made available by our Promoter in relation to Promoter Group and Group Companies.

**27. Reduction or termination of tax incentives and benefits available to our Company's manufacturing unit located in SIDCUL would adversely impact our tax liabilities and affect our business, prospects, results of operations and financial condition.**

Our Company has established its manufacturing facility in SIDCUL. Our unit is entitled to certain tax incentives and benefits, detailed in the chapter titled "Statement of Possible Tax Benefits" beginning on page 128 of this Draft Red Herring Prospectus subject to the fulfilment of the terms and conditions imposed by the relevant authorities. We have benefited from certain tax regulations and incentives that accord favourable treatment to our manufacturing facilities. In the event our Company fails to comply with the said terms and conditions, our Company will not be entitled to such tax incentives and benefits which may have an adverse effect on our results of operations and financial condition. Further, our Company cannot assure you that the Government of India will not enact laws in the future that would adversely impact the tax incentives and benefits and consequently the tax liabilities and profits of our Company.

**28. We generally do business with our customers on purchase order basis and do not enter into long-term contracts with most of them.**

Our business is dependent on our continuing relationships with our customers. Our Company neither has any long-term contract with any of customers. Any change in the buying pattern of our end users or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

**29. Our Company's failure to maintain the quality standards of the products or keep pace with the technological developments could adversely impact our business, results of operations and financial condition.**

Our products depend on recent inventions and developments as we manufacture and market the products as per the market trends. Any failure to maintain the quality standards may affect our business. Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers' quality standards. Any negative publicity regarding our Company, or products, including those arising from any deterioration in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations. Also, rapid change in our customers' expectation on account of changes in technology or introduction of new products or for any other reason and failure

on our part to meet their expectation could adversely affect our business, result of operations and financial condition. While, we believe that we have always introduced new products based on consumers need to cater to the growing demand of our customers and also endeavour regularly update our existing technology, our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

**30. Compliance with, and changes in safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations.**

Due to the nature of our business, we expect to be or continue to be subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations. We are also subject to environmental, health and safety laws including but not limited to:

a. The Drugs and Cosmetics Act, 1940 ("DCA")
b. The Drugs and Cosmetics Rules, 1945 ("DC Rules")
c. Essential Commodities Act, 1955 (the "ECA")
d. Food Safety and Standard Act, 2006
e. Prevention of Food Adulteration Act, 1954
f. The Environment Protection Act, 1986 ("Environment Protection Act")
g. Air (Prevention and Control of Pollution) Act, 1981
h. Water (Prevention and Control of Pollution) Act, 1974
i. Hazardous Waste Management & Handling Rules, 2008

Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being initiated against us, third party claims or the levy of regulatory fines, which may adversely affect our business, results of operations and financial condition. Further amendments to such statutes may impose additional provisions to be followed by our Company and accordingly our Company may need to avoid use of certain ingredients in preparation of our products, discontinue any range of product, incur clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, which could adversely affect our business, prospects, financial condition and results of operations..

**31. Our revenues have been significantly dependent on few customers and our inability to maintain such business may have an adverse effect on our results of operations.**

For the year ended March 31, 2017, sales to our top 10 customers contributed more than 60% and of our revenues from operations. Our business from customers is dependent on our continuing relationship with such customers, the quality of our products and our ability to deliver on their orders, and there can be no assurance that such customers will continue to do business with us in the future on commercially acceptable terms or at all. If our customers do not continue to purchase products from us, or reduce the volume of products purchased from us, our business prospects, results of operations and financial condition may be adversely affected. Significant dependence on them may increase the potential volatility of our results of operations and exposure to individual contract risks. In the event that any of these customers discontinue purchase of products from us, our results of operations and financial condition may be adversely affected.

**32. The Offer for Sale proceeds will not be available to our Company.**

As on the date of this Draft Red Herring Prospectus, Hitesh Patel has specifically confirmed that he holds 53,25,214 Equity Shares and that he has consented to offer up to 14,00,000 Equity Shares for sale in the Offer for Sale. For further details, please refer chapter titled ― "The Offer" on page 79 of this Draft Red Herring Prospectus. The proceeds from the Offer for Sale will be remitted to the Promoter Selling Shareholder and our Company will not benefit from such proceeds.

**33. We do not have any offshore office or business place to look after our export operations.**

We aim to enter into international markets and have already entered into agreements with some local distributors of the respective countries. However, we do not have any offshore office as a result of which we may not be able to capitalize on opportunities offered by the evolving international healthcare sector in a timely manner. The business operations of our Company are handled from registered office located in Hyderabad and manufacturing facility located at Rudarpur, Uttarakhand. Apart from this, our Company does not have any place of business overseas either in the nature of liaison office or corporate office. Due to this, we may not be able to expand our business effectively in the international market, thereby affecting the results of operations and profitability.

**34. Our cost of production is exposed to fluctuations in the prices of materials.**

Our Company is dependent on third party suppliers for procuring the raw material. We are exposed to fluctuations in the prices of these raw materials as well as their unavailability, particularly as we typically do not enter into any long term supply agreements with our suppliers and our major requirement is met in the spot market. We may be unable to control the factors affecting the price at which we procure the materials. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. Upward fluctuations in the prices of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. Though we enjoy favourable terms from the suppliers both in prices as well as in supplies, our inability to obtain high quality materials in a timely and cost-effective manner would cause delays in our production and delivery schedules, which may result in the loss of our customers and revenues.

**35. Our industry is labour intensive and our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.**

We believe that the industry in which we operate faces competitive pressures in recruiting and retaining skilled and unskilled labour. Our industry being labour intensive is highly dependent on labour force for carrying out its business operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any major disruptions to our business operations due to disputes or other problems with our work force in the past; there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be

no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

**36. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.**

In order to retain flexibility and control costs, we appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations. Although we do not engage these laborers directly, we may be held responsible for any wage payments to be made to such laborers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse effect on our results of operations, cash flows and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract laborers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

**37. Our Company is dependent on third party transportation for the delivery of raw materials and finished goods and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.**

Our Company uses third party transportation for delivery of our raw materials and finished goods. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition such goods may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure raw materials or delivery of goods on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

**38. If we are unable to source business opportunities effectively, we may not achieve our financial objectives.**

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to hire, train, supervise and manage new employees, expand our distribution channel and to implement systems capable of effectively accommodating our growth. However, we cannot assure that any such employees or distributors will contribute to the success of our business or that we will implement such systems effectively. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

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

We depend extensively on the capacity and reliability of the quality assurance systems, product processing systems and information technology systems, supporting our operations. Considering the nature of our business and the industry in which we operate, it is imperative for us to have a robust information technology platform. If our data capturing, processing and sharing cannot be integrated and/ or we experience any defect or disruption in the use of, or damage to, our information technology systems, it may adversely affect our operations and thereby our business and financial condition. Our systems are also subject to damage or incapacitation by natural disasters, human error, power loss, sabotage, computer viruses, hacking, acts of terrorism and similar events or the loss of support services from third parties. Any disruption in the use of, or damage to, our systems may adversely affect our business, financial condition and results of operations.

**40. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our business, results of operations and financial condition. The success of our business will depend greatly on our ability to effectively implement our business and growth strategy.**

Our growth strategy requires us to develop and strengthen relationships with existing customers for our business of nutraceuticals who may drive high volume orders on an ongoing basis. To remain competitive, we propose to upgrade our manufacturing facility and expand our capacity, we seek to increase our business from existing customers and by adding new customers, as well as expanding into new geographical markets.

Our success in implementing our growth strategies may be affected by:

- our ability to successfully upgrade our manufacturing unit
- our ability to create demand for our enhanced capacity utilisation
- our ability to maintain the quality of our products;
- our ability to increase our customer base by exploring e-commerce and export markets;
- the general condition of the global economy (particularly of India and the other markets that we
- currently or may operate in);
- our ability to compete effectively with existing and future competitors,
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Separately, our growth strategy also involves expanding into new geographic markets which will involve additional risk.

We also plan to enhance and develop our existing brand in India and abroad. By focusing further resources, including management time and effort, distribution and sales network and brand management on developing our brand, we will be diverting our resources from our established business of manufacturing. We may not be successful in developing our brand image as we intend to.

While we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within our estimated budget, or that our

expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability. For further details of our business strategies, please refer the chapter titled "Our Business" beginning on page 163 of the Draft Red Herring Prospectus.

**41. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.**

Modernization and technology upgradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed latest technology and that the chances of a technological innovation are not very high in our sector we shall continue to strive to keep our technology, plant and machinery in line with the latest technological standards. In case of a new found technology in the manufacturing facilities, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

**42. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.**

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of nutraceutical products. If we over-stock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

**43. Our Company has unsecured loans which are repayable on demand. Any demand loan from lenders for repayment of such unsecured loans, may adversely affect our cash flows.**

As on March 31, 2017, our Company had unsecured loans amounting to Rs. 23.76 lakhs from related parties that are repayable on demand to the relevant lender. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer Annexure VII - Details of Long Term Borrowings as Restated of chapter titled "Financial Statements" beginning on page 228 of the Draft Red Herring Prospectus.

**44. Our Company has no formal supply agreement or contract with our vendors/suppliers for the uninterrupted supply of major raw materials. Our business may be adversely affected if there is any disruption in the raw material supply.**

We do not have any formal agreements with our vendors/suppliers as we operate on a purchase order system. Due to the absence of any formal contract with our vendors/suppliers, we are exposed to the

risks of irregular supplies or no supplies at all and delayed supplies which would materially affect our results of operations. In the event of any disruption in the raw materials supply or the non availability of raw materials, the production and dispatch schedule may be adversely affected impacting the sales and profitability of the Company. In the event the prices of such raw materials were to rise substantially, we may find it difficult to make alternative arrangements for supplies of our raw materials, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition. Our management believes that we maintain good relations with our suppliers and we shall also not face any challenge in finding new suppliers if required.

**45. Introduction of alternative nutraceutical products caused by changes in technology or consumer needs may affect demand for our existing products which may adversely affect our financial results and business prospects.**

Our products are mainly used in the healthcare sector to cater to masses. Our business is affected by change in technology, consumer needs, market perception of brand, convenience, health and safety norms. Our ability to anticipate such changes and to continuously develop and introduce new and enhanced products successfully on a timely basis will be a key factor in our growth and business prospects. There can be no assurance that we will be able to keep pace with the technological advances that may be necessary for us to remain competitive. Further, any substantial change in preference of consumers who are end users of our products will affect our customers' businesses and, in turn, will affect the demand for our products. Any failure to forecast and/or meet the changing demands of nutraceutical businesses and consumer needs may have an adverse effect on our business, profitability and growth prospects.

**46. We are dependent upon few suppliers for our raw material for our current manufacturing facility. In an eventuality where our suppliers are unable to deliver us the required materials in a time-bound manner it may have a material adverse effect on our business operations and profitability.**

For the year ended March 31, 2017 our top 10 suppliers contributed more than 60% of our purchases. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to source our raw material on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition. Any problems faced by our suppliers in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

**47. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the Offer. Further we have not identified any alternate source of financing the 'Objects of the Offer'. Any shortfall in raising / meeting the same could adversely affect our growth plans, business operations and financial condition.**

As on date of this Draft Red Herring Prospectus, we have not made any alternate arrangements for meeting our capital requirements for some of the objects of the offer i.e. working capital, Purchase of Plant & Machinery etc. We meet our capital requirements through our bank finance, debts, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and

could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

**48. Our lenders have charge over our immovable properties in respect of finance availed by us.**

Our Company has taken secured loan from banks by creating a charge over our immovable properties in respect of loans/facilities availed by us. The total amounts outstanding and payable by us for secured loans were Rs. 1,061.00 lakhs as on March 31, 2017. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on our business, financial condition and results of operations. For further details please refer to chapter titled Financial Indebtedness in chapter titled "Financial Indebtedness" on page 269 of this Draft Red Herring Prospectus. However, repayment of secured loan from Oriental Bank of Commerce is one of the Objects of the Offer. For further details, please refer to chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

**49. Our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits and terrorism. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.**

Our insurance policies consist of, among others, standard fire and special perils, earthquake, etc. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like product defect/liability risk, loss of profits, losses due to terrorism, etc. Further there can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

**50. Within the parameters as mentioned in the chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus, our Company's management will have flexibility in applying proceeds of the Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.**

We intend to use fresh Issue Proceeds towards repayment of secured loan, purchase of Plant & Machinery, working capital requirements and general corporate purposes. We intend to deploy the Net Issue Proceeds in Financial Year 2017-18 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus, the management will have flexibility in applying the proceeds received by our Company from the Issue. However, the company shall comply with Section 27 of the Companies Act, 2013 before varying the Objects of the Offer. The Audit Committee will monitor the utilisation of the proceeds of this Issue.

**51. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.**

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see "Dividend Policy" on page 227 of this Draft Red Herring Prospectus.

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

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

**53. Our Promoters / Directors have given personal guarantees in relation to certain debt facilities provided to our Company by our lender. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters/ Directors ability to manage the affairs of our Company and consequently this may impact our business, prospects, financial condition and results of operations.**

Some of the debt facilities provided to our Company by our lenders stipulate that the facility shall be secured by a personal guarantee of our Promoters/ Directors. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters/ Directors / Key Managerial Personnel(s) ability to manage the affairs of our Company and consequently this may impact our business, prospects, financial condition and results of operations. Further, in an event our Promoters/ Directors/ Members withdraws or terminates his/their guarantee/s or security, the lenders for such facilities may ask for alternate guarantee/s or securities or for repayment of amounts outstanding under such facilities or even terminate such facilities. We may not be successful in procuring guarantee/s or collateral securities satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For more information, please see the chapter titled "Financial Indebtedness" beginning on page 269 of this Draft Red Herring Prospectus.

**54. In addition to normal remuneration or benefits and reimbursement of expenses, some of our Directors and Key Managerial Personnel are interested in our Company to the extent of their shareholding, dividend entitlement, if any, loan availed by our Company, etc.**

Our Directors and Key Managerial Personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and Key Managerial Personnel may also be interested to the extent

of their shareholding, dividend entitlement, if any; loan availed from them by our Company, etc. For further information, see "Capital Structure" and "Our Management" and "Related Party Transactions" beginning on pages 93, 202 and 226, respectively, of this Draft Red Herring Prospectus.

**55. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Offer, which will allow them to determine the outcome of matters submitted to shareholders for approval.**

After completion of the Offer, our Promoters and members of the Promoter Group will collectively own [●] % of our equity share capital. As a result, our Promoters, together with the members of the Promoter Group, will continue to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

**56. Our operations may be adversely affected in case of industrial accidents at our production facility.**

Usage and handling of machinery or any sharp part of any machinery by labour during production process, handling of chemicals and materials, short circuit of power supply for machines, etc. may result in accidents and fires, which could cause indirect injury to our labour, employees, other persons on the site and could also damage our properties thereby affecting our operations. Further our plants and machinery and personnel may not be covered under adequate insurance for occurrence of particular types of accidents which could adversely hamper our cash flows and profitability.

**57. Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be adversely affected.**

Few of our agreements may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute due to non-compliance of local laws relating to stamp duty and registration may adversely impact the operations of our Company.

**58. We have in the past entered into related party transactions and may continue to do so in the future.**

Our Company has entered into transactions with our certain related parties. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions

entered by us, please refer to "Annexure XXIV Related Party Transactions" in Section "Financial Statements as restated" beginning on page 226 of this Draft Red Herring Prospectus.

**59. Our lenders have imposed certain restrictive conditions on us under our financing arrangements. Further as on the date of the Draft Red Herring Prospectus our Company has not received "No-objection" certificate from our lenders to undertake this issue. Non receipt of such "No-Objection" certificate could lead to non compliance of the terms of loan agreements entered into by our Company with said lenders.**

We have entered into agreements for availing debt facilities from lenders. There can be no assurance that we will be able to comply with the financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Further certain covenants in these agreements require us to obtain approval/permission from our lenders in certain conditions. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further information, see the chapter titled "*Financial Indebtedness*" on page 269 of the Draft Red Herring Prospectus.

Further, as on the date of the Draft Red Herring Prospectus, we have not received "No Objection" certificates from the lenders. We cannot assure you that such lenders will grant us the "No-Objection" certificate for this Issue. Non-receipt of such "No-Objection" certificate could lead to non-compliance of the terms of loan agreements entered into by our Company with the lenders.

For further details in this regard, including approvals obtained from our lenders for this Issue, please refer chapter titled 'Financial Indebtedness' beginning on page 269 of this Draft Red Herring Prospectus.

**60. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.**

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adverse affected.

**Issue related risk**

**61. We have issued Equity Shares in the last twelve months, the price of which may be lower than the Offer Price.**

Our Company has issued allotted 25,00,000 Equity shares by conversion of unsecured loan into Equity Shares on March 18, 2017 at a price which may be lower than the offer price. For further details of Equity Shares issued, please refer to chapter titled, 'Capital Structure' beginning on page 93 of this Draft Red Herring Prospectus.

**62. The Offer price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Offer and the market price of our Equity Shares may decline below the offer price and you may not be able to sell your Equity Shares at or above the Offer Price.**

The Offer Price of our Equity Shares will be determined by book building method. This price is based on numerous factors (For further information, please refer chapter titled "Basis for Offer Price" beginning on page 125 of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price. Among the factors that could affect our share price include without limitation. The following:

- Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

**63. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.**

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

## EXTERNAL RISK FACTORS

**Industry Risks**

**64. Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.**

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

**65. Malpractices by some players in the industry affect overall performance of emerging Companies.**

The industry in which our Company operates is subject to risk associated with unethical business practices such as unethical marketing, dishonest advertising, questionable pricing practices, inaccurate claims with regards to safety and efficacy of the product etc. Consumers' attitude toward the industry today is dominated by a sense of mistrust, paving a way for regulators for stricter entry barriers and introduction of code of conducts; making the entire industry environment regulated and controlled. Malpractices by some players in the industry affects the overall performance of the emerging Companies like our as the industry norms are applicable to all at parity. Any unethical

business practices by any industry player or intermediary may impact our business and results of operations.

**Other Risks**

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

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax ("STT") has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India, if securities transaction tax has been paid on the transaction. Any gain realised on the sale of shares held for more than 36 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of 36 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, may be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

**68. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus.**

As stated in the reports of the Auditor included in this Draft Red Herring Prospectus under chapter "Financial Statements as restated" beginning on page 228, the financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

**69. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.**

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include:

- Excise duty on certain raw materials and components;
- Goods service tax tax and other levies; and
- Other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

**70. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.**

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

**71. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and Nutraceutical industry contained in the Draft Red Herring Prospectus.**

While facts and other statistics in this Draft Red Herring Prospectus relating to India, the Indian economy and the Nutraceutical industry has been based on various government publications and reports from government agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled 'Our Industry' beginning on page 132 of this Draft Red Herring Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**72. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.**

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

**73. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.**

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**74. The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.**

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy; disrupt the transportation of goods and supplies, and costs to doing business in India. These problems could

interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

**75. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.**

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**76. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.**

India has experienced natural calamities such as earthquakes, tsunami, floods etc. In recent years, the extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

**77. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

## PROMINENT NOTES

1. Public Issue of upto 50,00,000 Equity Shares of face value of Rs. 10/- each of our Company for cash at a price of Rs. [●]/- per Equity Share (including a share premium of Rs. [●]/- per equity share) ("Issue Price") aggregating upto Rs. [●] Lakhs, comprising a fresh issue of 36,00,000 equity shares aggregating upto Rs. [●] by the Company and Offer for Sale of 14,00,000 equity shares by Hitesh Patel (referred to as the "selling shareholder") ("Offer for Sale") and together with the Fresh Issue ("the Offer") of which [●] Equity Shares of face value of Rs. 10/- each will be reserved for subscription by Market Maker to the Offer ("Market Maker Reservation Portion"). The Offer less the Market Maker Reservation Portion i.e. Net Offer of [●] Equity Shares of face value of Rs. 10 each is hereinafter referred to as the "Net Offer". The Issue and the Net Issue will constitute [●]% and [●]%, respectively of the post Issue paid up equity share capital of the Company.

2. Investors may contact the Book Running Lead Manager (BRLM) or the Company Secretary & Compliance Officer for any complaint/clarification/information pertaining to the Issue. For contact details of the Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled "General Information" beginning on page 81 of this Draft Red Herring Prospectus.

3. The pre-issue net worth of our Company was Rs. 3126.25 Lakhs as at March 31, 2017. The book value of each Equity Share was Rs. 24.17 as at March 31, 2017 as per the restated financial statements of our Company. For more information, please refer to section titled "Financial Statements" beginning on page 228 of this Draft Red Herring Prospectus.

4. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

| Name of the Promoters | No. of Equity Shares held | Average cost of Acquisition (in Rs.) |
|---|---|---|
| Minto Purushotam Gupta | 21,07,667 | Not Determinable |
| Hitesh Patel | 53,25,214 | 0.11 |

For further details relating to the allotment of Equity Shares to our Promoters, please refer to the chapter titled "Capital Structure" beginning on page number 93 of this Draft Red Herring Prospectus.

5. Our Company has entered into related party transactions during the previous years. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer Annexure XXIV "Related Party Transactions" under chapter titled "Financial Statements as restated" beginning on page 228 of this Draft Red Herring Prospectus.

6. Investors may note that in case of over-subscription in the Offer, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled "Offer Structure" beginning on page 308 of this Draft Red Herring Prospectus.

7. Except as disclosed in the chapter titled "Capital Structure", "Our Promoters and Promoter Group", "Our Management" and "Related Party Transaction" beginning on pages 93, 219, 202 and 226 respectively, of this Draft Red Herring Prospectus, none of our Promoters, Directors or Key Management Personnel has any interest in our Company.

8. Except as disclosed in the chapter titled "Capital Structure" beginning on page 93 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.

9. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.

10. Investors are advised to refer to the chapter titled "Basis for Offer Price" beginning on page 125 of this Draft Red Herring Prospectus.

11. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the Stock exchange.

12. Our Company was incorporated as "Deccan Health Care Limited" at Hyderabad, Telangana as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 024351 issued by Registrar of Companies, Hyderabad. Subsequently, our Company was converted into Private Limited Company vide a fresh certificate of incorporation issued by the Registrar of Companies, Hyderabad, Andhra Pradesh on June 12, 2009. Further, our company was converted into Public Company pursuant to shareholders' resolution passed at Extraordinary General Meeting held on August 12, 2017 and name of the company was changed to Deccan Health Care Limited and a fresh Certificate of

Incorporation dated August 31, 2017 was issued by the Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana. The Corporate Identification Number of our company is U72200TG1996PLC024351. For further details of change of name and registered office of our Company, please refer to chapter titled 'Our History and Certain Other Corporate Matters' beginning on page 197 of this Draft Red Herring Prospectus.

As on date of this Draft Red Herring Prospectus, our Company does not have any group Company.

## SECTION III – INTRODUCTION

## SUMMARY OF INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on page 20 and 228 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

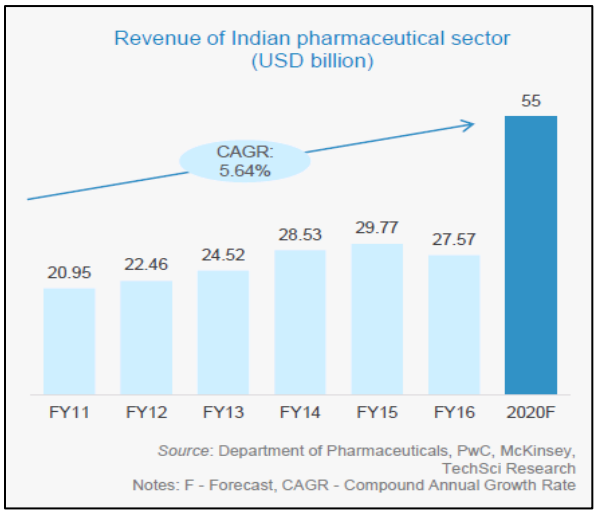
### INTRODUCTION TO THE INDIAN PHARMACEUTICAL INDUSTRY

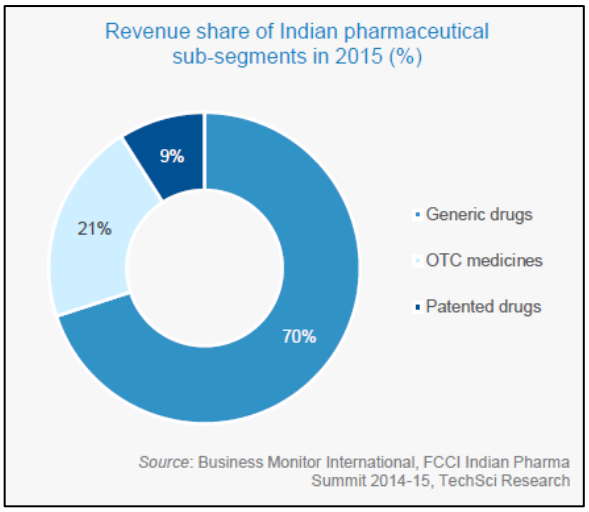
Indian pharmaceutical sector accounts for about 2.4 per cent of the global pharmaceutical industry in value terms and 10 per cent in volume terms and is expected to expand at a Compound Annual Growth Rate (CAGR) of 15.92 per cent to US$ 55 billion by 2020 from US$ 20 billion in 2015.123 With 71 per cent market share, generic drugs form the largest segment of the Indian pharmaceutical sector. By 2016, India is expected to be the third-largest global generic Active Pharmaceutical Ingredient (API) merchant market. The country accounts for the second largest number of Abbreviated New Drug Applications (ANDAs) and is the world's leader in Drug Master Files (DMFs) applications with the US.

Indian drugs are exported to more than 200 countries in the world, with the US as the key market. Generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. The Government of India plans to set up a US$ 640 million venture capital fund to boost drug discovery and strengthen pharmaceutical infrastructure. The 'Pharma Vision 2020' by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery.

*(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - www.ibef.org)*

### STATISTICAL OVERVIEW OF THE INDIAN PHARMACEUTICAL INDUSTRY




*(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - www.ibef.org)*

## GLOBAL ECONOMIC OVERVIEW

For India, three external developments are of significant consequence. In the short run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India's capital flows and exchange rates. Markets are factoring in a regime change in advanced countries, especially US macroeconomic policy, with high expectations of fiscal stimulus and unwavering exit from unconventional monetary policies. The end of the 20-year bond rally and end to the corset of deflation and deflationary expectations are within sight. Second, the medium-term political outlook for globalisation and in particular for the world's "political carrying capacity for globalisation" may have changed in the wake of recent developments. In the short run a strong dollar and declining competitiveness might exacerbate the lure of protectionist policies. These follow on on-going trends— documented widely—about stagnant or declining trade at the global level. This changed outlook will affect India's export and growth prospects

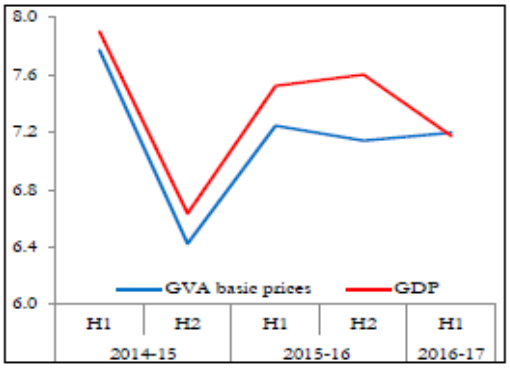
Third, developments in the US, especially the rise of the dollar, will have implications for China's currency and currency policy. If China is able to successfully re-balance its economy, the spill over effects on India and the rest of the world will be positive. On, the other hand, further declines in the yuan, even if dollar-induced, could interact with underlying vulnerabilities to create disruptions in China that could have negative spill overs for India. For China, there are at least two difficult balancing acts with respect to the currency. Domestically, a declining currency (and credit expansion) props up the economy in the short run but delay rebalancing while also adding to the medium term challenges. Internationally, allowing the currency to weaken in response to capital flight risks creating trade frictions but imposing capital controls discourages FDI and undermines China's ambitions to establish the Yuan as a reserve currency. China with its underlying vulnerabilities remains the country to watch for its potential to unsettle the global economy.

(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

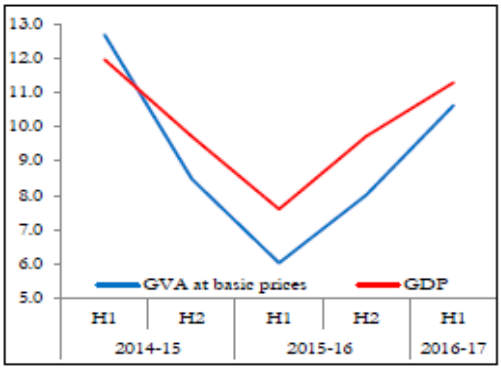
The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Real GDP growth in the first half of the year was 7.2 percent, on the weaker side of the 7.0-7.75 per cent projection in the Economic Survey 2015-16 and somewhat lower than the 7.6 percent rate recorded in the second half of 2015-16 (Figure 1a). The main problem was fixed investment, which declined sharply as stressed balance sheets in the corporate sector continued to take a toll on firms' spending plans. On the positive side, the economy was buoyed by government consumption, as the 7th Pay Commission salary recommendations were implemented, and by the long-awaited start of an export recovery as demand in advanced countries began to accelerate. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred in the first half of 2015-16 (Figure 1b).

**Figure 1a. GVA and GDP Growth (Constant Prices)**




*Source:* CSO

**Figure 1b. GVA and GDP Growth (Current Prices)**




*Source:* CSO

The major highlights of the sectoral growth outcome of the first half of 2016-17 were: (i) moderation in industrial and nongovernment service sectors; (ii) the modest pick-up in agricultural growth on the back of improved monsoon; and (iii) strong growth in public administration and defence services—dampeners on and catalysts to growth almost balancing each other and producing a real Gross Value Addition (GVA) growth (7.2 percent), quite similar to the one (7.1 per cent) in H2 2015-16 (Figure 1b).

Inflation this year has been characterized by two distinctive features. The Consumer Price Index (CPI)-New Series inflation, which averaged 4.9 per cent during April-December 2016, has displayed a downward trend since July when it became apparent that kharif agricultural production in general, and pulses in particular would be bountiful. The decline in pulses prices has contributed substantially to the decline in CPI inflation which reached 3.4 percent at end-December. The second distinctive feature has been the reversal of WPI inflation, from a trough of (-) 5.1 percent in August 2015 to 3.4 percent at end-December 2016, on the back of rising international oil prices. The wedge between CPI and WPI inflation, which had serious implications for the measurement of GDP discussed in MYEA (Box 3, Chapter 1, MYEA 2015-16), has narrowed considerably. Core inflation has, however, been more stable, hovering around 4.5 percent to 5 percent for the year so far. The outlook for the year as a whole is for CPI inflation to be below the RBI's target of 5 percent, a trend likely to be assisted by demonetisation.

## External Sector

Similarly, the external position appears robust having successfully weathered the sizeable redemption of Foreign Currency Non-Resident (FCNR) deposits in late 2016, and the volatility associated with the US election and demonetisation. The current account deficit has declined to reach about 0.3 percent of GDP in the first half of FY2017.Foreign exchange reserves are at comfortable levels, having have risen from around US$350billion at end-January 2016 to US$ 360 billion at end-December 2016 and are well above standard norms for reserve adequacy. In part, surging net FDI inflows, which grew from 1.7percent of GDP in FY2016 to 3.2 percent of GDP in the second quarter of FY2017, helped the balance-of-payments

The trade deficit declined by 23.5 per cent in April-December 2016 over corresponding period of previous year. During the first half of the fiscal year, the main factor was the contraction in imports, which was far steeper than the fall in exports. But during October- December, both exports and imports started a long-awaited recovery, growing at an average rate of more than 5 per cent. The improvement in exports appears to be linked to improvements in the world economy, led by better growth in the US and Germany. On the import side, the advantage on account of benign international oil prices has receded and is likely to exercise upward pressure on the import bill in the short to medium term.

Meanwhile, the net services surplus declined in the first half, as software service exports slowed and financial service exports declined. Net private remittances declined by $4.5 bn in the first half of 2016-17 compared to the same period of 2015-16, weighed down by the lagged effects of the oil price decline, which affected inflows from the Gulf region.

**Fiscal Position**

Trends in the fiscal sector in the first half have been unexceptional and the central government is committed to achieving its fiscal deficit target of 3.5 percent of GDP this year. Excise duties and services taxes have benefitted from the additional revenue measures introduced last year. The most notable feature has been the over-performance (even relative to budget estimates) of excise duties in turn based on buoyant petroleum consumption: real consumption of petroleum products (petrol) increased by 11.2 percent during April-December 2016 compared to same period in the previous year. Indirect taxes, especially petroleum excises, have held up even after demonetisation in part due to the exemption of petroleum products from its scope. More broadly, tax collections have held up to a greater extent than expected possibly because of payment of dues in demonetised notes was permitted. Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.

State government finances are under stress. The consolidated deficit of the states has increased steadily in recent years, rising from 2.5 percent of GDP in 2014-15 to 3.6 percent of GDP in 2015-16, in part because of the UDAY scheme. The budgeted numbers suggest there will be an improvement this year. However, markets are anticipating some slippage, on account of the expected growth slowdown, reduced revenues from stamp duties, and implementation of their own Pay Commissions. For these reasons, the spread on state bonds over government securities jumped to 75 basis points in the January 2017 auction from 45 basis points in October 2016. For the general government as a whole, there is an improvement in the fiscal deficit with and without UDAY scheme.

(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## GLOBAL PHARMACEUTICAL INDUSTRY

The volume of medicines used globally will reach 4.5 trillion doses by 2020 and cost $1.4 trillion, both representing significant increases from 2015. The largest pharmaceutical-using countries will be the pharmerging markets, with two-thirds of the global medicine volumes, mostly comprised of generic medicines and dramatic increases in the utilization of medicines due to broad-based health system expansions. Developed markets will continue to account for the majority of medicine spending due to both higher prices per unit and the mix of newer medicines that bring meaningful clinical benefit to patients facing a wide range of diseases.

## GLOBAL PHARMACEUTICAL INDUSTRY – COUNTRY RANKINGS

**Appendix 1 - Global Country Rankings**

| Exhibit | 2010 | Index | Exhibit | 2015 | Index | Exhibit | 2020 | Index |
|---|---|---|---|---|---|---|---|---|
| 1 | U.S. | 100 | 1 | U.S. | 100 | 1 | U.S. | 100 |
| 2 | Japan | 22 | 2 ▲1 | China | 27 | 2 | China | 30 |
| 3 ▲2 | China | 19 | 3 ▼1 | Japan | 18 | 3 | Japan | 14 |
| 4 | Germany | 11 | 4 | Germany | 10 | 4 | Germany | 9 |
| 5 ▼2 | France | 10 | 5 | France | 8 | 5 ▲2 | Brazil | 8 |
| 6 | Italy | 7 | 6 ▲1 | U.K. | 7 | 6 | U.K. | 6 |
| 7 | U.K. | 6 | 7 ▲3 | Brazil | 6 | 7 ▲1 | Italy | 5 |
| 8 ▼3 | Spain | 6 | 8 ▼2 | Italy | 6 | 8 ▼3 | France | 5 |
| 9 | Canada | 6 | 9 | Canada | 5 | 9 ▲3 | India | 5 |
| 10 ▲1 | Brazil | 5 | 10 ▼2 | Spain | 4 | 10 ▼1 | Canada | 4 |
| 11 ▲2 | South Korea | 4 | 11 ▲4 | Venezuela | 4 | 11 ▼1 | Spain | 4 |
| 12 | Australia | 3 | 12 ▲1 | India | 4 | 12 ▲1 | Russia | 3 |
| 13 ▲1 | India | 3 | 13 ▲3 | Russia | 3 | 13 ▲1 | South Korea | 3 |
| 14 ▼4 | Mexico | 3 | 14 ▼3 | South Korea | 3 | 14 ▲2 | Mexico | 2 |
| 15 ▲12 | Venezuela | 3 | 15 ▼3 | Australia | 3 | 15 ▲3 | Turkey | 2 |
| 16 ▲7 | Russia | 2 | 16 ▼2 | Mexico | 2 | 16 ▼1 | Australia | 2 |
| 17 ▲1 | Poland | 2 | 17 ▲6 | Argentina | 2 | 17 ▲3 | Saudi Arabia | 2 |
| 18 ▲3 | Turkey | 2 | 18 | Turkey | 2 | 18 | Poland | 2 |
| 19 ▼4 | Switzerland | 2 | 19 ▼2 | Poland | 2 | 19 ▼2 | Argentina | 1 |
| 20 ▼4 | Netherlands | 2 | 20 ▲7 | Saudi Arabia | 1 | 20 ▲9 | Egypt | 1 |

Source: IMS Health, Market Prognosis, September 2015 ▼▲ Change in ranking over prior five years

Appendix notes:
Rankings based on Constant US$. Argentina and Venezuela based on US$ with variable exchange rates due to hyperinflation. Index reflects comparison to the U.S. of spending in Constant US$.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

**Medicine use in 2020**

In 2020, more of the world's population will have access to medicine than ever before, albeit with substantial disparities. Patients will receive 4.5 trillion doses, up 24% from 2015, with most of the increase from countries closing the gap in per capita usage of medicines between developed and pharmerging countries. Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter medicines. The use of new medicines – first available in the prior 10 years – will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets.

**Medicine spending in 2020**

Global spending on medicines will reach $1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending will be concentrated in developed markets, with more than half for original brands and focused on non-communicable diseases. Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different traditional medicines will be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. Brand spending in developed markets will increase by $298 billion in the 5 years to 2020 driven by new products and price increases primarily in the U.S., but will be offset by an estimated $90 billion in net price reductions. Small molecule patent expiries will have a larger impact in 2016-2020 than in the prior five years, and there will be an increased impact from biologics. In 2020, the U.S., EU5, and Japan will have important differences in spending and growth dynamics from today. Pharmerging markets' spending will grow primarily from increased use of medicines while China, the leading pharmerging country, will reach $160-190 billion in spending with slowing growth to 2020.

**Transformations in disease treatment**

The overwhelming inertia in medicine use - where 97% of medicines used have been available for more than 10 years - masks the contribution from transformative disease treatments, orphan drugs for rare diseases and technology-enabled changes in care that can harness big data to better inform decisions help drive patient behaviour changes and improve outcomes. The seemingly intractable problems of neglected tropical diseases, compounded by poverty and war in Africa, appear to finally be responding to philanthropy-funded research and engagement resulting in fundamental changes by 2020. The use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years, and new medicines in recent years will be weighted to specialty and biologics. Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, a range of cancers, autoimmune diseases, heart disease, and an array of other rare diseases. The ubiquity of smartphones, tablets, apps and related wearable devices combined with electronic medical records and exponentially increasing real-world data volumes will open new avenues to connect healthcare information while offering providers and payers new mechanisms to control costs.

**Implications**

The continued expansion of healthcare access around the world portends a fundamental gap in delivery capacity where added patient access outruns staffing, infrastructure and funding sources. By 2020 we will see a substantial shift in many major markets away from the siloed budgeting that manages drug spending separately from other healthcare costs. Emerging economies will be focused on providing access and essential medicines to that in need to close endemic healthcare gaps.

Providers in more parts of the world will be subject to performance or outcomes-based contracts and payment systems, bringing sharper scrutiny to patient outcomes and costs associated with patient care. More healthcare will be delivered using technology-enabled means, by providers other than doctors and in patients' homes, pharmacies and community-based facilities. The use of technology will be key to the advancement of healthcare, especially in emerging markets where the expense of large scale infrastructure projects would delay progress.

Patients will have many more treatment options, especially in cancer and rare diseases, and will be informed, motivated and engaged partners in treatment choices. Their financial stake will also rise as private and public payers in developed economies have already begun to increase patients' levels of co-

payment. In low- and middle-income countries direct out-of-pocket cash payments will shift to premiums for private or supplementary insurance as countries strive for universal health coverage.

The outlook to 2020 includes higher levels of medicine spending and therefore higher revenues for manufacturers than in the last five years. The extent and nature of the issues faced by healthcare stakeholders and the sources of the spending growth projected in this report belie a more complex challenge to the sustainability of the pharmaceutical industry. Critical adaptations will be necessary to thrive into the next decade, and key among them will be listening and providing valuable solutions to the problems their customers face.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## INDIAN PHARMACEUTICALS MARKET

### Introduction

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Tenofovir Alafenamide (TAF) for 112 developing countries.

### Market Size

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

India has also maintained its lead over China in pharmaceutical exports with a year-on-year growth of 11.44 per cent to US$ 12.91 billion in FY 2015-16, according to data from the Ministry of Commerce and Industry. In addition, Indian pharmaceutical exports are poised to grow between 8-10 per cent in FY 2016-17. Imports of pharmaceutical products rose marginally by 0.80 per cent year-on-year to US$ 1,641.15 million.

Overall drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies have nearly doubled to 201 in FY 2015-16 from 109 in FY 2014-15. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US$ 1.89 billion).

## Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US$ 14.53 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian pharmaceutical sector are as follows:

- Piramal Enterprises Ltd acquired a portfolio of spasticity and pain management drugs from UK-based specialty biopharmaceutical company Mallinckrodt Pharmaceuticals, in an all-cash deal for Rs1,160 crore (US$ 171 million).
- Aurobindo Pharma has bought Portugal based Generis Farmaceutica SA, a generic drug company, for EUR 135 million (US$ 144 million).
- Sun Pharmaceutical Industries Ltd, India's largest drug maker, has entered into an agreement with Switzerland-based Novartis AG, to acquire the latter's branded cancer drug Odomzo for around US$ 175 million.
- Kedaara Capital Advisors LLP, a private equity (PE) firm, plans to invest Rs 430 crore (US$ 64.5 million) to acquire a minority stake in Hyderabad-based diagnostics chain Vijaya Diagnostic Centre Pvt Ltd.
- Sun Pharmaceuticals Industries Limited plans to acquire 85.1 per cent stake in Russian company Biosintez for US$ 24 million for increasing its presence in Russia through local manufacturing capability.
- Abbott Laboratories, a global drug maker based in US, plans to set up an innovation and development center (I&D) in Mumbai, which will help in developing new drug formulations, new indications, dosing, packaging and other differentiated offerings for Abott's global branded generics business.
- India's largest drug maker Sun Pharmaceutical Industries Limited has entered into a distribution agreement with Japan's Mitsubishi Tanabe Pharma Corporation to market 14 prescription brands in Japan.
- Syngene International Limited will be setting up its fourth exclusive Research and Development (R&D) center named Syngene Amgen Research and Development Center (SARC) for a US-based biotechnology company Amgen Incorporation in Bengaluru.
- India's third largest drug maker Lupin Limited plans to file its first biosimilar Etanercept for approval in Japan, world's second largest drug market, in 2017.
- Rubicon Research Pvt Ltd, a contract research and manufacturing services firm, is in advanced talks with Everstone Capital and a few high-net-worth Individuals (HNI) to raise up to Rs 240 crore (US$ 36 million), which will be used to increase the company's manufacturing capabilities.
- Lupin Ltd plans to acquire a portfolio of 21 generic brands from Japan-based Shionogi & Co Ltd for Rs 10.08 billion (US$ 151.2 million), which will help to strengthen its presence in the world's second largest pharmaceutical market.

- International Finance Corporation (IFC), the investment arm of the World Bank, plans to invest upto US$ 75 million in Glenmark, which is looking to raise around US$ 200 million for expansion and the launch of several new products in India and other emerging markets over the next three years.
- Cipla Limited plans to invest around Rs 600 crore (US$ 90 million) to set up a biosimilar manufacturing facility in South Africa for making affordable cancer drugs and growing its presence in the market.
- Rusan Pharma, a firm which specialises in de-addiction and pain management products, plans to invest Rs 100 crore (US$ 15 million) in a R&D centre and a manufacturing unit in Kandla, located in Kutch District in Gujarat.
- The Medicines Patent Pool (MPP) has signed a licencing agreement with six Indian drug makers for the generic manufacturing of four antiretrovirals (ARV) and hepatitis C direct-acting antiviral drug Daclatasvir.
- Dr Reddy's Laboratories, one of the major pharmaceutical companies of India, has entered into a strategic collaboration agreement with Turkey-based TR-Pharm, to register and subsequently commercialise three biosimilar products in Turkey.
- Lupin has completed the acquisition of US-based GAVIS Pharmaceuticals in a deal worth US$ 880 million, which is expected to enhance its product pipeline in dermatology, controlled substances and high-value speciality products.
- Cipla Ltd, one of the major pharmaceutical and biotechnology companies in India, has acquired two US-based generic drug makers, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc., for US$ 550 million, which is expected to strengthen Cipla's US business.
- Emcure Pharmaceuticals has acquired Canada's International Pharmaceutical Generics Ltd and its marketing arm Marcan Pharmaceuticals in order to boost its global expansion drive.
- Cipla announced the acquisition of two US-based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc., for US$550 million.
- Glaxosmithkline Pharmaceuticals has started work on its largest greenfield tablet manufacturing facility in Vemgal in Kolar district, Karnataka, with an estimated investment of Rs 1,000 crore (US$ 150 million).
- Lupin has acquired two US based pharmaceutical firms, Gavis Pharmaceuticals LLC and Novel Laboratories Inc, in a deal worth at US$ 880 million.
- Several online pharmacy retailers like PharmEasy, Netmeds, Orbimed, are attracting investments from several investors, due to double digit growth in the Rs 97,000 crore ( US$ 14.55 billion) Indian pharmacy market.
- StelisBiopharma announced the breakthrough construction of its customised, multi-product, biopharmaceutical manufacturing facility at Bio-Xcell Biotechnology Park in Nusajaya, Johor, Malaysia's park and ecosystem for industrial and healthcare biotechnology at a total project investment amount of US$ 60 million.
- Strides Arcolab entered into a licensing agreement with US-based Gilead Sciences Inc to manufacture and distribute the latter's cost-efficient TenofovirAlafenamide (TAF) product to treat HIV patients in developing countries. The licence to manufacture Gilead's low-cost drug extends to 112 countries.

## Government Initiatives

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Mr Ananth Kumar, Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The Government of India plans to set up around eight mini drug-testing laboratories across major ports and airports in the country, which is expected to improve the drug regulatory system and infrastructure facilities by monitoring the standards of imported and exported drugs and reduce the overall time spent on quality assessment.
- India is expected to rank among the top five global pharmaceutical innovation hubs by 2020, based on Government of India's decision to allow 50 per cent public funding in the pharmaceuticals sector through its Public Private Partnership (PPP) model.#
- Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage ‘Make in India’ programme and reduce dependence on imports of Active Pharmaceutical Ingredients (API), nearly 85 per cent of which come from China.
- The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.
- The Department of Pharmaceuticals has planned to launch a venture capital fund of Rs 1,000 crore (US$ 149.11 million) to support start-ups in the research and development in the pharmaceutical and biotech industry.

## Road Ahead

The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Exchange Rate Used: INR 1 = US$ 0.0150 as on February 9, 2017

**References:** Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council

Note:- According to a study by UBM India, the Indian arm of London-based media and events company; @ - According to India Ratings (a Fitch company); # - according to Assocham and TechSci Research

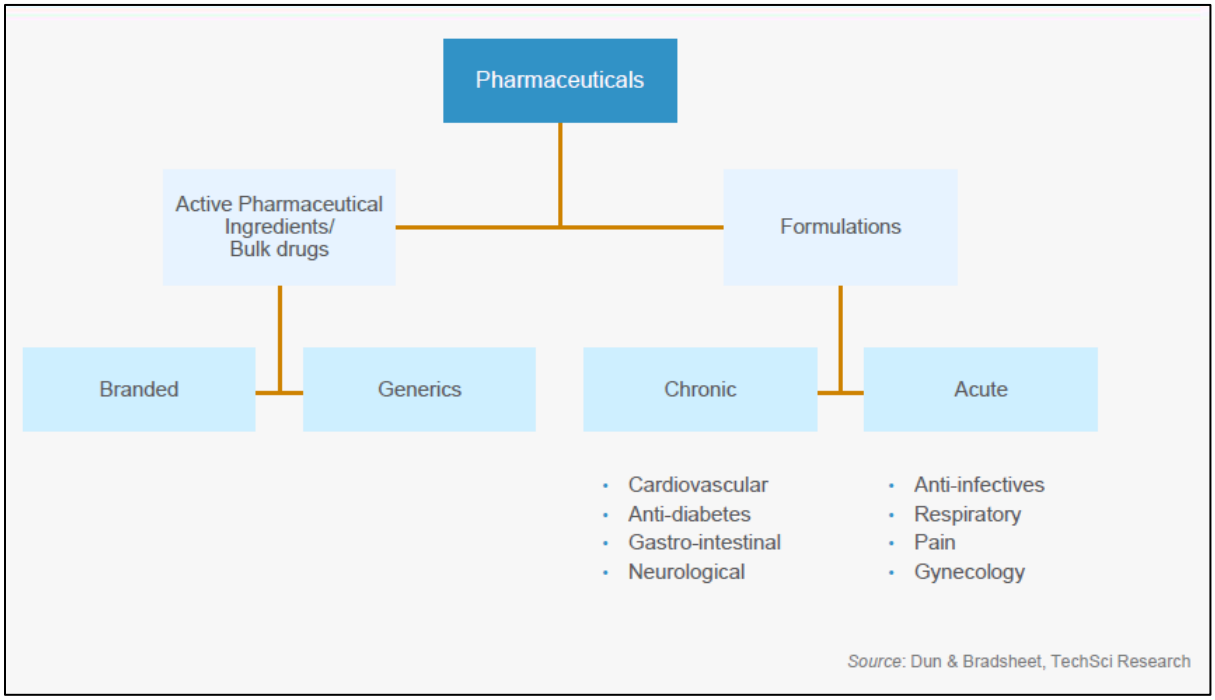
*(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - www.ibef.org)*

## INDIAN PHARMACEUTICALS SECTOR: OVERVIEW

Indian pharmaceutical sector accounts for about 2.4 per cent of the global pharmaceutical industry in value terms & 10 per cent in volume terms. India accounts for 20 per cent of global exports in generics. In FY16, India exported pharmaceutical products worth USD16.89 billion, with the number expected to reach USD40 billion by 2020. Pharma exports in India grew at 9.44 per cent in FY16, registering an amount of US$16.9 billion. The exports are expected to register double digit growth in FY17, with exports growing at 8 per cent in January 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 12.89 per cent over 2015–20 to reach USD55 billion. Indian healthcare sector, one of the fastest growing sectors, is expected to advance at a CAGR of 17 per cent to reach USD250 billion over 2008–20. The generics market stood at USD26.1 billion in 2016 from USD21 billion in 2015. India's generics market has immense potential for growth. Pharmaceutical sector in India attracted 4 per cent of the total FDIs into India, with, cumulative. FDI inflows worth USD14.53 billion were made during April 2000 to December 2016.

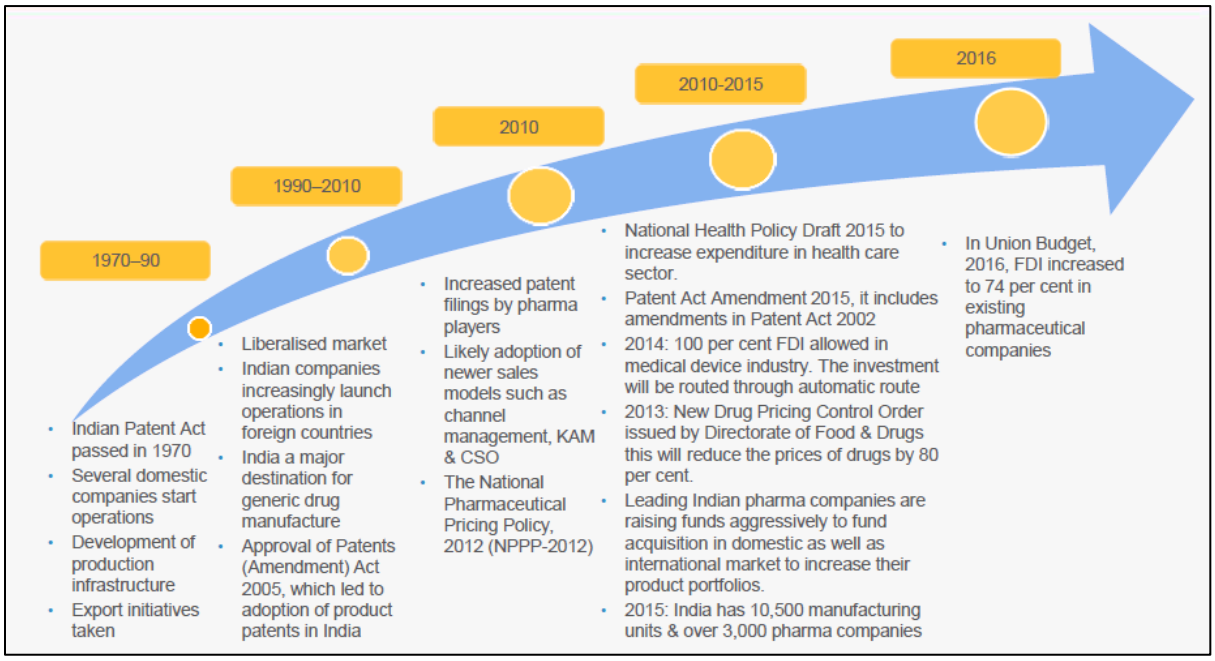
*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## STRUCTURE OF PHARMA SECTOR IN INDIA




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## SEGMENTS OF THE INDIAN PHARMACEUTICALS SECTOR

### Active Pharmaceutical Ingredients (APIs)

India has become the 3rd largest global generic API merchant market by 2016, with a 7.2 per cent market share. The Indian pharmaceutical industry accounts for the 2nd largest number of Abbreviated New Drug Applications (ANDAs), is the world's leader in Drug Master Files (DMFs) applications with the US

### Contract Research and Manufacturing Services (CRAMS)

Fragmented market with more than 1,000 players CRAMS industry is estimated to reach USD18 billion in 2018 & expected to witness a strong growth at a CAGR of 18-20 per cent between 2013-2018

### Formulations

Largest exporter of formulations in terms of volume, with 14 per cent market share and 12th in terms of export value. Domestic market size currently valued at USD11.2 billion. Double-digit growth expected over the next 5 years

### Biosimilars

Biosimilar's sector is expected to touch USD1.4 billion by 2016 & the sector is expected to grow annually at a rate of 30 per cent in India. The government plans to allocate USD70 million for local players to develop Biosimilars. The domestic market is expected to reach USD 40 billion by 2030

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## NOTABLE TRENDS IN THE INDIAN PHARMACEUTICALS SECTOR

**Research and development**

Indian pharma companies spend 8-11 per cent of their total turnover on R&D. Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

**Export revenue**

India's pharmaceutical export market is thriving due to strong presence in the generics space. Pharmaceuticals Exports Promotion Council expects pharma exports exceeded USD15 billion in 2015 & reached USD16.89 billion in 2016

**Joint Ventures**

Multinational companies are collaborating with Indian pharma firms to develop new drugs. Cipla formed an exclusive partnership with Serum Institute of India to sell vaccines in South Africa. 6 leading pharmaceutical companies have formed an alliance 'LAZOR' to share their best practices, so as to improve efficiency & reduce operating costs

**Expansion by Indian players abroad**

Cipla, the largest supplier of anti-malarial drugs to Africa, sets up a USD32 billion plant in Africa for the production of anti-retroviral & anti-malarial drugs

**PPP in R&D**

Indian Government invited multi-billion dollar investment with 50 per cent public funding through its public private partnership (PPP). In April 2017, Clavita Pharma Pvt. Ltd., signed an MoU with GITAM University for research activities, exchange of visits between professionals of Clavita and GITAM University faculty, organise joint meetings and training programmes

**Draft Patents (Amendment) Rules, 2015**

The time limit given for submitting the application for grant has been reduced to 4 months from 12 months, providing an extension of 2 months

**Product Patents**

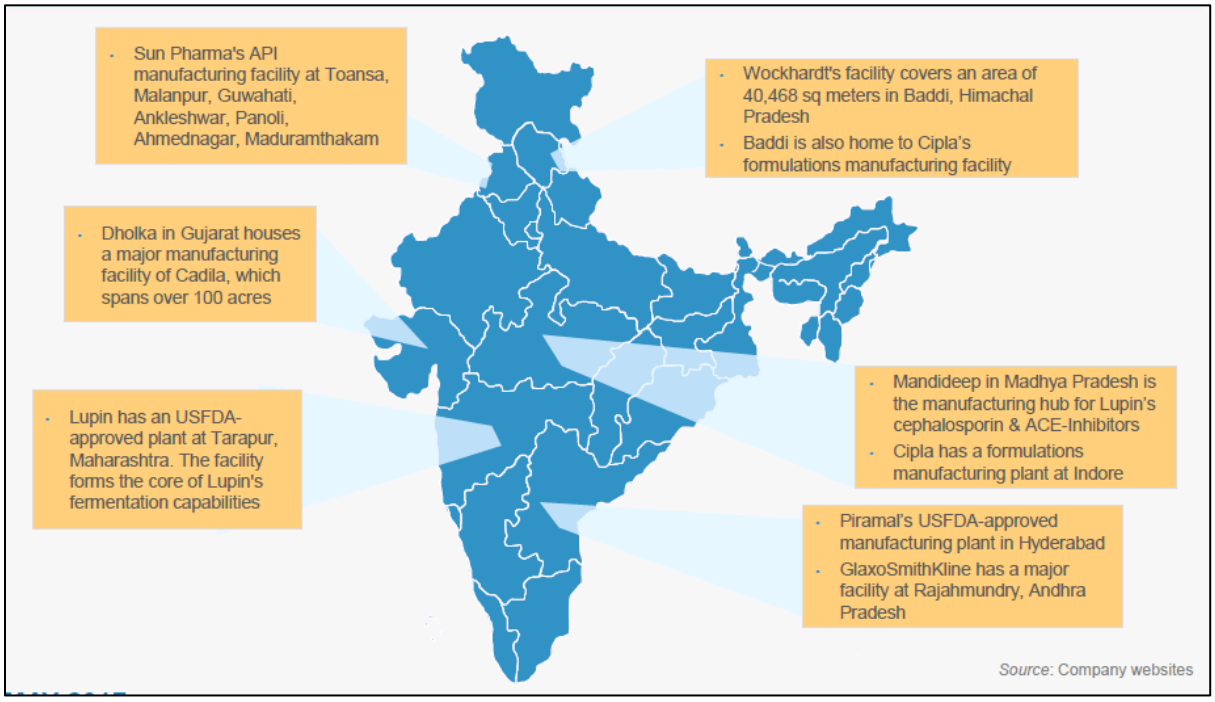
The introduction of product patents in India in 2005 gave a boost to the discovery of new drugs. India reiterated its commitment to IP protection following the introduction of product patents In December 2016, Suven Life Sciences was granted product patent for the treatment of neurodegenerative diseases

**Less time for approval**

In order to compete with global players in pharmaceutical industries, approval process of drugs have been simplified by the authorities & approval time for new facilities has been drastically reduced

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

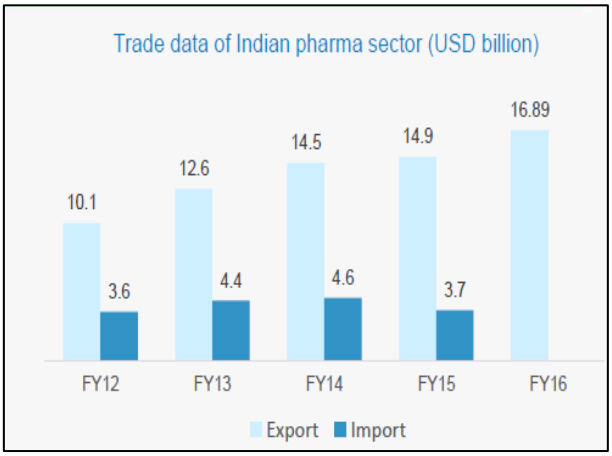
## STATES HOSTING KEY PHARMACEUTICAL VENTURES




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## PHARMA EXPORT TO CONTINUE WITNESSING HIGH GROWTH

Indian pharma companies are capitalising on export opportunities in regulated & semi-regulated markets. In FY16, India exported pharmaceutical products worth USD16.89 billion, with the number expected to reach USD40 billion by 2020 Department of Pharmaceuticals targets to export USD18.02 billion worth of pharmaceuticals in 2016. Indian drugs are exported to more than 200 countries in the world, with the US as the key market. India is the world's largest provider of generic medicines; the country's generic drugs account for 20 per cent of global generic drug exports (in terms of volumes)

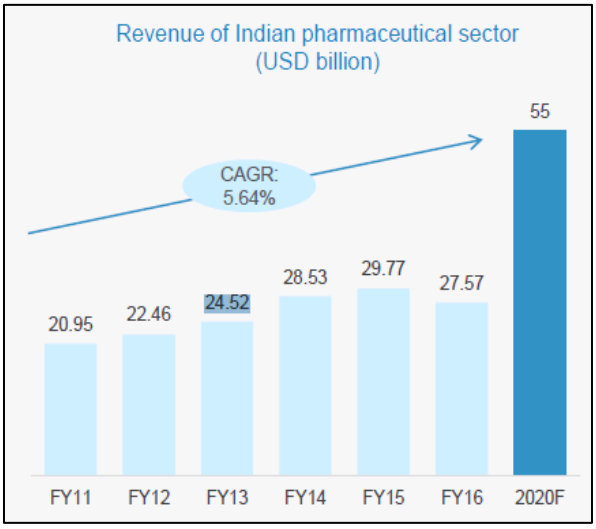



*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## INDIA PHARMA SECTOR REVENUES TRENDING NORTH

The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64 per cent, during 2011-16, with the market increasing from USD20.95 billion in 2011 to USD27.57 billion in 2016. By 2020, India is likely to be among the top 3 pharmaceutical markets by incremental growth & 6th largest market globally in absolute size.

India's cost of production is significantly lower than that of the US & almost half of that of Europe. It gives a competitive edge to India over others. Increase in the size of middle class households coupled with the improvement in medical infrastructure & increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## GROWTH DRIVERS

**Demand-side drivers**

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

**Supply-side drivers**

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- In FY16, 546 sites registered at USFDA. India accounts for 22 per cent of overall USFDA approved plants
- Increasing penetration of Chemists

**Policy Support**

- National Health Policy 2015, which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education & research institutes
- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## SUPPLY SIDE DRIVERS

### Launch of patented Drugs

Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India. Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. High Court allowing exporting patent drugs, to foreign players in the Indian market.

### Medical infrastructure

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by USD200 billion by 2024. In October 2016, the government gave a nod to set up the country's 1st medical devices manufacturing park in Chennai

### Scope in generics market

India's generic drugs account for 20 per cent of global exports in terms of volume, making it country the largest provider of generic medicines globally. The generics drug market accounts for around 70 per cent of the India pharmaceutical industry & it is expected to reach USD27.9 billion by 2020.

### Over-The-Counter (OTC) drugs

India's OTC drugs market is expected to rise at a CAGR of 16.3 per cent to USD6.6 billion over 2008–16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions

### Patent Expiry

The total sales value of the drugs with expiring patent in 2015 is USD66 billion and drugs with expiry protection in 2014 valued around USD34 billion

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## DEMAND DRIVERS

### Accessibility

Over USD200 billion to be spent on medical infrastructure in the next decade. New business models expected to penetrate tier-2 & 3 cities. Over 160,000 hospital beds expected to be added each year in the next decade. India's generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally

### Acceptability

Rising levels of education to increase acceptability of pharmaceuticals. Patients to show greater propensity to self-medicate, boosting the OTC market. Acceptance of biologics & preventive medicines to rise. A skilled workforce as well as high managerial & technical competence. Surge in medical tourism due to increased patient inflow from other countries

### Affordability

Rising income could drive 73 million households to the middle class over the next 10 years. Over 650 million people expected to be covered by health insurance by 2020. Government-sponsored programmes set to provide health benefits to over 380 million BPL people by 2017. By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of USD5.4 billion

**Epidemiological factors**

Patient pool expected to increase over 20 per cent in the next 10 years, mainly due to rise in population. New diseases & lifestyle changes to boost demand. Increasing prevalence of lifestyle diseases

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## FAVOURABLE POLICY MEASURES SUPPORT GROWTH

**Reduction in approval timer new facilities**

Steps taken to reduce approval time for new facilities. NOC for export licence issued in 2 weeks compared to 12 weeks earlier

**Collaborations**

MoUs with USFDA, WHO, Health Canada, etc. to boost growth in the Indian Pharma sector by benefiting from their expertise. In 2015, NIPER (Mohali) signed MoUs with pharmaceutical industry leaders Bharat Biotech, Dr Reddy, Cadila Healthcare, Sun Pharma & Panacea Biotech. In 2016, Strides Arcolab & US-based Gilead Sciences Inc. entered into a licensing agreement for manufacturing & distributing Gilead Sciences' cost-efficient TenofovirAlafenamide (TAF) product in order to treat HIV patients in developing economies

**Support for technology upgrades and FDIs**

Zero duty for technology upgrades in the pharmaceutical sector through the Export Promotion Capital Goods (EPCG) Scheme. Government is planning to relax FDI norms in the pharmaceutical sector. In March 2017, the government to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad

**Industry infrastructure**

Under the Union Budget 2017-18, the government has announced to set up 1.5 lakh Health Care Centres & open 2 new AIIMS in Jharkhand & Gujarat. In 2016, the government has planned to set up 6 pharma parks at an investment of about USD27 million

**Pharma Vision 2020**

Pharma Vision 2020 by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery

**Exceptions**

Full exemption from excise duty is being provided for HIV/AIDS drugs & diagnostic kits supplied under National AIDS Control Programme funded by the Global Fund to fight AIDS, TB & Malaria (GFATM). The customs duties on the said drugs are also being exempted

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## NATIONAL PHARMA PRICING POLICY 2012

**Market-based pricing**

Cost-based pricing is complicated and time consuming than market based pricing. Market-based pricing is expected to create greater transparency in pricing information and would be available in public domain. Prices of NLEM drugs linked to WPI.

**Essentiality of drugs**

Essentiality of drugs is determined by including the drug in National List of Essential Medicines (NLEM) (348 drugs at present). Promote rational use of medicines based on cost, safety & efficacy

**Price control of formulations only**

The regulation of prices of drugs on the basis of regulating the prices of formulations only. Only finished medicines are to be considered essential which would prevent price control of APIs, which are not necessarily used for essential drugs.

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## OPPORUNITIES: INDIAN PHARMACEUTICALS MARKET

**Clinical trials market**

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. From 2009 to 2015, 3043 clinical trial has been carried out in India

**High-end drugs**

Due to increasing population & income levels, demand for high-end drugs is expected to rise. Demand for high-end drugs would reach USD7.5 billion in 2016. Growing demand could open up the market for production of high-end drugs in India.

**Penetration in rural Market**

With 70 per cent of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

**CRAMS**

The Contract Research & Manufacturing Services industry (CRAMS) – estimated at USD8 billion in 2015, is expected to reach has a huge potential for Investments. The market has more than 1,000 players

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## ADVANTAGE INDIA

**Cost efficiency**

Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 60 per cent lower than that of the US & almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism As of February 2017, India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

**Economic drivers**

Economic prosperity to improve drug affordability. Increasing penetration of health insurance. With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available

**Diversified portfolio**

Accounts for over 10 per cent of the global pharmaceutical production. Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs. 35.7 per cent of all drug master filings from India are registered in the USA in 2015

**Policy support**

Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Reduced approval time for new facilities to boost investments. In this sector, 100 per cent FDI is allowed under automatic route

2016 Market size: USD27.57 Billion

2020F Market size: USD55 Billion

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## SUMMARY OF BUSINESS

## OVERVIEW

Incorporated in the year 1996, our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. With an operating history of more than two decades, we are primarily known for our premium range of nutraceutical, and cosmeceutical products. In the present competitive era of medicines and food supplements, we aim to distinguish our identity by focusing on ways to bridge the nutrition gap which is a recognised cause of many diseases. Our Company has identified over 50 consumer wellness goals and over 200 diseases, disorders, disabilities which can be prevented by meeting RDA of micronutrients and we have innovated and developed cost effective products that are unique and differentiated to combat such diseases.

In 2010, we set up our own manufacturing facility at SIDCUL Pantnagar Rudrapur, Uttarakhand. The quality of our products is evidenced by the number of quality certifications that our Company has obtained from various local and international accredition agencies. Our facility complies with GMP and WHO GMP for its health / diet supplements and ayurvedic products. We have also obtained FSSAI license (currently under renewal) for our products. Our Company is also an ISO-9001:2015 and ISO 9001:2008 certified for Quality management System for manufacturing and supply of Nutraceutical & Pharmaceutical Products. Spread over 3,536 Sq. mts., our manufacturing facility is equipped with the requisite plant and machineries including Effluent Treatment Plant and other resources required for our manufacturing process. Our R&D capabilities enable us to support our growth strategy by developing new products and process which enhance our range of products and services. We have a diversified product portfolio with our product basket consisting of more than 1,500 products used for various purposes such as hair care, skin care, heart care, immunity building, etc. We have the ability to supply products in various forms such as tablets, capsules, gel, liquids, ointments, powder, pastes, etc.

We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales. We have a training centre for our marketing agents wherein we train them about our business model and offer them various schemes and incentives to market our products. As on date of this Draft Red Herring Prospectus, we have more than 140 distributors and around 5,000 marketing agents. We have also set up our own portal for commercialisation of our products and their distribution through e-commerce. Our Company has been receiving encouraging response in this direction from consumers. We have a PAN India presence in domestic markets. To expand our reach, we have also entered into 2 distributorship agreements with foreign distributors situated in Kenya and Tanzania respectively.

Promoted by Minto Gupta and Hitesh Patel, our Promoters have played an instrumental role in the growth of our Company. Our promoter Minto Gupta has been associated with our Company since incorporation and our Company may be rightly called the brainchild of Minto Gupta. He is the guiding force behind the research and development capabilities of our Company and under his guidance we have been able to successfully execute our business strategies over the years. With his expertise and knowledge, our Company has been able to generate a new source of revenue i.e.R&D development or transfer as per requirements of our customers. Our other promoter Hitesh Patel joined hands with our Company in 2008 and has since then headed the Company for organic and strategic growth by tapping the expansion opportunities available at different phases of our business cycle. With our experienced and dedicated management, we have recorded an annual turnover of Rs. 2,944.83 lakhs Lakhs in 2017 from Rs. 942.44 in the year 2013. The said growth was achieved despite our manufacturing unit facing a natural calamity in 2013 which took a span of time for revival.

We believe that one of our USP is we are dealing in FMCH products, which is a fast growing sector. The emerging consumer habits and exposure through digital media and internet is disrupting the healthcare sector. The consumers are deeply concerned with management of diseases, which has raised the need of awareness for wellness and prevention and alternative healthcare solutions at an infliction point and we aim to serve the emerging health care consumer with innovative preventive healthcare wellness solutions.

**The salient features of our business model are as follows:**

- Comprises wide range of Nutraceutical products
- Possess market hold in nutraceutical space
- A strong quality control over the products

## OUR COMPETITIVE STRENGTHS

### 1. Experienced core management team:

We benefit from an experienced management in the healthcare industry, which we believe will be important in executing our growth strategy, including organic expansion projects. Our management team is composed of directors and senior officers with an experience ranging from 5-30 years in healthcare industry. With the experience of our management and under their leadership we have grown rapidly over the last several years and increased our operations. Our Promoter Minto Gupta has an experience of more than three decades in this industry and has been the backbone of research and development domain for our Company. For further details, see "Our Management" on page 202 of the Draft Red Herring Prospectus. Our management team's experience and their understanding of the healthcare industry enable us to continue to take advantage of both current and future market opportunities.

### 2. Our financial performance and tax incentives.

Our business has demonstrated over the last three Fiscal Years attractive financial performance. From Fiscal Year 2015 to 2017, our total revenue grew from Rs. 919.65 lakhs to Rs. 2944.83 lakhs, representing a CAGR of 78.94%; our EBITDA grew from Rs. 187.17 lakhs to Rs. 1280.13 lakhs, representing a CAGR of 161.52%; our EBITDA margin grew from 20.35% to 43.47%; and our profit/(loss) for the year grew from Rs. (108.80) lakhs to Rs. 948.75 lakhs, representing a CAGR of 87.26%. We have also enjoyed returns on net worth between 30.35% (during Fiscal Year 2017) and (8.07)% (during Fiscal Year 2015) in the period from Fiscal Year 2015 to Fiscal Year 2017. Our financial performance is due principally to (i) the growth of our expansion of our product portfolio (ii) improvements in our operating efficiency, including management of costs and expenses, (iii) employing new methods of our product distribution. Further our unit is situated at SIDCUL and is entitled to various direct and indirect taxation benefits. For further details, please refer chapter titled "Statement of PossibleTax Benefits" beginning on page 128 of the Draft Red Herring Prospectus.

### 3. Multi product capability and proven Research & Development capabilities

We are one of the few companies in India having a comprehensive range of Nutraceutical products. Our manufacturing plant can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us to change our product mix in response to changes in customer demand. We have infrastructure for process research labs and scale up and have been able to develop efficient and cost effective processes. Our emphasis on research and development has enabled us to devise our own process technologies and expand our scientific and engineering capabilities. We also share our research and development discoveries with clients on a commercial basis and have been receiving encouraging response in this direction. Since inception, our unique formulas and brands go

through various creation steps i.e development from an idea to market maturity. In 2017, we were one of the first company to make ready-to-eat healthy lifestyle food meals – i.e. Stay Young Jeevan 75 Slim Meal and Stay Young meal for Diabetic – innovated as a complete nutritional solution. Our R&D division is led by our Promoter Minto Gupta who is a well known scientist in the field of nutrition. He is supported by 4 other doctrates and a network of emerging scientists who contribute by way of offering innovative solutions. We believe that continued focus on research & development will enable us to further develop new processes and products and take our Company to next level.

**4. Product Range**

Our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. With an operating history of more than two decades, we are primarily known for our premium range of nutraceutical, and cosmeceutical products. Our Company aims to protect and prevent health issues arising out of deficiency of nutrients. We have a product basket of more than 1,500 products. We have a diverse Softgel product range and manufacture over 1000 formulations from simple oil products to complex paste, powders ointments, creams and other formulations. We also deal in oil encapsulation and have expertise in capsule as well as tablet manufacturing. We have the ability to supply products in various forms such as tablets, capsules, Gel, liquids, ointments, powder, pastes, etc. in different forms of packing. Our products are able to satisfy diverse needs of consumers such as skin care, hair care, body care, etc. Our Company manufactures products on the basis of needs and requirements in the market. Further our products have a base of nutritional value which distinguishes it from the usual FMCH products. We believe that we have necessary resources, experience and network to launch additional products in future.

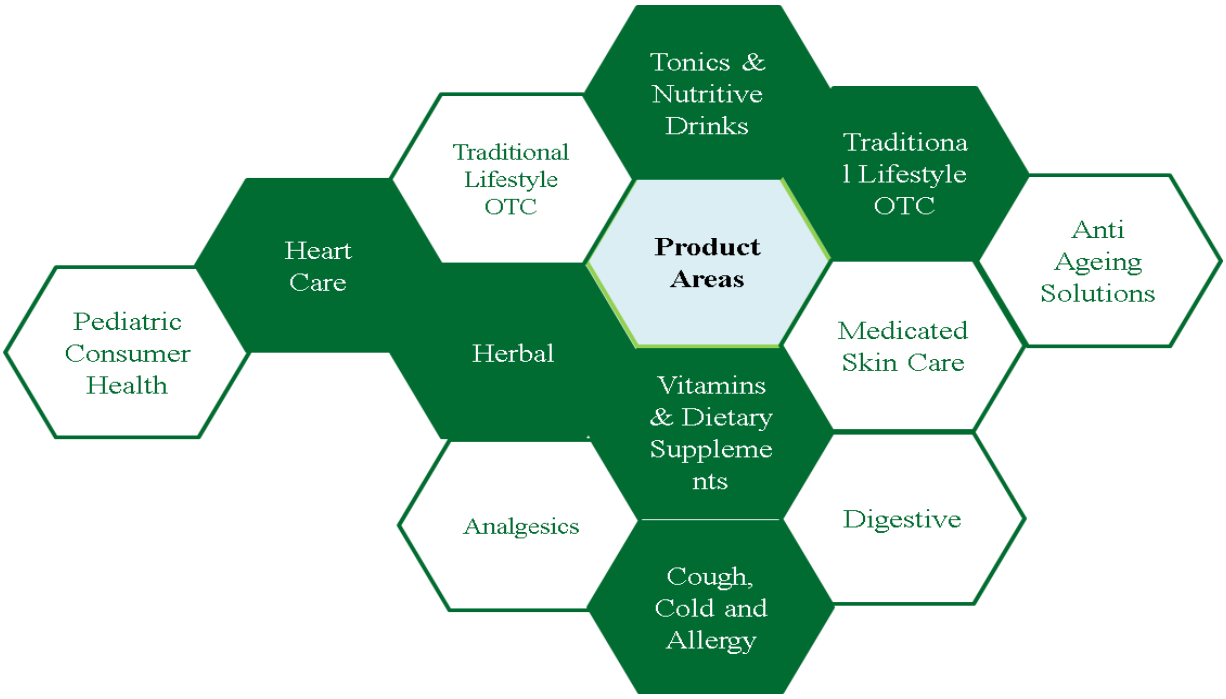
**5. Quality assurance**

Quality plays one of the most vital role in the success of any organisation. We are focused on providing high quality products and services. We constantly strive to improve our industrial processes at every step in the production chain – from the milling and mixing of raw materials to our packaging methods and how we use technological additives to maintain the nutritional value and enhance the flavor and appearance of our products. Our focus on quality is evidenced by the quality certifications and accreditations that our facility has obtained from various local and international accreditation agencies. Our manufacturing unit is approved by WHO-GMP. We conform to various international standards such as CGMP, ISO 9001:2015. Since we also deal in food supplements, our required products also meet FSSAI standards. Our products undergo quality check at various levels of production to ensure that any quality defects or product errors are rectified on real time basis. We also have an in-house laboratory for conducting various tests for further improvements in our products. We aim to continue to supply qualitative products at competitive prices.

**6. Widespread domestic presence and distribution network**

We have been supplying products on PAN India basis and hence are not dependent on any particular region. Our widespread domestic presence not only mitigates the risk of dependence on few regions but also helps us to leverage our brand value. For our distribution channel, we have more than 140 distributors and 5,000 well trained marketing agents. We also have our own portal for sale of products through e-commerce medium. We have also initiated tie ups with international distributors to expand our international reach.

**PRODUCT RANGE OF OUR COMPANY**




Our Company have a product portfolio of more than 1,500 products catering to different needs of customers.Some of the key products in our portfolio are

| Product Areas | Our Sample Products |
|---|---|
| OTC | • Mosquito Repellent |
| Vitamins & Dietary Supplements | • My-75 micronutrients<br>• Enrich<br>• Nu-vit<br>• Gemcaldecc |
| Medicated Skin Care | • AloFlax Veg Caps<br>• BE YOUNG - CELEBRITY Deep Pore Moisturizing Milk<br>• O7 Nutressential<br>• DSK Cream<br>• BE YOUNG - CELEBRITY Under Eye Whitening & De-wrinkling Cream |
| Digestive | • Super digestive system |
| Cough, Cold and Allergy | • Coldecc |
| Weight Management | • Goslim Fast<br>• Goslim Fast Meal |
| Herbal | • Respidecc<br>• Ginkodecc<br>• Prostadecc<br>• Relaxdecc |

| Product Areas | Our Sample Products |
|---|---|
| Heart Care | • BE YOUNG - Lower Cholesterol Food Pills<br>• CardoDecc<br>• NitroDecc<br>• OmegaMax Total |
| Hair Care | • BE YOUNG- CELEBRITY Hair Scalp Cleanser<br>• BE YOUNG- CELEBRITY Hair Growth Serum<br>• BE YOUNG - Reduce Hair Fall Food Pills |
| Anti Ageing Solutions | • Oxyflax ISB<br>• Oxyflax Global<br>• O3D3<br>• Neurovit MC |

**Our Brands**

Some of our well known brands are:

## SUMMARY OF FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED** **ANNEXURE-I**

**(Amount in Lakhs)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | | |
| **1. Shareholders' funds** | | | | | |
| (a) Share capital | 1293.25 | 1043.25 | 1043.25 | 1043.25 | 1043.25 |
| (b) Reserves and surplus | 1833.00 | 714.25 | 207.61 | 316.41 | 859.54 |
| **Sub-Total** | **3126.25** | **1757.50** | **1250.86** | **1359.66** | **1902.79** |
| **2. Money received against Share Warrants** | - | - | - | 20.00 | 20.00 |
| **Sub-Total** | **-** | **-** | **-** | **20.00** | **20.00** |
| **3. Non-current liabilities** | | | | | |
| (a) Long-term borrowings | 1067.51 | 1394.35 | 1536.98 | 1351.98 | 1366.59 |
| (b) Deferred tax liabilities (Net) | 170.15 | 172.18 | 171.44 | 166.07 | 152.82 |
| (c) Other Non Current Liabilities | 22.69 | 16.76 | 16.05 | 11.81 | 12.07 |
| **Sub-Total** | **1260.35** | **1583.29** | **1724.48** | **1529.86** | **1531.48** |
| **4. Current liabilities** | | | | | |
| (a) Short-term borrowings | - | - | - | - | - |
| (b) Trade payables | 1007.86 | 329.76 | 118.00 | 334.79 | 520.54 |
| (c) Other current liabilities | 206.61 | - | 0.84 | 7.13 | 14.20 |
| (d) Short-term provisions | 264.64 | 178.28 | 129.51 | 67.97 | 50.70 |
| **Sub-Total** | **1479.11** | **508.04** | **248.36** | **409.89** | **585.44** |
| **TOTAL** | **5865.71** | **3848.83** | **3223.70** | **3319.41** | **4039.71** |
| **II. ASSETS** | | | | | |
| **1. Non-current assets** | | | | | |
| (a) Fixed assets | 1732.15 | 1711.63 | 1826.43 | 1939.10 | 2051.59 |
| (b) Non-current investments | - | 6.61 | 1.51 | 1.39 | 25.56 |
| (c) Deferred tax assets (net) | - | - | - | - | - |
| (d) Long-term loans and advances | - | - | - | - | - |
| (e) Other Non Current Assets | 861.57 | 479.76 | - | 0.98 | 0.98 |
| **Sub-Total** | **2593.72** | **2198.00** | **1827.94** | **1941.47** | **2078.13** |
| **2. Current assets** | | | | | |
| (a) Current investments | - | - | - | - | - |
| (b) Inventories | 1026.70 | 359.30 | 263.28 | 306.19 | 463.71 |
| (c) Trade receivables | 1325.27 | 669.74 | 496.48 | 322.38 | 665.37 |
| (d) Cash and cash equivalents | 8.91 | 14.64 | 1.61 | 7.84 | 15.60 |
| (e) Short-term loans and advances | 911.11 | 607.15 | 634.39 | 741.53 | 816.90 |
| **Sub-Total** | **3271.99** | **1650.83** | **1395.76** | **1377.94** | **1961.58** |
| **TOTAL** | **5865.71** | **3848.83** | **3223.70** | **3319.41** | **4039.71** |

**STATEMENT OF PROFIT AND LOSS AS RESTATED** **ANNEXURE-II**

**(Amount in Lakhs)**

| Particulars | For the year ended March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| I.Revenue from operations | 2940.02 | 1722.15 | 914.88 | 704.14 | 940.80 |
| II.Other income | 4.81 | 1.78 | 4.77 | 0.54 | 1.64 |
| **III. Total Revenue (I + II)** | **2944.83** | **1723.93** | **919.65** | **704.68** | **942.44** |
| IV. Expenses: | | | | | |
| Cost of materials consumed | 941.09 | 522.11 | 344.09 | 223.04 | 478.71 |
| Purchases of Stock-in-Trade | - | - | - | - | - |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | (74.30) | (35.97) | 20.47 | 75.15 | 29.95 |
| Employee benefits expense | 333.75 | 171.35 | 132.10 | 211.26 | 235.36 |
| Finance costs | 214.35 | 147.81 | 151.64 | 149.51 | 148.15 |
| Depreciation and amortization expense | 119.06 | 115.12 | 115.10 | 114.98 | 114.64 |
| Other expenses | 464.16 | 277.30 | 235.81 | 460.59 | 563.06 |
| **Total expenses** | **1998.11** | **1197.70** | **999.21** | **1234.55** | **1569.87** |
| **V. Profit before exceptional and extraordinary items and tax (III-IV)** | **946.72** | **526.23** | **(79.56)** | **(529.88)** | **(627.43)** |
| VI. Exceptional items | | | | | |
| **VII. Profit before extraordinary items and tax (V - VI)** | **946.72** | **526.23** | **(79.56)** | **(529.88)** | **(627.43)** |
| VIII. Extraordinary Items- | | 18.85 | 23.86 | | |
| **IX. Profit before tax (VII- VIII)** | **946.72** | **507.38** | **(103.43)** | **(529.88)** | **(627.43)** |
| X. Tax expense: | | | | | |
| (1) Current tax | 149.84 | - | - | - | - |
| (2) MAT Credit Entilement | (149.84) | - | - | - | - |
| (3) Deferred Tax Liability/(Asset) | (2.03) | 0.73 | 5.37 | 13.25 | 20.88 |
| **XI. Profit (Loss) for the period from continuing operations (VII-VIII)** | **948.75** | **506.65** | **(108.80)** | **(543.13)** | **(648.33)** |
| XII. Profit/(loss) from discontinuing operations | - | - | - | - | - |
| XIII. Tax expense of discontinuing operations | - | - | - | - | - |
| **XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)** | - | - | - | - | - |
| **XV. Profit (Loss) for the period (XI + XIV)** | **948.75** | **506.65** | **(108.80)** | **(543.13)** | **(648.33)** |
| XVI Earnings per equity share: | | | | | |
| (1) Basic | 9.01 | 7.84 | (2.04) | (10.19) | (12.16) |
| (2) Diluted | 9.01 | 7.84 | (1.04) | (5.11) | (6.10) |

**STATEMENT OF CASH FLOW AS RESTATED** **ANNEXURE-III**

**(Amount in Lakhs)**

| Particulars | For the year ended March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Restated Net profit Before Tax and Extraordinary Iteams | 946.72 | 507.38 | (103.43) | (529.88) | (627.43) |
| **Adjustments For:** | | | | | |
| Extraordinary Item | - | 18.85 | 23.86 | - | - |
| Amortisable Expenses | 11.19 | 11.19 | 0.983 | - | 36.67 |
| Depreciation | 119.06 | 115.12 | 115.10 | 114.97 | 114.63 |
| Interest Received | (1.16) | (0.13) | (0.12) | (0.54) | (0.19) |
| Interest and Finance Charges | 214.35 | 147.81 | 151.64 | 149.51 | 148.15 |
| **Operating Profit before working capital changes** | **1290.16** | **800.213** | **188.039** | **-265.92** | **-328.16** |
| **Adjustment For:** | | | | | |
| Decrease/(Increase) in Inventories | (667.39) | (96.03) | 42.91 | 157.51 | 40.00 |
| Decrease/(Increase) in Trade receivables | (655.54) | (173.25) | (174.10) | 342.98 | (37.74) |
| Decrease/(Increase) in Other Non-Current Assets | (381.82) | (479.77) | 0.99 | - | 36.68 |
| Decrease/(Increase) in Short-term loans and advances | (303.96) | 27.24 | 107.14 | 75.38 | 1.77 |
| Decrease/(Increase) in Long Term Loans and Advances | - | - | - | - | - |
| (Decrease)/Increase in Trade Payables | 678.10 | 211.75 | (216.78) | (185.75) | 24.20 |
| (Decrease)/Increase in Other Current Liabilities | 206.61 | (0.84) | (6.29) | (7.06) | 14.20 |
| (Decrease)/Increase in Short Term Provisions | 86.36 | 48.77 | 61.54 | 17.27 | 17.75 |
| (Decrease)/Increase in Other Non current Liabilities | 5.93 | 0.71 | 4.24 | (0.25) | 2.15 |
| **Cash Generated from Operations** | **258.45** | **338.79** | **7.682** | **134.16** | **(229.16)** |
| Extraordinary Item | - | (18.85) | (23.86) | - | - |
| Amortisable Expense | (11.19) | (11.19) | (0.98) | - | (36.67) |
| Taxes Paid | - | - | - | - | - |
| **Net Cash From /(Used In ) Operating Activities (A)** | **247.26** | **308.76** | **(17.16)** | **134.16** | **(265.84)** |
| **Cash Flow From Investing Activities** | | | | | |
| (Purchase)/Sale Of Fixed Assets/ Capital Work In Progress | (139.57) | (0.32) | (2.42) | (2.52) | (3.52) |
| Decrease/(Increase) in Non Current investments | 6.61 | (5.11) | (0.12) | 24.17 | (25.56) |
| Interest Received | 1.16 | 0.13 | 0.12 | 0.54 | 0.19 |

| Particulars | For the year ended March 31, 2017 | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| **Net Cash From /(Used In ) Investing Activities (B)** | (131.80) | (5.30) | (2.42) | 22.20 | (28.89) |
| **Cash Flow From Financing Activities** | | | | | |
| Proceeds from Issue of Shares | 250.00 | - | (20.00) | - | - |
| Security Premium | 170.00 | - | - | - | - |
| Interest and Finance Charges | (214.35) | (147.81) | (151.64) | (149.51) | (148.15) |
| (Decrease)/Increase in Short Term Borrowing | | | | | |
| (Decrease)/Increase in Long Term Borrowing | (326.83) | (142.64) | 185.00 | (14.61) | 425.91 |
| **Net Cash From Financing Activities (c)** | (121.19) | (290.44) | 13.36 | (164.12) | 277.76 |
| **Net Increase / (Decrease) in Cash (A)+(B)+(C)** | (5.73) | 13.02 | (6.23) | (7.76) | (16.97) |
| **Cash and Cash equivalents at the beginning of the year** | 14.64 | 1.61 | 7.84 | 15.60 | 32.57 |
| **Cash and Cash equivalents at the end of the year** | **8.91** | **14.64** | **1.61** | **7.84** | **15.60** |

## THE OFFER

The following table summarizes the Offer details:

| Particulars | Details of Equity Shares |
|---|---|
| Offer of Equity Shares by Our Company | Offer of Upto 50,00,000 Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●]/- per Equity share aggregating to Rs. [●] Lakhs |
| **Of Which:** | |
| **Fresh Issue** | Upto 36,00,000 Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs |
| **Offer for sale** | Upto 14,00,000 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [•]/- per Equity Share aggregating Rs. [●] lakhs |
| **The Offer Consists of:** | |
| Market Maker Reservation Portion | [●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs |
| Net Offer to the Public | [●] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●] /- per share aggregating Rs. [●] Lakhs |
| **Of Which** | |
| QIB Portion | [●] Equity shares shall be available for allocation |
| **Of Which** | |
| Available for allocation to Mutual Funds ([●]% of the QIB portion) | [●] Equity Shares of face value of Rs.10 each |
| Balance of all QIBs including Mutual Funds | [●] Equity Shares of face value of Rs.10 each |
| Retail Portion | [●] Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. [●]/- per Equity share aggregating Rs. [●] Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs |
| Non-Institutional Portion | [●] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of [●]/- per Equity Share aggregating Rs. [●] lakhs will be available for allocation to investors above Rs. 2.00 Lakhs |
| **Pre and Post Offer Equity Shares** | |
| Equity Shares outstanding prior to the Offer | 12,93,24,640 Equity Shares of face value of Rs.10 each |
| Equity Shares outstanding after the Offer | [●] Equity Shares of face value of Rs.10 each |
| Use of proceeds of this Offer | For further details please refer chapter titled "*Objects of the Offer"* beginning on page 116 of this Draft Red Herring Prospectus for information on use of Offer Proceeds. |

**Notes**

The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on August 31, 2017 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting held on September 01, 2017.

This Offer is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time.

1. In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid Bids received at or above the Issue Price;
2. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non- Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.
3. Such number of Equity Shares representing [●] % of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

For further details please refer to section titled *'Offer Information'* beginning on page 300 of this Draft Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was originally incorporated as Deccan Health Care Limited at Hyderabad, Andhra Pradesh as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 01-24351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Subsequently, our Company was converted into a private limited company and the name of our Company was changed to Deccan Health Care Private Limited vide a Fresh Certificate of Incorporation dated June 12, 2009, issued by the Assistant Registrar of Companies, Andhra Pradesh. Further, our Company was converted into a public limited company pursuant to special resolution passed by the members in Extraordinary General Meeting held on August 12, 2017 and the name of our Company was changed to Deccan Health Care Limited vide a Fresh Certificate of Incorporation dated August 31, 2017, issued by the Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana. The Corporate Identification number of our Company is U72200TG1996PLC024351.

For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled '*Our History and Certain Other Corporate Matters*' beginning on page 197 of this Draft Red Herring Prospectus.

### REGISTERED OFFICE OF OUR COMPANY

**Deccan Health Care Limited**
247, 2nd floor, Dwarakapuri Colony,
Punjagutta, Hyderabad,
Telangana – 500082, India
**Tel**: +91 040 40144508
**Fax**: NA
**Email***:* investors@deccanhealthcare.co.in
**Website:** www.deccanhealthcare.co.in
**Corporate Identification Number:** U72200TG1996PLC024351

### REGISTRAR OF COMPANIES

**Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana**
2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068
**Website**: www.mca.gov.in

### DESIGNATED STOCK EXCHANGE

**EMERGE Platform of NSE**
**National Stock Exchange of India Limited**
Exchange Plaza, C/1, G Block,
Bandra Kurla Complex
Bandra (East), Mumbai - 400051,
Maharashtra, India

## BOARD OF DIRECTORS OF OUR COMPANY

| Sr. No. | Name | Age (in Years) | DIN | Address | Designation |
|---|---|---|---|---|---|
| 1. | Minto Purshotam Gupta | 59 | 00843784 | 2B, Sunshine, Cressent, Road No. 4, Banjara Hills, Hyderabad – 500034 | Chairman and Managing Director |
| 2. | Hitesh Patel | 42 | 02080625 | 3, 8/9, Kailash Nagar, M. G. Road, Ghatkopar, Mumbai – 400077 | Additional Director (Non Executive) |
| 3. | Meenakshi Gupta | 57 | 00574624 | 2B, Sunshine, Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034 | Whole Time Director |
| 4. | Rani Venkata Satya Umamaheswara Rao | 52 | 02100433 | P No 101, 13-1-76/7 6, Manasa Apts, Mothi Nagar, Erra Gadda, Hyderabad – 500018 | Whole Time Director |
| 5. | Yezdi Jal Batliwala | 74 | 03018605 | 686, Vevai Villa, Parsi Colony, Khareghat Road, Dadar, Mumbai – 400014 | Additional Director (Independent) |
| 6. | Suryakant Mainak | 66 | 02531129 | B-1503, Oberoi Woods, Mohan Gokhale Marg, Off Western Express Highway, Goregaon (East), Mumbai – 400063 | Additional Director (Independent) |
| 7. | Anantkumar Shriram Ganediwal | 49 | 03457257 | Flat No 4, Vanashree Apartment 161, Highigh Tide Road, Off. Juhu Versova Link Road, Andheri (W) Mumbai – 400053 | Additional Director (Independent) |

For further details of our Directors, please refer to the chapter titled *"Our Management"* beginning on page 202 of this Draft Red Herring Prospectus.

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Narahari Bellamkonda**
**Deccan Health Care Limited**
247, 2nd floor, Dwarakapuri Colony,
Punjagutta, Hyderabad-500082,
Telangana, India
**Tel**: +91 040 40144508
**Fax:** NA
**Email***:* cs@deccanhealthcare.co.in
**Website:**www.deccanhealthcare.co.in

## CHIEF FINANCIAL OFFICER

**Mohita Gupta**
**Deccan Health Care Limited**
247, 2nd floor, Dwarakapuri Colony,
Punjagutta, Hyderabad-500082,
Telangana, India
**Tel**: +91 040 40144508
**Fax:** NA
**Email***:* cfo@deccanhealthcare.co.in
**Website:** www.deccanhealth.co.in

**Investors can contact the Company Secretary and Compliance Officer, the BRLM or the Registrar to the Offer in case of any pre- offer or post- offer related problems, such as non receipt of letters of Allotment, non credit of Allotted Equity Shares in the respective beneficiary account, non receipt of refund orders and non receipt of funds by electronic mode.**

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

For all Offer related queries and for redressal of complaints, bidders may also write to the Book Running Lead Manager. All complaints, queries or comments received by Stock Exchange/ SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

## STATUTORY AUDITOR

**Manisha Sharma & Co.**
**Chartered Accountants**
Block - B, House No 16 S-IV,
Cicon Apartments, Ramprastha Colony,
Ramprastha – 201011,
Uttar Padesh, India
**Tel No.:** +91 9582098222
**Fax No.:** NA
**Email:** manishasharma5@yahoo.com
**Contact Person:** Manisha Sharma
**Firm Registration No.:** 015656N
**Membership No.:** 091468

## PEER REVIEWED AUDITOR

**N. K. Aswani & Co.**
Chartered Accountants
701/A, Wall Street-II,
Ellisbridge, Ahmedabad – 380006,
Gujarat, India
**Tele No.:** 079-26402552 / 53
**Fax No.:** *Not Available*

**Email:** narainkaswani@yahoo.co.in
**Contact Person:** Narian K. Aswani
**Firm Registration No.:** 100738W
**Membership No.:** 033278

M/s N.K. Aswani & Co., Chartered Accountant holds a peer reviewed certificate dated November 13, 2013 issued by the Institute of Chartered Accountants of India

## BOOK RUNNING LEAD MANAGER

**Pantomath Capital Advisors Private Limited**
406-408, Keshava Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East)
Mumbai- 400051, Maharashtra, India
**Tel:** +91 22 6194 6724
**Fax:** + 91 22 2659 8690
**Email:** ipo@pantomathgroup.com
**Website**: www.pantomathgroup.com
**Contact Person:** Kirti Kanoria
**SEBI Registration No:** INM000012110

## REGISTRAR TO THE ISSUE

**Bigshare Services Private Limited**
Bharat Tin Works Building, 1st Floor,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri East, Mumbai – 400 059,
Maharashtra, India
**Tel:** +91 22 6263 8200
**Fax:** +91 22 6263 8299
**Email:** ipo@bigshareonline.com
**Website:** www.bigshareonline.com
**Contact Person:** Nilesh S Chalke
**SEBI Registration Number:** INR000001385
***Investor Grievance E-mail:*** investor@bigshareonline.com

## SHARE ESCROW AGENT

[●]
[●]
**Tel:** [●]
**Fax:** [●]
**E-mail:** [●]
**Contact Person:** [●]
**Website:** [●]

## LEGAL ADVISOR TO THE ISSUE

**M V Kini, Law Firm**
Kini House, 216/263, 1st Floor, Near Citi Bank,
D. N. Road, Fort, Mumbai - 400 001, Maharashtra, India
**Tel:** +91 22 22612527/28/29
**Fax:** +91 22 22612530
**E-mail:** vidisha@mvkini.com

**Contact Person:** Vidisha Krishan
**Website:** www.mvkini.com

## BANKER TO THE COMPANY

**[●]**
[●]
**Tel:** +91 [●]
**Fax:** +91 [●]
**Email:** [●]
**Website:** [●]
**Contact Person:** [●]

## PUBLIC ISSUE BANK / BANKER TO THE ISSUE/ REFUND BANKER

ICICI Bank Limited
Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vachha Road, Backbay Reclamation,
Churchgate, Mumbai – 400 020,
Maharashtra, India
Tel: +91 22 2266818932
Fax: +91 22 22611138
Email: shradha.salaria@icicibank.com
Contact Person: Shradha Salaria
Website: www.icicibank.com
SEBI Registration Number: INBI00000004

IndusInd Bank Limited
IndusInd Bank, PNA House, 4th Floor
Plot No 57 & 57/1, Road No. 17,
Near SRL, MIDC, Andheri East
Mumbai – 400093, Maharashtra, India
Tel : +91 22 61069234
Fax : +91 22 61069315
Email: suresh.esaki@indusind.com
Contact Person: Suresh Esaki
Website: www.indusind.com
SEBI Registration Number: INBI00000002

## SYNDICATE MEMBER

**Pantomath Stock Brokers Private Limited**
406-408, Keshava Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051,
Maharashtra, India
**Tel:** - +91 22 6194 6774
**Fax:** - +91 22 2659 8690
**E-mail:** broking@pantomathgroup.com
**Contact Person:** Mahavir Toshniwal
**Website:** www.pantomathbroking.com
**SEBI Registration Number:** INZ000068338

## DESIGNATED INTERMEDIARIES

### Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on http://www.sebi.gov.in/sebiweb/home/detail/32931/yes/List-of-Self-Certified-Syndicate-Banks-SCSBsfor- Syndicate-ASBA. For details on Designated Branches of SCSBs collecting the Application Form, please refer to the above-mentioned SEBI link.

### Registered Brokers

Bidders can submit Bid cum Application Forms in the Issue using the stock brokers network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered

Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the National Stock Exchange of India, as updated from time to time. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in ) and updated from time to time.

**Registrar to Issue and Share Transfer Agents**

The list of the RTAs eligible to accept Bid cum Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of Stock Exchange at National Stock Exchange India Limited, as updated from time to time.

**Collecting Depository Participants**

The list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange at National Stock Exchange India Limited, as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in ) and updated from time to time.

## CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

## IPO GRADING

Since the Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

## INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Pantomath Capital Advisors Private Limited is the sole Book Running Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Book Running Lead Manager is not applicable.

## APPRAISAL AND MONITORING AGENCY

As per regulation 16(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10,000 Lakhs. Since the Issue size is only of Rs. [●] lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

## EXPERT OPINION

Except the report of the Peer Reviewed Auditor on statement of tax benefits and report on restated financials for the year ended March 31, 2017, 2016, 2015, 2014 and 2013 as included in this Draft Red herring Prospectus, our Company has not obtained any expert opinion.

## BOOK BUILDING PROCESS

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company in consultation with the BRLM in accordance with the Book Building Process, and advertised in all editions of a widely circulated English Newspaper, all editions of a widely circulated Hindi Newspaper and a widely circulated Gujarati Newspaper, Gujarati being the regional language of Gujarat, where our

registered office is situated at least five working days prior to the Bid/ Issue Opening date. The Issue Price shall be determined by our Company, in consultation with the BRLM in accordance with the Book Building Process after the Bid/Issue Closing Date. Principal parties involved in the Book Building Process are:-

- Our Company;
- The Book Running Lead Manager in this case being Pantomath Capital Advisors Private Limited, the Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with National Stock Exchange of India Limited and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the BRLM;
- The Registrar to the Issue and;
- The Designated Intermediaries

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein [●]% of the Issue shall be allotted on a proportionate basis to QIBs, of which [●]% shall be reserved for Mutual Funds. Further [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and [●]% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spillover from other categories or a combination of categories.

Such number of Equity Shares representing [●]% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

All Bidders (excluding Anchor Investors) can participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process. In accordance with the SEBI Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bids prior to the Bid/Issue Closing Date

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

For further details on the method and procedure for Bidding, please see section entitled *"Offer Procedure"* on page 312 of this Draft Red Herring Prospectus

**Illustration of Book Building and Price Discovery Process** (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, Issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Price (Rs.) | Cumulative Bid Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to Issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Manager will finalize the Issue price at or below such cut-off price, i.e., at or below Rs. 22/-. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

**Steps to be taken by the Bidders for Bidding:**

1. Check eligibility for making a Bid (see section titled *"Offer Procedure"* on page 312. of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

**BID / OFFER PROGRAMME**

An indicative timetable in respect of the Issue is set out below:

| Event | Indicative Date |
|---|---|
| Bid/Issue Opening Date | [●] |
| Bid/Issue Closing Date | [●] |
| Finalization of Basis of Allotment with the Designated Stock Exchange | [●] |
| Initiation of Refunds | [●] |
| Credit of Equity Shares to Demat Accounts of Allottees | [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | [●] |

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue Period by our Company, or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bids and any revision to the same shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Issue Period. On the Issue Closing Date, the Bids and any revision to the same shall be accepted between 10.00 a.m. and 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days. Neither our Company nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Non Retail Bidders shall not be allowed to either withdraw or lower the size of their Bid at any stage. Non Retail Bidders may revise their Bids upwards (in terms of quantity of Equity Shares) during the Issue Period. Such upward revision must be made using the Revision Form.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

## UNDERWRITER

Our Company and Book Running Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated September 01, 2017 and pursuant to the terms of the underwriting agreement; obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being offered through this Issue

| Name and Address of the Underwriters | Indicative Number of Equity shares to be Underwritten | Amount Underwritten (Rupees In Lakhs) | % of the Total Issue Size Underwritten |
|---|---|---|---|
| **Pantomath Capital Advisors Private Limited**<br>406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India<br>**Tel:** +91 22 61946724<br>**Fax:** +91 22 26598690<br>**Email:** ipo@pantomathgroup.com<br>**Contact Person:** Madhu Lunawat<br>**SEBI Registration Number**: INM000012110 | Upto 50,00,000 | [●] | 100 |
| **Total** | **Upto 50,00,000** | **[●]** | **100** |

**Includes* [●] *Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 106 V(4) of the SEBI (ICDR) Regulations, 2009, as amended*

## DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Book Running Lead Manager has entered into an agreement dated September 01, 2017, with the following Market Maker, duly registered with EMERGE Platform of National Stock Exchange of India Limited to fulfil the obligations of Market Making:-

**Pantomath Stock Brokers Private Limited**
406-408, Keshava Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051,
Maharashtra, India
**Tel:** +91 22 6194 6774
**Fax:** +91 22 2659 8690
**Email:** broking@pantomathgroup.com
**Contact Person:** Mahavir Toshniwal
**SEBI Registration Number**: INZ000068338

**Pantomath Stock Brokers Private Limited** registered with EMERGE segment of National Stock Exchange of India Limited will act as the Market Maker and has agreed to receive or deliver of the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by any amendment to SEBI (ICDR) Regulations.

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, as amended from time to time and the circulars issued by National Stock Exchange of India Limited and SEBI in this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10% or as specified by the Stock

Exchange Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).

2. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to Issue their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of [●]/- the minimum lot size is [●] Equity Shares thus minimum depth of the quote shall be Rs. [●]/- until the same, would be revised by National Stock Exchange of India Limited.
3. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size (including the 1,02,000 Equity Shares out to be allotted under this Issue). Any Equity Shares allotted to Market Maker under this Offer over and above 25% Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.
4. There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, Pantomath Stock Brokers Private Limited is acting as the sole Market Maker.
7. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on EMERGE Platform of National Stock Exchange of India Limited and market maker will remain present as per the guidelines mentioned under NSE and SEBI circulars.
8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily / fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
9. The Market Maker shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Book Running Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

   In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Book Running Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations. Further the Company and the Book Running Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particulars point of

time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

10. EMERGE Platform of National Stock Exchange of India Limited will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. National Stock Exchange of India Limited can impose any other margins as deemed necessary from time-to-time.

11. EMERGE Platform of National Stock Exchange of India Limited will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and / or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

    The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct / manipulation / other irregularities by the Market Maker from time to time.

12. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for Market Makers during market making process has been made applicable, based on the issue size and as follows:

| Issue size | Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size) | Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size) |
|---|---|---|
| Up to Rs. 20 Crore | 25% | 24% |
| Rs. 20 crore to Rs. 50 crore | 20% | 19% |
| Rs. 50 to Rs. 80 crore | 15% | 14% |
| Above Rs. 80 crore | 12% | 11% |

The Market Making arrangement, trading and other related aspects including all those specified above shall be subject to the applicable provisions of law and / or norms issued by SEBI / NSE from time to time.

## CAPITAL STRUCTURE

***Certain forms and resolutions filed with Registrar of Companies (prior to 2006), bank statements of the Company, and transfer forms are not traceable by our Company. With respect to changes in capital structure these include forms and resolutions for increase in authorised share capital, share capital allotment, annual returns, etc. Further our manufacturing facility had to suffer by heavy floods in Uttarakhand during 2013-14. During these floods, we have lost many documents like Annual Returns, Transfer Forms, Statutory Registers. Hence, this chapter is prepared based on ROC search reports, data provided by management and to the best of information available.***

The Equity Share capital of our Company, as on the date of this Draft Red Herring Prospectus and after giving effect to the Issue is set forth below:

**Amount *(Rs.in lakhs except share data)***

| No. | Particulars | Aggregate nominal value | Aggregate value at Issue Price |
|---|---|---|---|
| **A.** | **Authorised Share Capital** | | |
| | 1,80,00,000 Equity Shares of face value of Rs. 10/- each | 1,800.00 | [●] |
| **B.** | **Issued, Subscribed and Paid-Up Share Capital before the Issue** | | |
| | 1,29,32,464 Equity Shares of face value of Rs. 10/- each | 1,293.25 | [●] |
| **C.** | **Present Offer in terms of this Draft Red Herring Prospectus** | | |
| | Offer of upto 50,00,000 Equity Shares of face value of Rs.10 each at a price of Rs. **[●]**/- per Equity Share | Upto 500.00 | [●] |
| | **Consisting of:** | | |
| | **Fresh Issue** of Upto 36,00,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. **[●]**/- per Equity Share | Upto 360.00 | [●] |
| | **Offer for Sale** of Upto 14,00,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. **[●]**/- per Equity Shares by Selling Shareholder Hitesh Patel:- | Upto 140.00 | [●] |
| | **Of Which:** | | |
| | i. **Reservation for Market Maker** – Upto [●] Equity Shares of face value of Rs. 10/- each reserved as Market Maker portion at a price of Rs. [●]/- per Equity Share | [●] | [●] |
| | ii. **Net Offer to the Public** – Upto [●] Equity Shares of face value of Rs. 10/- each at a price of Rs. [●]/- per Equity Share | [●] | [●] |
| | QIB Portion of [●] Equity Shares | [●] | [●] |
| | Non-Institutional Portion of not less than [●] Equity Share | [●] | [●] |
| | Retail Portion of not less than [●] Equity Shares | [●] | [●] |
| **D.** | **Issued, Subscribed and Paid-Up Share Capital after the Offer** | | |
| | Upto [●] Equity Shares of face value of Rs. 10/- each | Upto [●] | |
| **E.** | **Securities Premium Account** | | |
| | Before the Offer | | 3,859.75 |
| | After the Offer | | [●] |

The Offer has been authorised by the Board of Directors of our Company *vide* a resolution passed at its meeting held on August 31, 2017 and by the shareholders of our company vide a Special Resolution passed pursuant to Section 62 (1)(c) of Companies Act, 2013 at the Extra-Ordinary General Meeting held on September 01, 2017.

The selling shareholder has consented to participate in the offer in the following manner:

1. Offer for Sale of upto 14,00,000 Equity Shares of Rs. 10 each at a price of Rs. [●]/- per Equity Share by Hitesh Patel vide authorization letter dated August 31, 2017.

The Company has only one class of share capital i.e. Equity Shares of face value of Rs. 10/- each only. All Equity Shares issued are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

## NOTES TO THE CAPITAL STRUCTURE

1. **Details of changes in authorised Share Capital:**Since the Incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|---|---|---|
| **Increased / Reclassified From** | **Increased / Reclassified To** | | |
| The authorised share capital of our Company on incorporation comprised of Rs.10,00,000 divided into 1,00,000 Equity Shares of Rs. 10 each | | On Incorporation | - |
| Rs. 10,00,000 consisting of 1,00,000 Equity shares of Rs. 10 each | Rs. 25,00,000 consisting of 1,50,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | November 30, 1997 | EGM |
| Rs. 25,00,000 consisting of 1,50,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 40,00,000 consisting of 3,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | March 30, 1998 | EGM |
| Rs. 40,00,000 consisting of 3,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 50,00,000 consisting of 4,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | March 16, 2000 | EGM |
| Rs. 50,00,000 consisting of 4,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 60,00,000 consisting of 5,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | March 30, 2000 | EGM |
| Rs. 60,00,000 consisting of 5,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 1,00,00,000 consisting of 9,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | January 18, 2001 | EGM |
| Rs. 1,00,00,000 consisting of 9,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 1,50,00,000 consisting of 14,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | September 29, 2001 | AGM |
| Rs. 1,50,00,000 consisting of 14,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 2,20,00,000 consisting of 21,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | May 30, 2005 | EGM |

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|---|---|---|
| **Increased / Reclassified From** | **Increased / Reclassified To** | | |
| Rs. 2,20,00,000 consisting of 21,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 2,50,00,000 consisting of 24,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | NA | NA |
| Rs. 2,50,00,000 consisting of 24,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 4,50,00,000 consisting of 44,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | March 29, 2008 | EGM |
| Rs. 4,50,00,000 consisting of 44,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | May 31, 2008 | EGM |
| Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each | Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Compulsorily convertible preference shares of Rs. 10 each | June 20, 2009 | EGM |
| Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Compulsorily convertible preference shares of Rs. 10 each | Rs. 7,00,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 16,00,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each | June 20, 2009 | EGM |
| Rs. 7,00,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 16,00,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each | Rs. 7,25,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 18,50,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each | February 18, 2010 | EGM |
| Rs. 7,25,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 18,50,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each | Rs. 9,75,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each | March 29, 2010 | EGM |
| Rs. 9,75,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each | Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 51,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each | October 25, 2010 | EGM |
| Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 51,50,000 10% Compulsorily Convertible Cumulative Participatory | Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 30,86,000 Series-A 10% Compulsorily convertible cumulative participatory Preference shares of Rs. | October 25, 2010 | EGM |

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|---|---|---|
| **Increased / Reclassified From** | **Increased / Reclassified To** | | |
| preference shares of Rs. 10 each | 10 each and 20,64,000 Series-B 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each | | |
| Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 30,86,000 Series-A 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each and 20,64,000 Series-B 10% Compulsorily Convertible cumulative participatory preference shares | Rs. 11,55,00,000 consisting of 1,15,50,000 Equity shares of Rs. 10 each | November 17, 2015 | EGM |
| Rs. 11,55,00,000 consisting of 1,15,50,000 Equity shares of Rs. 10 each | Rs. 13,50,00,000 consisting of 1,35,00,000 Equity shares of Rs. 10 each | March 01, 2017 | EGM |
| Rs. 13,50,00,000 consisting of 1,35,00,000 Equity shares of Rs. 10 each | Rs. 18,00,00,000 consisting of 1,80,00,000 Equity shares of Rs. 10 each | August 04, 2017 | EGM |

2. **History of Equity Share Capital of our Company**

| Date of Allotment/ Fully Paid up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Nature of Allotment | Cumulative no. of Equity Shares | Cumulative Paid -up Equity Share Capital (Rs.) |
|---|---|---|---|---|---|---|---|
| On Incorporation (June 14, 1996) | 70 | 10 | 10 | Cash | Subscription to MOA[(1)] | 70 | 700 |
| October 25, 1997 | 98,890 | 10 | 10 | Cash | Further Allotment[(2)] | 98,960 | 9,89,600 |
| March 31, 1998 | 55,800 | 10 | 10 | Cash | Further Allotment[(3)] | 1,54,760 | 15,47,600 |
| May 05, 1998 | 31,000 | 10 | 10 | Cash | Further Allotment[(4)] | 1,85,760 | 18,57,600 |
| March 31, 1999 | 95,240 | 10 | 10 | Cash | Further Allotment[(5)] | 2,81,000 | 28,10,000 |
| March 30, 2000 | 97,000 | 10 | 10 | Cash | Further Allotment[(6)] | 3,78,000 | 37,80,000 |
| March 31, 2000 | 31,000 | 10 | 10 | Cash | Further Allotment[(7)] | 4,09,000 | 40,90,000 |
| January 24, 2002 | 4,09,000 | 10 | 10 | Other than | Bonus Issue[(8)] | 8,18,000 | 81,80,000 |

| Date of Allotment/ Fully Paid up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Nature of Allotment | Cumulative no. of Equity Shares | Cumulative Paid -up Equity Share Capital (Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Cash | | | |
| January 28, 2002 | 5,75,000 | 10 | 10 | Cash | Further Allotment[9] | 13,93,000 | 1,39,30,000 |
| March 31, 2004 | 30,000 | 10 | 10 | Cash | Further Allotment[10] | 14,23,000 | 1,42,30,000 |
| March 30, 2005 | 6,45,000 | 10 | 10 | Cash | Further Allotment[11] | 20,68,000 | 2,06,80,000 |
| January 30, 2008 | 2,00,000 | 10 | 10 | Cash | Further Allotment[12] | 22,68,000 | 2,26,80,000 |
| February 28, 2008 | 60,000 | 10 | 17.50 | Cash | Further Allotment[13] | 23,28,000 | 2,32,80,000 |
| March 03, 2008 | 8,000 | 10 | 35 | Cash | Further Allotment[14] | 23,36,000 | 2,33,60,000 |
| March 31, 2008* | 18,72,000 | 10 | 10 | Cash | Further Allotment[15] | 42,08,000 | 4,20,80,000 |
| June 17, 2008 | 8,00,000 | 10 | 10 | Cash | Further Allotment[16] | 50,08,000 | 5,00,80,000 |
| December 30, 2008 | 25,000 | 10 | 10 | Cash | Further Allotment[17] | 50,33,000 | 5,03,30,000 |
| March 31, 2009 | 2,97,000 | 10 | 10 | Cash | Further Allotment[18] | 53,30,000 | 5,33,00,000 |
| January 11, 2016 | 51,02,464 | 10 | 10 | Other than Cash | Conversion of 10% Compulsorily convertible cumulative participatory preference shares[19] | 1,04,32,464 | 10,43,24,640 |
| March 18, 2017 | 25,00,000 | 10 | 16.80 | Other than Cash | Conversion of Unsecured Loan | 1,29,32,464 | 12,93,24,640 |

***As on allotment, these shares were partly paid for Rs 0.12 per share. However we are unable to trace the date on which these shares were made fully paid up.**

1) Initial Subscribers to Memorandum of Association subscribed 70 Equity Shares of face value of Rs. 10/-each fully paid at par as per the details given below:

| Sr. No. | Name of Allottees | No. of shares subscribed |
|---|---|---|
| 1 | P. Koteswara Rao | 10 |
| 2 | P. Ratna Sree | 10 |
| 3 | P. Chiranjeevi | 10 |
| 4 | Mohan Lal Gupta | 10 |
| 5 | Meenakshi Gupta | 10 |

| Sr. No. | Name of Allottees | No. of shares subscribed |
|---|---|---|
| 6 | P. Hemalatha | 10 |
| 7 | P. Hemalatha | 10 |
| | **Total** | **70** |

2) Further allotment of 98,890 Equity Shares of face value of Rs. 10 each fully paid at par on October 25, 1997 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares subscribed |
|---|---|---|
| 1 | P. Koteswara Rao | 11,000 |
| 2 | P. Ratna Sree | 37,505 |
| 3 | P. Chiranjeevi | 30,385 |
| 4 | Mohan Lal Gupta | 20,000 |
| | **Total** | **98,890** |

3) Further allotment of 55,800 Equity Shares of face value of Rs. 10 each fully paid at par on March 31, 1998 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Mohan Lal Gupta | 20,000 |
| 2 | Meenakshi Gupta | 35,800 |
| | **Total** | **55,800** |

4) Further allotment of 31,000 Equity Shares of face value of Rs. 10 each fully paid at par on May 05, 1998 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 11,000 |
| 2 | P. Chiranjeevi | 10,000 |
| 3 | P. Ratna Sree | 10,000 |
| | **Total** | **31,000** |

5) Further allotment of 95,240 Equity Shares of face value of Rs. 10 each fully paid at par on March 31, 1999 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 16,480 |
| 2 | P. Chiranjeevi | 19,595 |
| 3 | P. Ratna Sree | 12,485 |
| 4 | Minto Purshotam Gupta | 46,680 |
| | **Total** | **95,240** |

6) Further allotment of 97,000 Equity Shares of face value of Rs. 10 each fully paid at par on March 30, 2000 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 3,080 |
| 2 | P. Chiranjeevi | 15,600 |
| 3 | P. Ratna Sree | 15,600 |
| 4 | Minto Purshotam Gupta | 62,720 |
| | **Total** | **97,000** |

7) Further allotment of 31,000 Equity Shares of face value of Rs. 10 each fully paid at par on March 31, 2000 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 6,920 |
| 2 | P. Ratna Sree | 9,680 |
| 3 | P. Chiranjeevi | 14,400 |
| | **Total** | **31,000** |

8) Bonus Issue of 4,09,000 Equity Shares of face value of Rs. 10 each in the ratio of 1:1 i.e. one Equity share for one Equity share held on January 24, 2002 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 48,490 |
| 2 | P. Chiranjeevi | 89,990 |
| 3 | P. Ratna Sree | 85,280 |
| 4 | P. Hemalatha | 10 |
| 5 | P. Hemalatha | 10 |
| 6 | Meenakshi Gupta | 35,810 |
| 7 | Minto Purshotam Gupta | 1,09,400 |
| 8 | Mohan Lal Gupta | 40,010 |
| | **Total** | **4,09,000** |

9) Further allotment of 5,75,000 Equity Shares of face value of Rs. 10 each fully paid at par on January 28, 2002 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Koteswara Rao | 20,840 |
| 2 | P. Chiranjeevi | 1,78,010 |
| 3 | P. Ratna Sree | 54,020 |
| 4 | P. Hemalatha | 10,000 |
| 5 | Meenakshi Gupta | 1,26,060 |
| 6 | Minto Purshotam Gupta | 1,81,020 |
| 7 | Mohan Lal Gupta | 5,050 |
| | **Total** | **5,75,000** |

10) Further allotment of 30,000 Equity Shares of face value of Rs. 10 each fully paid at par on March 31, 2004 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Ananta Sastry | 30,000 |
| | **Total** | **30,000** |

11) Further allotment of 6,45,000 Equity Shares of face value of Rs. 10 each fully paid at par on March 30, 2005 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Chiranjeevi | 2,93,570 |
| 2 | Minto Purshotam Gupta | 3,51,430 |
| | **Total** | **6,45,000** |

12) Further allotment of 2,00,000 Equity Shares of face value of Rs. 10 each fully paid at par on January 30, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Mintokashi Associates and Investments Private Limited | 90,000 |
| 2 | Meenakshi Gupta | 1,10,000 |
| | **Total** | **2,00,000** |

13) Further allotment of 60,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 7.50 per Equity share on February 28, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Swaminathan Natarajian | 60,000 |
| | **Total** | **60,000** |

14) Further allotment of 8,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 25 per Equity share on March 03, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | D. Prabhakar | 5,000 |
| 2 | Vasuki Palaniappan | 3,000 |
| | **Total** | **8,000** |

15) Further allotment of 18,72,000 Equity Shares of face value of Rs. 10 each partly paid up* at par on March 31, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | P. Chiranjeevi | 9,36,000 |
| 2 | Minto Purshotam Gupta | 9,36,000 |
| | **Total** | **18,72,000** |

*On issue, the shares were partly paid and subsequently on call were made fully paid up. However, we are unable to trace the date on which such shares became fully paid.

16) Further allotment of 8,00,000 Equity Shares of face value of Rs. 10 each fully paid up at par on June 17, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Hitesh Patel | 5,30,000 |
| 2 | Dimple Patel | 50,000 |
| 3 | Bhavna Patel | 1,00,000 |
| 4 | Vijaya Patel | 1,20,000 |
| | **Total** | **8,00,000** |

17) Further allotment of 25,000 Equity Shares of face value of Rs. 10 each fully paid up at par on December 30, 2008 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Vasu Kumar | 20,000 |
| 2 | M V Ramnamurthy | 5,000 |
| | **Total** | **25,000** |

18) Further allotment of 2,97,000 Equity Shares of face value of Rs. 10 each fully paid up at par on March 31, 2009 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | V Kondal Reddy | 5,000 |
| 2 | Meenakshi Gupta | 2,92,000 |
| | **Total** | **2,97,000** |

19) Further allotment of 51,02,464 Equity Shares (Pursuant to conversion of 10% Compulsorily convertible cumulative participatory preference shares) of face value of Rs. 10 each fully paid-up at par on January 11, 2016 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Hitesh Patel | 51,02,464 |
| | **Total** | **51,02,464** |

20) Further allotment of 25,00,000 Equity Shares (Pursuant to conversion of Unsecured Loan of Rs. 4,20,00,000) of face value of Rs. 10 each fully paid at a premium of Rs. 6.80 per share on March 18, 2017 as per the details given below:

| Sr. No. | Name of Allottees | No. of shares Allotted |
|---|---|---|
| 1 | Minto Purshotam Gupta | 3,57,143 |
| 2 | Meenakshi Gupta | 21,42,857 |
| | **Total** | **25,00,000** |

3. **History of Preference Share Capital of Our Company**

| Date of Allotment/ Fully Paid up | No. of Preference shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of consideration | Nature of Allotment | Cumulative no. of Preference Shares | Cumulative Paid -up Preference Share Capital (Rs.) |
|---|---|---|---|---|---|---|---|
| July 10, 2009 | 8,88,100 | 10 | 56.30 | Cash | Preferential Allotment[(1)] | 8,88,100 | 88,81,000 |
| April 02, 2010 | 8,88,100 | 10 | 56.30 | Cash | Further Allotment[(2)] | 17,76,200 | 1,77,62,000 |
| October 14, 2010 | 13,09,600 | 10 | 38.18 | Cash | Further Allotment[(3)] | 30,85,800 | 3,08,58,000 |
| February 21, 2011 | 20,16,664 | 10 | 133.88 | Cash | Further Allotment[(4)] | 51,02,464 | 5,10,24,640 |

Note:- As on the date of this Draft Red Herring Prospectus, all the Preference shares are converted into Equity.Shares

1) Allotment of 8,88,100 Compulsory Convertible Cumulative Participatory Preference Shares of face value of Rs. 10 each fully paid at a premium of Rs. 46.30 per Preference share on July 10, 2009 as per the details given below:

| Sr. No. | Name of Allottee | No. of shares Allotted |
|---|---|---|
| 1 | Nexus India Direct Investment - II | 8,88,100 |

| Sr. No. | Name of Allottee | No. of shares Allotted |
|---|---|---|
| | **Total** | **8,88,100** |

2) Further allotment of 8,88,100 Compulsory Convertible Cumulative Participatory Preference Shares of face value of Rs. 10 each fully paid at a premium of Rs. 46.30 per Preference share as on April 02, 2010 as per the details given below:

| Sr. No. | Name of Allottee | No. of shares Allotted |
|---|---|---|
| 1 | Nexus India Direct Investment – II | 8,88,100 |
| | **Total** | **8,88,100** |

3) Further allotment of 13,09,600 Compulsory Convertible Cumulative Participatory Preference Shares of face value of Rs. 10 each fully paid at a premium of Rs. 28.18 per Preference share as on October 14, 2010 as per the details given below:

| Sr. No. | Name of Allottee | No. of shares Allotted |
|---|---|---|
| 1 | Nexus India Direct Investment – II | 13,09,600 |
| | **Total** | **13,09,600** |

4) Further allotment of 20,16,664 Series-B Compulsory Convertible Cumulative Participatory Preference Shares of face value of Rs. 10 each fully paid at a premium of Rs. 123.88 per Preference share as on February 21, 2011 as per the details given below:

| Sr. No. | Name of Allottee | No. of shares Allotted |
|---|---|---|
| 1 | Nexus India Direct Investment – II | 20,16,664 |
| | **Total** | **20,16,664** |

4. **We have not issued any Equity Shares for consideration other than cash except as follows:**

| Date of Allotment/ Fully paid-up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Reasons for allotment | Benefits accrued to our Company | Allottees | No. of Shares allotted |
|---|---|---|---|---|---|---|---|
| January 24, 2002 | 4,09,000 | 10 | Nil | Bonus Issue | Capitalisation of Reserves | P. Koteswara Rao | 48,490 |
| | | | | | | P. Chiranjeevi | 89,990 |
| | | | | | | P. Ratna Sree | 85,280 |
| | | | | | | P. Hemalatha | 10 |
| | | | | | | P. Hemalatha | 10 |
| | | | | | | Meenakshi Gupta | 35,810 |
| | | | | | | Minto Purshotam Gupta | 1,09,400 |
| | | | | | | Mohan Lal Gupta | 40,010 |
| | | | | | | **Total** | **4,09,000** |
| January 11, 2016 | 51,02,464 | 10 | 10 | Conversion of 10% Compulsorily Convertible Cumulative Participatory Preference | Preference shares converted into Fixed capital | Hitesh Patel | 51,02,464 |

| Date of Allotment/ Fully paid-up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Reasons for allotment | Benefits accrued to our Company | Allottees | No. of Shares allotted |
|---|---|---|---|---|---|---|---|
| | | | | Shares | | | |
| March 18, 2017 | 25,00,000 | 10 | 16.80 | Conversion of Unsecured Loan | Debt is converted into Fixed Capital | Minto Purshotam Gupta | 3,57,143 |
| | | | | | | Meenakshi Gupta | 21,42,857 |

5. No Equity Shares have been allotted pursuant to any scheme approved under Section 230-240 of the Companies Act, 2013.
6. Our Company has not revalued its assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
7. Except as mentioned below, no shares have been issued at price below Issue Price within last one year from the date of this Draft Red Herring Prospectus:-

| Date of Allotment/ Fully paid-up | No. of Equity Shares / Preference Shares allotted | Face value (Rs.) | Issue Price (Rs.) | Reasons for allotment | Allottees | No. of Shares allotted |
|---|---|---|---|---|---|---|
| March 18, 2017 | 25,00,000 | 10 | 16.80 | Conversion of Unsecured Loan | Minto Purshotam Gupta | 3,57,143 |
| | | | | | Meenakshi Gupta | 21,42,857 |

8. **Build-up of Promoters' shareholding, Promoters' contribution and lock-in**

**i.** Build Up of Promoter's shareholdings

As on the date of this Draft Red Herring Prospectus, our Promoter Minto Purshotam Gupta and Hitesh Patel together holds 7432881 Equity Shares of our Company.

**1) Minto Purshotam Gupta**

| Date of Allotment / Transfer / when made fully paid up | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post- issue shareholding % | Pledge |
|---|---|---|---|---|---|---|---|
| March 31, 1999 | 46,680 | 10 | 10 | Further Allotment | 0.36 | [●] | No |
| March 31, 2000 | 62,720 | 10 | 10 | Further Allotment | 0.48 | [●] | No |
| January 24, 2002 | 1,09,400 | 10 | Nil | Bonus Issue | 0.85 | [●] | No |
| January 28, 2002 | 1,81,020 | 10 | 10 | Further Allotment | 1.40 | [●] | No |
| March 30, 2005 | 3,51,430 | 10 | 10 | Further Allotment | 2.72 | [●] | No |
| September 04-September 05 | (3,55,130) | 10 | 10 | Share Transfer | (2.75) | [●] | No |
| September 05-September 06 | 85,070 | 10 | 10 | Share Transfer | 0.66 | [●] | No |
| March 31, 2008 | 9,36,000 | 10 | 10 (Refer Note) | Further Allotment | 7.24 | [●] | No |
| October 01, 2008 | 1,73,668 | 10 | Not Available | Transfer | 1.34 | [●] | No |
| September 10-September 11 | (7,000) | 10 | Not Available | Transfer | (0.05) | [●] | No |
| 2014-15 | 1,66,666 | 10 | 0.01 | Transfer | 1.29 | [●] | No |
| March 18, 2017 | 3,57,143 | 10 | 16.80 | By way of conversion of unsecured loan | 2.76 | [●] | No |
| **Total** | **21,07,667** | | | | **16.30** | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

Note:- The equity shares were issued partly paidup and as on the date of this Draft Red Herring Prospectus the equity shares are fully paidup

**2) Hitesh Patel**

| Date of Allotment / Transfer / when made fully paid up | Type of Shares | No. of Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post- issue shareholding % | Pledge |
|---|---|---|---|---|---|---|---|---|
| June 17, 2008 | Equity | 5,30,000 | 10 | 10 | Further Allotment | 4.10 | [●] | No |
| October 01, 2008 | Equity | 90,000 | 10 | 10 | Transfer | 0.70 | [●] | No |
| April 30, 2010 | Equity | 5,00,000 | 10 | 10 | Transfer | 3.87 | [●] | No |
| November 14, 2015 | Preference | 51,02,464 | 10 | 10 | Transfer | - | - | No |
| January 11, 2016 | Preference | (51,02,464) | 10 | 10 | Conversion of 10% Compulsory Convertible Cumulative Participatory Preference Shares | - | - | No |
| January 11, 2016 | Equity | 51,02,464 | 10 | 10 | Conversion of 10% Compulsory Convertible Cumulative Participatory Preference Shares | 39.45 | [●] | No |
| November 30, 2016 | Equity | (1,00,000) | 10 | 10 | Transfer | (0.77) | [●] | No |
| June 19, 2017 | Equity | (20,000) | 10 | 50 | Transfer | (0.15) | [●] | No |
| June 27, 2017 | Equity | (40,000) | 10 | 50 | Transfer | (0.31) | [●] | No |
| June 28, 2017 | Equity | (40,000) | 10 | 50 | Transfer | (0.31) | [●] | No |
| July 27, 2017 | Equity | (30,000) | 10 | 50 | Transfer | (0.23) | [●] | No |
| August 07, 2017 | Equity | (10,000) | 10 | 80 | Transfer | (0.08) | [●] | No |
| August 09, 2017 | Equity | (1,10,000) | 10 | 50 | Transfer | (0.85) | [●] | No |
| August 11, 2017 | Equity | (10,000) | 10 | 50 | Transfer | (0.08) | [●] | No |
| August 14, 2017 | Equity | (5,000) | 10 | 50 | Transfer | (0.04) | [●] | No |
| August 16, 2017 | Equity | (30,000) | 10 | 30 | Transfer | (0.24) | [●] | No |
| August 16, 2017 | Equity | (1,000) | 10 | 80 | Transfer | (0.01) | [●] | No |
| August 21, 2017 | Equity | (20,000) | 10 | 80 | Transfer | (0.15) | [●] | No |

| Date of Allotment / Transfer / when made fully paid up | Type of Shares | No. of Shares | Face value per Share (Rs.) | Issue / Acquisition / Transfer price (Rs.)* | Nature of Transactions | Pre-issue shareholding % | Post- issue shareholding % | Pledge |
|---|---|---|---|---|---|---|---|---|
| August 21, 2017 | Equity | (50,000) | 10 | 50 | Transfer | (0.40) | [●] | No |
| August 23, 2017 | Equity | (30,000) | 10 | 70 | Transfer | (0.23) | [●] | No |
| August 23, 2017 | Equity | (80,000) | 10 | 50 | Transfer | (0.62) | [●] | No |
| August 28, 2017 | Equity | (15,000) | 10 | 70 | Transfer | (0.12) | [●] | No |
| August 28, 2017 | Equity | (10,000) | 10 | 50 | Transfer | (0.08) | [●] | No |
| August 28, 2017 | Equity | (81,250) | 10 | 55.38 | Transfer | (0.63) | [●] | No |
| August 29, 2017 | Equity | (2,00,000) | 10 | 25 | Transfer | (1.55) | [●] | No |
| September 01, 2017 | Equity | (15000) | 10 | 70 | Transfer | (0.12) | [●] | No |
| **Total** | | **53,25,214** | | | | **41.18%** | [●] | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

Note:- Out of the total shareholding Upto 14,00,000 equity shares are offered for sale.

**ii. Details of Promoter's Contribution locked in for three years:**

Pursuant to Regulation 32 and 36 of SEBI ICDR Regulations, an aggregate of 20% of the post-Issue capital held by our Promoter shall be considered as Promoter's Contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters have given written consent to include such number of Equity Shares held by them and subscribed by them as a part of Promoters' Contribution constituting [●] % of the post issue Equity Shares of our Company and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution, for a period of three years from the date of allotment in the Issue.

| Date of Allotment/ made fully paid up | No. of Shares Allotted/ Transferred | Face Value | Issue Price | Nature of Allotment | % of Post Issue shareholding | Lock in Period |
|---|---|---|---|---|---|---|
| **Minto Purshotam Gupta** | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Hitesh Patel** | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] | [●] | [●] | [●] |

The Minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI (ICDR) Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In connection, we confirm the following:

a) The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;

b) The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus at a price lower than the Issue Price;

c) No equity shares have been issued to our promoter upon conversion of a partnership firm during the preceding one year at a price less than the issue price.

d) The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;

e) All the Equity Shares of our Company held by the Promoters are in the process of being dematerialized; and

f) The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.

**iii. Details of Share Capital locked in for one year**

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public Issue.

**iv. Other requirements in respect of lock-in:**

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial

institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 36(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI (ICDR) Regulations has ended, subject to compliance with the Takeover Code, as applicable.

We further confirm that our Promoters' Contribution of [●]% of the post Issue Equity Share capital does not include any contribution from Alternative Investment Fund.

**3)** Except as mentioned below, there were no shares purchased/sold by the Promoter and Promoter Group, directors and their immediate relatives during last six months.

| Date of Transfer | Name of the Transferee/ Transferor | Party Category | No. of Shares Allotted/ Transferred | Face Value | Transfer /Issue Price | Nature of Allotment |
|---|---|---|---|---|---|---|
| June 19, 2017 | Hitesh Patel (Transferor) | Promoter | (20,000) | 10 | 50 | Share Transfer |
| June 27, 2017 | Hitesh Patel (Transferor) | Promoter | (40,000) | 10 | 50 | Share Transfer |
| June 28, 2017 | Hitesh Patel (Transferor) | Promoter | (40,000) | 10 | 50 | Share Transfer |
| July 27, 2017 | Hitesh Patel (Transferor) | Promoter | (30,000) | 10 | 50 | Share Transfer |
| August 07, 2017 | Hitesh Patel (Transferor) | Promoter | (10,000) | 10 | 80 | Share Transfer |
| August 09, 2017 | Hitesh Patel (Transferor) | Promoter | (1,10,000) | 10 | 50 | Share Transfer |
| August 11, 2017 | Hitesh Patel (Transferor) | Promoter | (10,000) | 10 | 50 | Share Transfer |
| August 14, 2017 | Hitesh Patel (Transferor) | Promoter | (5,000) | 10 | 50 | Share Transfer |
| August 16, 2017 | Hitesh Patel (Transferor) | Promoter | (30,000) | 10 | 30 | Share Transfer |
| August 16, 2017 | Hitesh Patel (Transferor) | Promoter | (1,000) | 10 | 80 | Share Transfer |
| August 21, 2017 | Hitesh Patel (Transferor) | Promoter | (20,000) | 10 | 80 | Share Transfer |
| August 21, 2017 | Hitesh Patel (Transferor) | Promoter | (50,000) | 10 | 50 | Share Transfer |
| August 23, 2017 | Hitesh Patel (Transferor) | Promoter | (30,000) | 10 | 70 | Share Transfer |
| August 23, 2017 | Hitesh Patel (Transferor) | Promoter | (80,000) | 10 | 50 | Share Transfer |
| August 28, 2017 | Hitesh Patel (Transferor) | Promoter | (15,000) | 10 | 70 | Share Transfer |

| Date of Transfer | Name of the Transferee/ Transferor | Party Category | No. of Shares Allotted/ Transferred | Face Value | Transfer /Issue Price | Nature of Allotment |
|---|---|---|---|---|---|---|
| August 28, 2017 | Hitesh Patel (Transferor) | Promoter | (10,000) | 10 | 50 | Share Transfer |
| August 28, 2017 | Hitesh Patel (Transferor) | Promoter | (81,250) | 10 | 55.38 | Share Transfer |
| August 29, 2017 | Hitesh Patel (Transferor) | Promoter | (2,00,000) | 10 | 25 | Share Transfer |
| September 01, 2017 | Hitesh Patel (Transferor) | Promoter | (15000) | 10 | 70 | Share Transfer |

## 4) Our Shareholding Pattern

The table below presents the shareholding pattern of our Company as per Regulation 31, of the SEBI Listing Regulations, 2015

### i. Summary of Shareholding Pattern as on the date of this Draft Red Herring Prospectus:-

| Category | Category of Shareholder | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities* | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form*** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No.(a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| I | II | III | IV | V | VI | VII = IV + V+ VI | VIII | IX | | X | XI = VII + X | XII | | XIII | | XIV |
| A | Promoter and Promoter Group | 5 | 1,00,60,214 | - | - | 1,00,60,214 | 77.80 | 1,00,60,214 | 77.80 | - | 77.80 | - | - | - | - | [●] |
| B | Public | 25 | 28,72,250 | - | - | 28,72,250 | 22.20 | 28,72,250 | 22.20 | - | 22.20 | - | - | - | - | [●] |
| C | Non Promoter- Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | Shares underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Shares held by Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total** | **30** | **1,29,32,464** | - | - | **1,29,32,464** | **100.00** | **1,29,32464** | **100.00** | - | **100.00** | - | - | - | - | **[●]** |

**As on the date of this Draft Red Herring Prospectus 1 Equity Shares holds 1 vote.*

***All Pre-IPO Equity Shares of our Company will be locked in as mentioned above prior to Listing of Shares on NSE EMERGE.*

*Note: PAN of shareholders will be provided to the Stock Exchange by our Company prior to listing of its Equity Shares on the Stock Exchange.*

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity shares. The Shareholding pattern will be uploaded on the website of NSE before commencement of trading of such Equity Shares.

*** In terms of SEBI Listing Regulations, our Company shall ensure that the Equity Shares held by the Promoters / members of the Promoter Group shall be dematerialised prior to listing of Equity shares.

**5) The details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoter and Promoter Group are as under:**

| Sr. No. | Name of the Shareholder | Pre – Issue | | Post – Issue | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | % of Pre-Issue Capital | No. of Equity Shares | % of Post-Issue Capital |
| (I) | (II) | (III) | (IV) | (V) | (VI) |
| | **Promoter** | | | | |
| 1. | Minto Purshotam Gupta | 21,07,667 | 16.30 | 21,07,667 | [●] |
| 2. | Hitesh Patel | 53,25,214 | 41.18 | [●] | [●] |
| | **Sub total (A)** | **74,32,881** | **57.48** | [●] | [●] |
| | **Promoter Group** | | | | |
| 3. | Meenakshi Gupta | 23,07,333 | 17.84 | 23,07,333 | [●] |
| 4. | Vipul Patel | 1,20,000 | 0.93 | 1,20,000 | [●] |
| 5. | Bhavna Patel | 2,00,000 | 1.55 | 2,00,000 | [●] |
| | **Sub total (B)** | **26,27,333** | **20.32** | **26,27,333** | [●] |
| | **Total (A+B)** | **1,00,60,214** | **77.80** | **[●]** | [●] |

11. **The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:**

| Name of the Promoters | No. of Shares held | Average cost of Acquisition (in Rs.) |
|---|---|---|
| Minto Purshotam Gupta | 21,07,667 | Not Determinable |
| Hitesh Patel | 53,25,214 | 0.11 |

12. Except as mentioned below, no persons belonging to the category "Public" who holds securities (including shares, warrants, convertible securities) of more than 1% of the total number of shares.

| Sr. No. | Name of the Shareholder | Pre – Issue | | Post – Issue | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | % of Pre-Issue Capital | No. of Equity Shares | % of Post-Issue Capital |
| (I) | (II) | (III) | (IV) | (V) | (VI) |
| 1. | P. Chiranjeevi | 19,15,000 | 14.81 | 19,15,000 | [●] |
| 2. | Kent RO Systems Limited | 2,00,000 | 1.55 | 2,00,000 | [●] |
| 3. | Jayesh Shah | 1,50,000 | 1.16 | 1,50,000 | [●] |
| | **Total** | **22,65,000** | **17.52** | 1,50,000 | [●] |

13. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, ten days before the date of filing and two years before the date of filing of this Draft Red Herring Prospectus are set forth below:

a) Particulars of the top ten shareholders as on the date of filing this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. | Hitesh Patel | 53,25,214 | 41.18 |
| 2. | Meenakshi Gupta | 23,07,333 | 17.84 |
| 3. | Minto Purshotam Gupta | 21,07,667 | 16.30 |
| 4. | P Chiranjeevi | 19,15,000 | 14.81 |
| 5. | Kent RO Systems Limited | 2,00,000 | 1.55 |
| 6. | Bhavna Patel | 2,00,000 | 1.55 |
| 7. | Jayesh Chamdrakant Shah | 1,50,000 | 1.16 |
| 8. | Vipul Patel | 1,20,000 | 0.93 |
| 9. | Yezdi Batliwala | 1,00,000 | 0.77 |
| 10. | Anant Kumar Shriram Ganediwal | 1,00,000 | 0.77 |
| | **Total** | **1,25,25,214** | **96.86** |

b) Particulars of the top ten shareholders as at ten days prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. | Hitesh Patel | 57,56,464 | 44.51 |
| 2. | Meenakshi Gupta | 23,07,333 | 17.84 |
| 3. | Minto Purshotam Gupta | 21,07,667 | 16.30 |
| 4. | P Chiranjeevi | 19,15,000 | 14.81 |
| 5. | Bhavna Patel | 2,00,000 | 1.55 |
| 6. | Jayesh Chandrakant Shah | 1,50,000 | 1.16 |
| 7. | Vipul Patel | 1,20,000 | 0.93 |
| 8. | Yezdi Batliwala | 1,00,000 | 0.77 |
| 9. | Anant Kumar Shriram Ganediwal | 1,00,000 | 0.77 |
| 10. | Dimple Patel | 60,000 | 0.46 |
| | **Total** | **1,28,16,464** | **99.10** |

c) Particulars of the top ten Equity shareholders two years prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---|---|---|---|
| 1. | P. Chiranjeevi | 19,15,000 | 35.93 |
| 2. | Minto Purshotam Gupta | 17,50,524 | 32.84 |
| 3. | Hitesh Patel | 11,20,000 | 21.01 |
| 4. | Meenakshi Gupta | 1,64,476 | 3.09 |
| 5. | Bhavna Patel | 2,00,000 | 3.75 |
| 6. | Vipul Patel | 1,20,000 | 2.25 |
| 7. | Dimple Patel | 60,000 | 1.13 |
| | **Total** | **52,30,000** | **100%** |

Note: 1. Our Company had only 7 shareholders as at two years prior to the date of filing of this Draft Red Herring Prospectus.

2. Two years prior to the date of filing of this Draft Red Herring Prospectus our company had issued 51,02,464 10% compulsory convertible cumulative participatory preference shares to Nexus India

Investment. However, as on the date of this Draft Red Herring Prosepctus the preference shares are converted into equity.

14. Our Company has formulated "Deccan Health Care Employees Stock Option Scheme – 2010" but the same was not implemented. Presently, we do not have any ESOP/ESPS Scheme for employees.
15. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.
16. Under-subscription in the net issue, if any, in any category, except in QIB portion would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the EMERGE Platform of National Stock Exchange of India Limited.
17. The unsubscribed portion in any reserved category (if any) except in QIB portion may be added to any other reserved category.
18. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
19. There are no Equity Shares against which depository receipts have been issued.
20. Other than the Equity Shares, there is no other class of securities issued by our Company.
21. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares. However our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
22. None of the persons/entities comprising our Promoter Group, or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
23. Our Company, our Promoters, our Directors and the Book Running Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.
24. There are no safety net arrangements for this public issue.
25. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.
26. As on date of this Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.

27. All the Equity Shares of our Company are fully paid up as on the date of the Draft Red Herring Prospectus. Further, since the entire issue price in respect of the Issue is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this issue shall be fully paid-up.
28. As per RBI regulations, OCBs are not allowed to participate in this Issue.
29. Our Company has not raised any bridge loans against the proceeds of the Issue.
30. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
31. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
32. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
33. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
34. Our Company has 30 shareholders as on the date of filing of this Draft Red Herring Prospectus.
35. Except for the equity shares Offered by our Promoter, our Promoters and the members of our Promoter Group will not participate in this Offer. Our Company has not made any public issue since its incorporation.
36. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Red Herring Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
37. For the details of transactions by our Company with our Promoter Group, Group Companies during the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013, please refer to paragraph titled "Details of Related Parties Transactions as Restated" in the chapter titled *"Financial Statements as restated"* on page 228 of this Draft Red Herring Prospectus.
38. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled "Our Management" beginning on page 202 of this Draft Red Herring Prospectus.

## OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

**The Offer for Sale**

Our Company will not receive any proceeds of the Offer for Sale by the Selling Shareholders.

**The Fresh Issue**

The objects to the Net Proceeds of the Fresh Issue are:

1. Repayment/Prepayment of certain Secured Borrowings availed by our Company
2. Purchase of Plant & Machinery and related civil work
3. Working Capital Requirements
4. General Corporate Purposes.

We believe that the listing of Equity Shares will enhance our Company's corporate image, brand name and create a public market for our Equity Shares in India.

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Offer. The existing activities of our Company are within the objects clause of our Memorandum of Association.

### OFFER PROCEEDS

The details of the offer proceeds are summarised below:

| Particulars | Amount (Rs in Lakhs)* |
|---|---|
| Gross Proceeds of the Offer | [●] |
| Less: Proceeds of the Offer for Sale | [●] |
| Less: Offer expenses to be borned by our Company** | [●] |
| **Net Proceeds of the Fresh Issue (excluding the proceeds of the Offer for Sale and the Offer Expenses) ("Net Proceeds")** | **[●]** |

** To be finalised upon determination of Offer Price.*

***All expenses with respect to the Offer will be shared between the Selling Shareholders and the Company, in proportion to the Equity Shares being offered by them through the Offer.*

### UTILISATION OF NET PROCEEDS

We intend to utilise the Net Proceeds in the manner set below:

| Sr. No. | Particulars | Amount (Rs in Lakhs) | Percentage of Net Proceeds |
|---|---|---|---|
| 1. | Repayment/Prepayment of certain secured borrowings availed by our Company | 980.00 | [●]% |
| 2. | Purchase of Plant & Machinery and related civil work | [●] | [●]% |
| 3. | Working Capital Requirements | [●] | [●]% |
| 4. | General Corporate Purposes | [●] | [●]% |
| | Total | [●] | [●]% |

Our Company shall determine the fund requirement on finalisation of Price Band and thus interse allocation of funds shall vary and will be updated in the Red Herring Prospectus.

## SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS:

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on the date of this Draft Prospectus, our Company has not deployed any funds towards the objects of the Issue.

(*In lakhs*)

| Sr. No. | Activity | Amount to be funded from the Net Proceeds | Estimated Utilisation of Net Proceeds (Financial Year 2018) |
|---|---|---|---|
| 1. | Repayment/prepayment of Secured Borrowings | 980.00 | 980.00 |
| 2. | Purchase of Plant & Machinery and related civil work | [●] | [●] |
| 3. | Working Capital Requirements | [●] | [●] |
| 4. | General Corporate Purposes | [●] | [●] |

Our Company shall determine the fund requirement on finalisation of Price Band and thus interse allocation of funds shall vary and will be updated in the Red Herring Prospectus.

Our Statutory Auditors, [●] vide their certificate dated [●] have confirmed Rs. [●] have been deployed towards offer expenses.

## FUND REQUIREMENTS

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

In view of the dynamic nature of the sector and specifically that of our business, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects.

## MEANS OF FINANCE

The requirements of the objects detailed above are intended to be funded from the Proceeds of the offer and Internal Accruals. Accordingly, we confirm that we shall comply with the requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

While we intend to utilise the Offer Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders.

## REPAYMENT/ PREPAYMENT OF CERTAIN BORROWINGS AVAILED BY OUR COMPANY;

Our business is capital intensive and we avail majority of our fund requirements in the ordinary course of business from various banks, financial institutions and unsecured loans from related parties. For further details of the loans availed by our Company, see chapter titled "Financial Indebtedness" on page 269 of this Draft Red Herring Prospectus.

As on August 31, 2017, with respect to the loan proposed to be repaid from Net Proceeds, our Company had outstanding secured borrowings amounting to Rs. 1180.66 lakhs as confirmed by the Statutory Auditor M/s. Manisha Sharma & Company, Chartered Accountants vide Certificate dated September 01, 2017. Of the said borrowings, we propose to repay term loan of Rs. 987.48 lakhs of Oriental Bank of Commerce outstanding as on August 31, 2017. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness. We believe that reducing our indebtedness will result in enhanced equity base, reduce our financial costs, improve our profitability and improve our leverage capacity.

The details of the proposed repayment of the loan are provided below:

*(Rs. In Lakhs)*

| Name of Lender | Amount Outstanding as on August 31, 2017 (in Lacs) | Nature of facility | Rate of Interest (%) | Security | Tenure | Purpose | Utilisation | Repayment from the Net Proceeds of the Issue (in lakhs) |
|---|---|---|---|---|---|---|---|---|
| Oriental Bank of Commerce | 987.48 | Term Loan | 13.00 | Secured Loan* | 72 Months | Capital Expenditure | For Plant & Machinery | 980.00 |

**For details regarding security against bank loan, please refer chapter titled "Financial Indebtedness" beginning on page* 269 *of the Draft Red Herring Prospectus.*

We may repay the above loan, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be repaid from the Net Proceeds.

## PURCHASE OF PLANT AND MACHINERY AND RELATED CIVIL WORK

We propose to utilise Rs [●] lakhs towards purchase of Plant and Machinery at our existing manufacturing facility to automate some of our processes and activities. Our Company intends to meet and adapt to the advanced technologies and install new or upgraded plant and machinery at our manufacturing facility for enhanced quality and precision in terms of manufacturing with increased efficiency. The said machineries will enable us to enhance our capacity utilisation also.

The details of expenses pertaining to Purchase of Plant and Machinery are as under:

The Company has received quotations for purchase of plant and machinery. The projected Cost of Plant & Machineries is Rs. **1000.00** lakhs as per the quotation from various parties. The list of Plant and Machineries to be acquired by the company is as under:-

| Sr. No. | Particulars | Quantity | Amount (Rs. In Lakhs) | Suppliers | Date |
|---|---|---|---|---|---|
| 1. | Automatic Plastic Tube Filling Machine with Sealing, Cutting and Batch Coding- GMP Model | 1 | 4.51 | Sehgal Industrial Works | August 26, 2017 |
| 2. | Neumatic FFS Pouch Packing Machine | 1 | 2.26 | | |
| 3. | Semi Automatic Auger Filling Machine | 1 | 1.66 | | |
| 4. | Neumatic FFS Pouch Packing Machine (Two in One) | 1 | 2.51 | | |
| 5. | Coating Pan- GMP Model | 1 | 1.39 | | |
| 6. | 105 TR Water Cooled Screw Chiller | 1 | 16.95 | Drycool Systems India (P) Ltd. | August 24, 2017 |
| 7. | Legacy 6100 Basic Machine without Turret, Fillcam and Trolley Control Sysytem & Standalone Operating Pannel | 1 | 182.88 | ACG Pam Pharna Technologies Private Limited | August 28, 2017 |
| 8. | SS 304 Trolleys & SS 316 Trays | 50 | 21.08 | Punchtab Engineering Private Limited | August 26, 2017 |
| 9. | Gelating Holding Tank | 4 | 9.60 | Punchtab Engineering Private Limited | August 26, 2017 |
| 10. | Raw Water Piping | NA | 8.29 | Fablab Engineering India Private Limited | August 24, 2017 |
| 11. | Compressed Air Piping | NA | 5.11 | | |
| 12. | Dust Extraction Piping | NA | 10.58 | | |
| 13. | Nitrogen Piping | NA | 0.71 | | |
| 14. | Civil Work | NA | 104.16 | | |
| 15. | Misc Work | NA | 2.40 | | |
| 16. | VRF | NA | 63.70 | Fablab Engineering India Private Limited | August 24, 2017 |
| 17. | HVAC | NA | 158.15 | | |
| 18. | Dehumidifier | NA | 10.18 | | |
| 19. | Clean room Partition | NA | 128.37 | | |
| 20. | Door Interlocking | NA | 2.26 | | |
| 21. | Passbox | NA | 24.67 | | |
| 22. | Dispensing booth | NA | 2.42 | | |
| 23. | Air Curtains and Pesto | NA | 1.39 | | |
| 24. | Drain Piping | NA | 15.47 | | |
| 25. | SS Furniture | NA | 14.75 | | |
| 26. | Alu Alu Machine MODEL PPC 300 SUPER | 1 | 20.00 | Pharma Packages Company | September 02, 2017 |
| 27. | Blister MC 300 Express | 1 | 14.00 | Pharma Packages Company | September 02, 2017 |
| 28. | Planetary Mixer 400 LTS. (VJHSE) GMP Model | 1 | 18.77 | Pharma Mech Machineries | September 02, 2017 |
| 29. | Packing Conveyor Table | 1 | 1.37 | | |
| 30. | 5 HP Colloid Mill | 1 | 1.89 | | |

| Sr. No. | Particulars | Quantity | Amount (Rs. In Lakhs) | Suppliers | Date |
|---|---|---|---|---|---|
| 31. | Jet Inject Printer | 1 | 2.75 | KGK Jet India | September 04, 2017 |
| 32. | Auto Coater 36 Tablet Film & Sugar Coating GMP Model | 1 | 53.48 | Cemach | September 04, 2017 |
| 33. | Spray Coating cGMP Machine | 1 | 2.90 | | |
| 34. | Tablet Counting and Filling Machine | 1 | 89.16 | Maharshi Udyog | September 04, 2017 |
| 35. | For Contingencies | NA | 0.23 | | |
| | **Total** | | **1000.00** | | |

No second-hand machinery or material is proposed to be purchased out of the aforesaid objects. The abovementioned Plant & Machinery is proposed to be acquired in a ready-to use condition.

Our Promoters, Directors, Key Management Personnel or Group Entities have no interest in the proposed procurements, as stated above.

## WORKING CAPITAL REQUIREMENT

Our business is working capital intensive. We finance our working capital requirements from internal accruals and other sources.

As on March 31, 2016 and March 31, 2017 our Company's net working capital consisted of Rs. 1142.80 Lakhs and Rs. 1792.89 Lakhs respectively, based on the restated financial statements.

The total working capital requirement for the year 2017-18 is expected to be Rs. 3288.97 Lakhs. The incremental working capital requirement for the year ending March 31, 2018 will be Rs. 1496.08 lakhs, which will be met through the Net Proceeds to the extent of Rs. [●] lakhs collectively, and the balance portion will be met through internal accruals.

**Basis of estimation of working capital requirement**

The details of our Company's working capital requirement and funding of the same based on the restated standalone financial statements as at March 31, 2016 and March 31, 2017 are as set out in the table below:

*Amount* (*Rs. In Lakhs*)

| | As on March 31 | |
|---|---|---|
| **Particulars** | **2016** | **2017** |
| ***Current Assets*** | | |
| Inventories | 359.31 | 1026.70 |
| Raw material | 197.73 | 790.82 |
| Work in Progress | 42.53 | 158.15 |
| Finished goods/ Stock-in-trade | 119.06 | 77.74 |
| Trade Receivables | 669.74 | 1325.27 |
| Cash and Bank Balance | 14.64 | 8.91 |
| Short term loans & advances & other current assets | 607.15 | 911.11 |
| **Total (A)** | 1650.84 | 3271.99 |
| **Current Liabilities** | | |
| Trade Payables | 329.76 | 1007.86 |
| Other Current Liabilities & short term provisions | 178.28 | 471.25 |

| | | |
|---|---|---|
| **Total (B)** | 508.04 | 1479.11 |
| **Net Working Capital (A)-(B)** | 1142.80 | 1792.89 |
| ***Existing Funding Pattern*** | | |
| Unsecured borrowings from directors | 402.35 | 23.76 |
| Internal accruals/ Net Worth | 740.45 | 1769.13 |

The details of our Company's expected working capital requirement as at March 31, 2018 is set out in the table below:

*Amount* (*Rs. In Lakhs*)

| Particulars | 2017-18 (Estimated) |
|---|---|
| ***Current Assets*** | 4631.79 |
| Inventories | 1722.77 |
| Raw material | 1315.16 |
| Work in Progress | 232.17 |
| Finished goods/Stock-in-trade | 175.44 |
| Trade Receivables | 1976.25 |
| Cash and Bank Balance | 22.43 |
| Short term loans & advances and other current assets | 910.34 |
| **Total (A)** | 4631.79 |
| ***Current Liabilities*** | |
| Trade Payables | 983.54 |
| Other Current Liabilities & Provisions | 359.28 |
| **Total (B)** | 1342.82 |
| ***Net Working Capital (A)-(B)*** | 3288.97 |
| Issue Proceeds | [●] |
| Internal Accruals | [●] |
| **Total Source** | [●] |

**Assumption for working capital requirements**

Assumptions for Holding Levels*

*(In months)*

| Particulars | Holding Level as of March 31, 2016 | Holding Level as of March 31, 2017 | Holding Level as of March 31, 2018 (Estimated) |
|---|---|---|---|
| ***Current Assets*** | | | |
| Inventories | | | |
| Raw material | 4.54 | 10.08 | 9.00 |
| Work in Progress | 0.67 | 1.28 | 1.00 |
| Finished Goods | 1.70 | 0.64 | 0.80 |
| Trade Receivables | 6.88 | 6.84 | 6.00 |
| | | | |
| ***Current Liabilities*** | | | |
| Trade Payables | 5.50 | 7.47 | 5.00 |

Our Company proposes to utilize Rs. [●] lakhs of Net Proceeds towards working capital requirements.

The incremental working capital requirements are based on historical Company data and estimation of the future requirements in Financial Year 2017-18 considering the growth in activities of our Company. Our Company has assumed raw material inventory of 9.00 months, work in progress inventory of 1.00 and finished goods inventory of 0.80 month for the Financial Year 2017-2018.

Our Debtors cycle was of about 6.88 months and 6.84 months in Financial Year 2015-16 and 2016-2017. We have assumed that our debtor's cycle will be 6.00 months for Financial Year 2017-18. Similarly we have estimated current assets, trade payables, current liabilities and short term provisions in line with working capital employed in past years and expected to be employed in Financial Year 2017-18.

***Justification for "Holding Period" levels***

**The justifications for the holding levels mentioned in the table above are provided below:**

| **Assets- Current Assets** | |
|---|---|
| **Inventories** | In FY 2017-18 we have assumed raw material, work in progress and finished goods inventory of around 9.00 month, 1.00 month and 0.80 month respectively which is lower than for F.Y. 2016-17 as we aim to improve our production efficiency. |
| **Trade receivables** | In FY 2017-18 the trade receivable holding period is estimated to decrease from 6.84 months in F.Y. 2016-17 to 6.00 months as we aim to have better debtor management policy. |
| **Liabilities– Current Liabilities** | |
| **Trade Payables** | In FY 2017-18, the credit period is expected to be 5.00 months as compared to 7.47 months in FY 2016-17, as the Company will strive to adhere to stricter credit policy to achieve better and favourable pricing terms and to ensure continued relation with the existing suppliers. We further aim to reduce our credit period as per Industry trends. |

## GENERAL CORPORATE PURPOSES

Our Company proposes to deploy the balance Net Proceeds aggregating Rs [●] lakhs towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations, including but not limited to strategic initiatives, partnerships and joint ventures, meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts.

## OFFER RELATED EXPENSES

The expenses for this Offer include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Offer are estimated not to exceed Rs. [●] Lakhs.

| Expenses | Expenses (Rs. in Lakhs)* | Expenses (% of total Issue expenses) | Expenses (% of Gross Issue Proceeds) |
|---|---|---|---|
| Payment to Merchant Banker including expenses towards printing, advertising, and payment to other intermediaries such as Registrars, Bankers etc. | [●] | [●] | [●] |
| Regulatory fees | [●] | [●] | [●] |

| Expenses | Expenses (Rs. in Lakhs)* | Expenses (% of total Issue expenses) | Expenses (% of Gross Issue Proceeds) |
|---|---|---|---|
| Marketing and Other Expenses | [●] | [●] | [●] |
| **Total estimated Offer expenses** | [●] | [●] | [●] |

***As on date of the Draft Red Herring Prospectus, our Company has incurred Rs. [●] Lakhs towards Offer Expenses out of internal accruals.***

***SCSBs will be entitled to a processing fee of Rs. [●]/- per Application Form for processing of the Application Forms procured by other Application Collecting Intermediary and submitted to them.*

*Selling commission payable to Registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non Institutional Applicants, would be [●]% on the Allotment Amount# or Rs [●]/- whichever is less on the Applications wherein shares are allotted.*

*The commissions and processing fees shall be payable within 30 working days post the date of receipt of final invoices of the respective intermediaries.*

*#Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

## BRIDGE FINANCING

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance additional working capital needs until the completion of the Offer. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance additional working capital needs will be repaid from the Net Proceeds.

## APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

## INTERIM USE OF FUNDS

Pending utilization of the Issue Proceeds for the Objects of the Offer described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilisation of the proceeds of the Offer as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

## MONITORING UTILIZATION OF FUNDS

As the size of the Fresh Issue does not exceed Rs. 10,000 lakhs, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal Year, we will utilize such

unutilized amount in the next financial year. Further, in accordance with Regulation 32(1) (a) of the Listing Regulations our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Red Herring Prospectus.

## VARIATION IN OBJECTS

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "Postal Ballot Notice") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

Investors may note that the Selling Shareholders are not liable under Section 27 of the Companies Act or any other applicable law or regulation (including any direction or order by any regulatory authority, court or tribunal) for any variation of (i) terms of a contract referred to in this Draft Red Herring Prospectus; and/or (ii) objects of the Offer.

## OTHER CONFIRMATIONS

No part of the Net Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Management Personnel, except in the normal course of business and in compliance with applicable law.

## BASIS FOR OFFER PRICE

The Offer Price of Rs. [●] per Equity Share will be determined by the Company and Selling Shareholder, in consultation with the Book Running Lead Manager on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is Rs.10 each and the Offer Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

### QUALITATIVE FACTORS

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

- Experienced core management team
- Strong financial performance and tax incentives
- Multi product capability and proven Research & Development capabilities
- Product Range
- Quality Assurance
- Widespread domestic presence and distribution network

For further details, refer to heading "*Our Competitive Strengths*" under chapter titled "*Our Business"* beginning on page 163 of this Draft Red Herring Prospectus.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Years 2015, 2016 and 2017 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

***1.*** **Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20**

| Year ended | Basic EPS (Rs.) | Diluted EPS (Rs.) | Weight |
|---|---|---|---|
| March 31, 2017 | 9.01 | 9.01 | 3 |
| March 31, 2016 | 7.84 | 7.84 | 2 |
| March 31, 2015 | (2.04) | (1.04) | 1 |
| **Weighted average** | 6.78 | 6.95 | |

**Note:-**

- The earnings per share has been computed by dividing net profit (loss) as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the period / year. Restated weighted average number of equity shares has been computed as per AS 20. The face value of each Equity Share is Rs. 10/-.
- While calculating the net profit after tax for the year ended March 31, 2016 and March 31, 2015, extraordinary items has not been excluded as the same was an expense item.

***2.*** **Price to Earnings (P/E) ratio in relation to Offer Price of Rs. [●] per Equity Share of Rs. 10 each fully paid up.**

| Particulars | P/E Ratio on Cap Price | PE Ratio on Floor Price |
|---|---|---|
| P/E ratio based on Basic EPS for FY 2016-17 | [●] | [●] |
| P/E ratio based on Weighted Average EPS | [●] | [●] |
| ***Industry P/E** | | |

| Particulars | P/E Ratio on Cap Price | PE Ratio on Floor Price |
|---|---|---|
| Lowest | | 30.92 |
| Highest | | 30.92 |
| Average | | 30.92 |

**Industry Composite comprises of Zydus Wellness Limited.*

***3.* Return on Net worth (RoNW)**

Return on Net Worth ("RoNW") as per restated financial statements

| Year ended | RoNW (%) | Weight |
|---|---|---|
| March 31, 2017 | 30.35 | 3 |
| March 31, 2016 | 28.83 | 2 |
| March 31, 2015 | (8.70) | 1 |
| **Weighted Average** | | 2 |

**Note**: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year excluding miscellaneous expenditure to the extent not written off.

The company had issued 8,88,100, 8,88,100, 13,09,600 and 20,16,664 Compulsorily Convertible Cumulative Participatory Preference Shares on July 10, 2009, April 02, 2010, October 14, 2010 and February 21, 2011 respectively. These shares were subsequently converted into fully paid equity shares on January 11, 2016. For the purpose of calculation of RONW, such shares have been treated as part of Networth from the date of issue.

***4.* Minimum Return on Total Net Worth post offer needed to maintain Pre Offer EPS for the year ended March 31, 2017**

| Particulars | Amount (in Rs.) |
|---|---|
| At Floor Price | [●] |
| At Cap Price | [●] |

***5.* Net Asset Value (NAV)**

| Particulars | Amount (in Rs.) |
|---|---|
| Net Asset Value per Equity Share as of March 31, 2017 | 24.17 |
| Net Asset Value per Equity Share after the Offer | [●] |
| Offer Price per equity share | [●] |

Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares outstanding at the end of the period.

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

***6.* Comparison with other listed companies**

| Companies | CMP | Basic & Diluted EPS | PE Ratio | RONW % | NAV (Per Share) | Face Value | Total Income (In Lakhs) |
|---|---|---|---|---|---|---|---|
| Deccan Healthcare Limited | [●]. | 9.01 | [•] | 30.35% | 24.17 | 10.00 | 2944.83 |
| **Peer Group*** | | | | | | | |
| Zydus Wellness Limited | 865.40 | 27.99 | 30.92 | 19.60% | 142.61 | 10.00 | 25245.00 |

**Source: www.nseindia.com*

**Notes:**

- Considering the nature of business of the Company the peer are not strictly comparable. However same have been included for broad comparison.
- The figures for Deccan Health Care Limited are based on the restated results for the year ended March 31, 2017.
- The figures for the peer group are based on standalone audited results for the respective year ended March 31, 2017.
- Current Market Price (CMP) is the closing prices of respective scripts as on September 01, 2017.
- The Offer Price of Deccan Health Care Limited is Rs. [•] per Equity Share. Deccan Health Care Limited is a Book Built issue and price band for the same shall be published 5 working days before opening of the offer in English and Hindi National newspapers and one regional newspaper with wide circulation.

For further details see section titled *"Risk Factors"* beginning on page 20 and the financials of the Company including profitability and return ratios, as set out in the section titled *"Financial Statements"* beginning on page 228 of this Draft Red Herring Prospectus for a more informed view.

## STATEMENT OF POSSIBLE TAX BENEFITS

To,

The Board of Directors,

**Deccan Healthcare Ltd,**
**247, 2nd Floor, Dhwarkapuri Colony ,**
**Punjagutta, Hydrabad,**
**Telengana**

Dear Sirs,

**Subject: Statement of Possible Special Tax Benefits available to Deccan Healthcare Ltd(the Company) and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the SEBI (ICDR) Regulations, 2009 as amended (the 'Regulations')**

We hereby report that the enclosed annexure prepared by **to Deccan Healthcare Ltd**, states the possible special tax benefits available to Deccan Healthcare Ltd and the shareholders of the Company under the Income Tax Act, 1961 ('Act'), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and shareholders do not cover any general tax benefits available to the Company Further , the preparation of enclosed statement and the contents stated therein is the responsibility of the Company's management. We are informed that, this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares ("the Offer") by the Company.

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

The Company or its Equity Shareholders will continue to obtain these benefits in future; or

- The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus/ Prospectus or any other offer related material in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For N. K. Aswani& Co.**

**Chartered Accountants**

**Firm Registration No.100738W**

**N.K. Aswani**
**Proprietor**
**Membership No: 033278**
**Date: August 31, 2017**
**Place: Ahmedabad**

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMAPANY AND ITS SHAREHOLDERS**

**Outlined below are the possible benefits available to the company and its shareholders under the current direct tax laws in India for the Financial Year 2017-18,2018-19 & 2019-20**

**A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE "ACT")**

1. As per section 10AA of the I.T. Act, the company is entitled to deduction of 100 % of the Profit and gains derived from export of manufactured or produced articles or things or any services from its unit set up in Special Economic Zone (SEZ) for a period of 5 Consecutive assessment years relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be, and 50% of such profits and gains for further 5 consecutive assessment years.

   Further, or the next 5 consecutive assessment years, the company is entitled to deduction of such amount not exceeding 50% of the profit as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account (to be called the "Special Economic Zone Re-investment Reserve Account") to be created and utilized for the purposes of the business of the assessee in the manner laid down in section 10AA (2)

**B. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE CUTOMS ACT,1962 OR THE CUSTOM TARIFF ACT, 1975 (THE "ACT")**

All the goods imported into or services provided in a Special Economic Zone or a Unit to carry on the authorised operations by the developer or entrepreneur are exempt from any duty of customs.

All the goods exported from or services provided from a Special Economic Zone or from a Unit, to any place outside India are exempt from any duty of customs.

**C. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE CENTRAL EXCISE ACT, 1994 OR THE CENTRAL EXCISE TARIFF ACT, 1985 (THE "ACT")**

All the goods brought from Domestic Tariff Area to a Special Economic Zone or Unit, to carry on the authorised operations by the Developer or entrepreneur are exempt from any duty of excise.

**D. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE SERVICE TAX UNDER CHAPTER-V OF THE FIANANCE ACT,1994**

All the taxable services provided to a Developer or Unit to carry on the authorised operations in a Special Economic Zone are exempt from service tax under Chapter – V of the Finance Act, 1994

**E. SPECIAL TAX BENEFITS TO THE SHAREHOLDER UNDERT THE INCOME TAX ACT,1961 (THE "ACT")**

The Shareholders of the Company are not entitled to any special tax benefits under the Act

**Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees agreed for this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement

## SECTION IV – ABOUT THE COMPANY

## OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled "Risk Factors" and "Financial Statements" and related notes beginning on page 20 and 228 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.*

### INTRODUCTION TO THE INDIAN PHARMACEUTICAL INDUSTRY

The Indian Pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

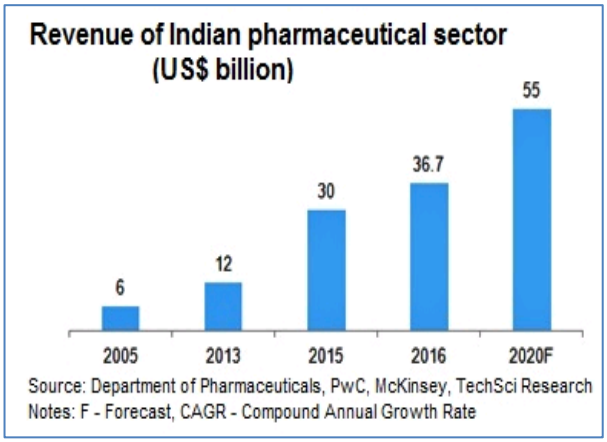
India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

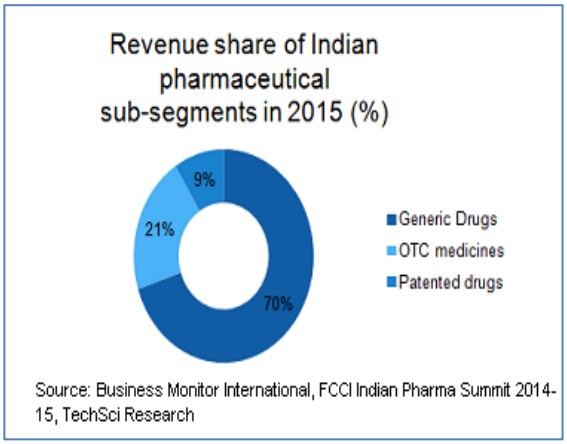
The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Tenofovir Alafenamide (TAF) for 112 developing countries.

With 70 per cent of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector. India supply 20 per cent of global generic medicines market exports in terms of volume, making the country the largest provider of generic medicines globally and expected to expand even further in coming years. Over the Counter (OTC) medicines and patented drugs constitute 21 per cent and 9 per cent, respectively, of total market revenues of US$ 20 billion.

*(Source: Indian Pharmaceuticals Industry Analysis -India Brand Equity Foundation- www.ibeg.org)*

### STATISTICAL OVERVIEW OF THE INDIAN PHARMACEUTICAL INDUSTRY



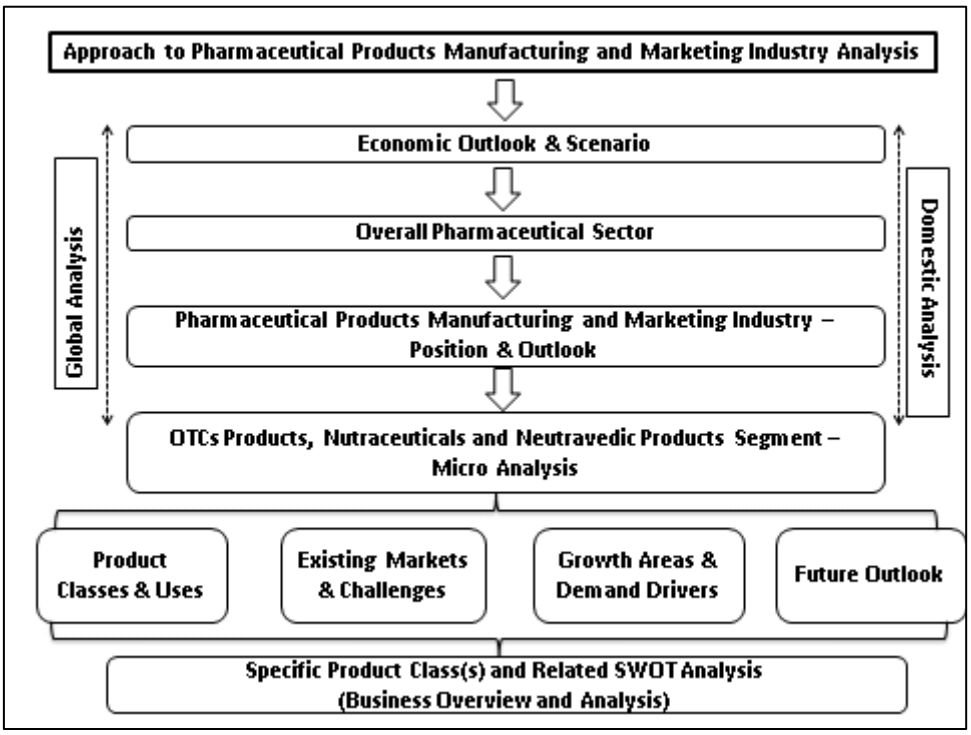

*(Source: Indian Pharmaceuticals Industry Analysis -India Brand Equity Foundation- www.ibeg.org)*

## APPROACH TO PHARMACEUTICAL INDUSTRY ANALYSIS

Analysis of Pharmaceutical Products Manufacturing and Marketing Industry needs to be approached at both macro and micro levels, whether for domestic or global markets. Pharmaceutical Products Manufacturing and Marketing Industry forms part of Pharmaceutical Sector at a macro level. Hence, broad picture of Pharmaceutical Sector should be at preface while analysing the Pharmaceutical Products Manufacturing and Marketing Industry.

Pharmaceutical Sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Pharmaceutical Sector is "Pharmaceutical Products Manufacturing and Marketing Industry", which in turn encompasses various segments such as OTCs Products, Nutraceuticals and Neutravedic Products.

Thus, the micro analysis of segments such as OTCs Products, Nutraceuticals and Neutravedic Products should be analysed in the light of "Pharmaceutical Products Manufacturing and Marketing Industry" at large. An appropriate view on OTCs Products, Nutraceuticals and Neutravedic Products Segment, then, calls for the overall economic outlook, performance and expectations of Pharmaceutical Sector, position of Pharmaceutical Products Manufacturing and Marketing Industry and micro analysis thereof.




*This Approach Note is developed by Pantomath Capital Advisors (P) Ltd ('Pantomath') and any unauthorized reference or use of this Note, whether in the context of Pharmaceuticals Industry and / or any other industry, may entail legal consequences.*

## GLOBAL ECONOMIC OVERVIEW

For India, three external developments are of significant consequence. In the short run, the change in the outlook for global interest rates as a result of the US elections and the implied change in expectations of US fiscal and monetary policy will impact on India's capital flows and exchange rates. Markets are factoring in a regime change in advanced countries, especially US macroeconomic policy, with high expectations of fiscal stimulus and unwavering exit from unconventional monetary policies. The end of the 20-year bond rally and end to the corset of deflation and deflationary expectations are within sight. Second, the medium-term political outlook for globalisation and in

particular for the world's "political carrying capacity for globalisation" may have changed in the wake of recent developments. In the short run a strong dollar and declining competitiveness might exacerbate the lure of protectionist policies. These follow on on-going trends— documented widely— about stagnant or declining trade at the global level. This changed outlook will affect India's export and growth prospects

Third, developments in the US, especially the rise of the dollar, will have implications for China's currency and currency policy. If China is able to successfully re-balance its economy, the spill over effects on India and the rest of the world will be positive. On, the other hand, further declines in the yuan, even if dollar-induced, could interact with underlying vulnerabilities to create disruptions in China that could have negative spill overs for India. For China, there are at least two difficult balancing acts with respect to the currency. Domestically, a declining currency (and credit expansion) props up the economy in the short run but delay rebalancing while also adding to the medium term challenges. Internationally, allowing the currency to weaken in response to capital flight risks creating trade frictions but imposing capital controls discourages FDI and undermines China's ambitions to establish the Yuan as a reserve currency. China with its underlying vulnerabilities remains the country to watch for its potential to unsettle the global economy.

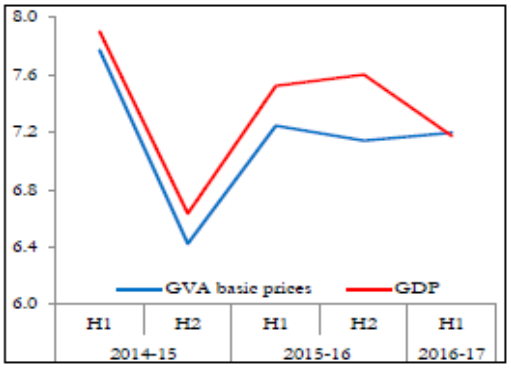
(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. Real GDP growth in the first half of the year was 7.2 percent, on the weaker side of the 7.0-7.75 per cent projection in the Economic Survey 2015-16 and somewhat lower than the 7.6 percent rate recorded in the second half of 2015-16 (Figure 1a). The main problem was fixed investment, which declined sharply as stressed balance sheets in the corporate sector continued to take a toll on firms' spending plans. On the positive side, the economy was buoyed by government consumption, as the 7th Pay Commission salary recommendations were implemented, and by the long-awaited start of an export recovery as demand in advanced countries began to accelerate. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred in the first half of 2015-16 (Figure 1b).

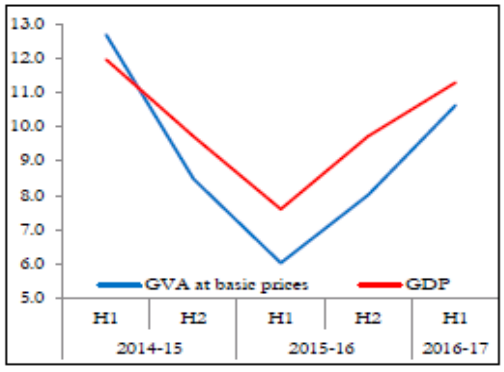
The major highlights of the sectoral growth outcome of the first half of 2016-17 were: (i) moderation in industrial and nongovernment service sectors; (ii) the modest pick-up in agricultural growth on the back of improved monsoon; and (iii) strong growth in public administration and defence services— dampeners on and catalysts to growth almost balancing each other and producing a real Gross Value Addition (GVA) growth (7.2 percent), quite similar to the one (7.1 per cent) in H2 2015-16 (Figure 1b).

**Figure 1a. GVA and GDP Growth (Constant Prices)**




*Source:* CSO

**Figure 1b. GVA and GDP Growth (Current Prices)**




*Source:* CSO

Inflation this year has been characterized by two distinctive features. The Consumer Price Index (CPI)-New Series inflation, which averaged 4.9 per cent during April-December 2016, has displayed a downward trend since July when it became apparent that kharif agricultural production in general, and pulses in particular would be bountiful. The decline in pulses prices has contributed substantially to the decline in CPI inflation which reached 3.4 percent at end-December. The second distinctive feature has been the reversal of WPI inflation, from a trough of (-) 5.1 percent in August 2015 to 3.4 percent at end-December 2016, on the back of rising international oil prices. The wedge between CPI and WPI inflation, which had serious implications for the measurement of GDP discussed in MYEA (Box 3, Chapter 1, MYEA 2015-16), has narrowed considerably. Core inflation has, however, been more stable, hovering around 4.5 percent to 5 percent for the year so far. The outlook for the year as a whole is for CPI inflation to be below the RBI's target of 5 percent, a trend likely to be assisted by demonetisation.

**External Sector**

Similarly, the external position appears robust having successfully weathered the sizeable redemption of Foreign Currency Non-Resident (FCNR) deposits in late 2016, and the volatility associated with the US election and demonetisation. The current account deficit has declined to reach about 0.3 percent of GDP in the first half of FY2017.Foreign exchange reserves are at comfortable levels, having have risen from around US$350billion at end-January 2016 to US$ 360 billion at end-December 2016 and are well above standard norms for reserve adequacy. In part, surging net FDI inflows, which grew from 1.7percent of GDP in FY2016 to 3.2 percent of GDP in the second quarter of FY2017, helped the balance-of-payments

The trade deficit declined by 23.5 per cent in April-December 2016 over corresponding period of previous year. During the first half of the fiscal year, the main factor was the contraction in imports, which was far steeper than the fall in exports. But during October- December, both exports and imports started a long-awaited recovery, growing at an average rate of more than 5 per cent. The improvement in exports appears to be linked to improvements in the world economy, led by better growth in the US and Germany. On the import side, the advantage on account of benign international oil prices has receded and is likely to exercise upward pressure on the import bill in the short to medium term. Meanwhile, the net services surplus declined in the first half, as software service exports slowed and financial service exports declined. Net private remittances declined by $4.5 bn in the first half of 2016-17 compared to the same period of 2015-16, weighed down by the lagged effects of the oil price decline, which affected inflows from the Gulf region.

**Fiscal Position**

Trends in the fiscal sector in the first half have been unexceptional and the central government is committed to achieving its fiscal deficit target of 3.5 percent of GDP this year. Excise duties and services taxes have benefitted from the additional revenue measures introduced last year. The most notable feature has been the over-performance (even relative to budget estimates) of excise duties in turn based on buoyant petroleum consumption: real consumption of petroleum products (petrol) increased by 11.2 percent during April-December 2016 compared to same period in the previous year. Indirect taxes, especially petroleum excises, have held up even after demonetisation in part due to the exemption of petroleum products from its scope. More broadly, tax collections have held up to a greater extent than expected possibly because of payment of dues in demonetised notes was permitted. Non-tax revenues have been challenged owing to shortfall in spectrum and disinvestment receipts but also to forecast optimism; the stress in public sector enterprises has also reduced dividend payments.

State government finances are under stress. The consolidated deficit of the states has increased steadily in recent years, rising from 2.5 percent of GDP in 2014-15 to 3.6 percent of GDP in 2015-16, in part because of the UDAY scheme. The budgeted numbers suggest there will be an improvement this year. However, markets are anticipating some slippage, on account of the expected growth slowdown, reduced revenues from stamp duties, and implementation of their own Pay Commissions.

For these reasons, the spread on state bonds over government securities jumped to 75 basis points in the January 2017 auction from 45 basis points in October 2016. For the general government as a whole, there is an improvement in the fiscal deficit with and without UDAY scheme.

(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## OUTLOOK FOR 2016-17

This year's outlook must be evaluated in the wake of the November 8 action to demonetize the high denomination notes. But it is first important to understand the analytics of the demonetisation shock in the short run. Demonetisation affects the economy through three different channels. It is potentially: 1) an aggregate demand shock because it reduces the supply of money and affects private wealth, especially of those holding unaccounted money; 2) an aggregate supply shock to the extent that economic activity relies on cash as an input (for example, agricultural production might be affected since sowing requires the use of labour traditionally paid in cash); and 3) an uncertainty shock because economic agents face imponderables related to the magnitude and duration of the cash shortage and the policy responses (perhaps causing consumers to defer or reduce discretionary consumption and firms to scale back investments).

Demonetisation is also very unusual in its monetary consequences. It has reduced sharply, the supply of one type of money— cash—while increasing almost to the same extent another type of money—demand deposits. This is because the demonetized cash was required to be deposited in the banking system. In the third quarter of FY2017 (when demonetisation was introduced), cash declined by 9.4 percent, demand deposits increased by 43 percent, and growth in the sum of the two by 11.3 percent.

The price counterparts of this unusual aspect of demonetisation are the surge in the price of cash (inferred largely through queues and restrictions), on the one hand; and the decline in interest rates on the lending rate (based on the marginal cost of funds) by 90 basis points since November 9; on deposits (by about 25 basis points); and on g-secs on the other (by about 32 basis points).

There is yet another dimension of demonetisation that must be kept in mind. By definition, all these quantity and price impacts will self-correct by amounts that will depend on the pace at which the economy is remonetized and policy restrictions eased. As this occurs, consumers will run down their bank deposits and increase their cash holdings. Of course, it is possible, even likely that the self-correction will not be complete because in the new equilibrium, aggregate cash holdings (as a share of banking deposits and GDP) are likely to be lower than before.

Anecdotal and other survey data abound on the impact of demonetisation. But we are interested in a macro-assessment and hence focus on five broad indicators: Agricultural (Rabi) sowing; Indirect tax revenue, as a broad gauge of production and sales; Auto sales, as a measure of discretionary consumer spending and two-wheelers, as the best indicator of both rural and less affluent demand; Real credit growth; and Real estate prices. Contrary to early fears, as of January 15, 2017 aggregate sowing of the two major rabi crops—wheat and pulses (gram)—exceeded last year's planting by 7.1 percent and 10.7 percent, respectively. Favourable weather and moisture conditions presage an increase in production. To what extent these favourable factors will be attenuated will depend on whether farmers' access to inputs—fertilizer, credit, and labour—was affected by the cash shortage.

To estimate a demonetisation effect, one needs to start with the counterfactual. Our best estimate of growth in the absence of demonetisation is 11¼ percent in nominal terms (slightly higher than last year's Survey forecast because of the faster rebound in WPI inflation, but lower than the CSO's advance estimate of 11.9 percent) and 7 percent in real terms (in line with both projections).

Finally, demonetisation will afford an interesting natural experiment on the substitutability between cash and other forms of money. Demonetisation has driven a sharp and dramatic wedge in the supply of these two: if cash and other forms are substitutable, the impact will be relatively muted; if, on the other hand, cash is not substitutable the impact will be greater.

(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## OUTLOOK FOR 2017-18

Turning to the outlook for 2017-18, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government.

As discussed earlier, India's exports appear to be recovering, based on an uptick in global economic activity. This is expected to continue in the aftermath of the US elections and expectations of a fiscal stimulus. The IMF's January update of its World Economic Outlook forecast is projecting an increase in global growth from 3.1 percent in 2016 to 3.4 percent in 2017, with a corresponding increase in growth for advanced economies from 1.6 percent to 1.9 percent. Given the high elasticity of Indian real export growth to global GDP, exports could contribute to higher growth next year, by as much as 1 percentage point.

The outlook for private consumption is less clear. International oil prices are expected to be about 10-15 percent higher in 2017 compared to 2016, which would create a drag of about 0.5 percentage points. On the other hand, consumption is expected to receive a boost from two sources: catch-up after the demonetisation-induced reduction in the last two quarters of 2016-17; and cheaper borrowing costs, which are likely to be lower in 2017 than 2016 by as much as 75 to 100 basis points. As a result, spending on housing and consumer durables and semi-durables could rise smartly. It is too early to predict prospects for the monsoon in 2017 and hence agricultural production. But the higher is agricultural growth this year, the less likely that there would be an extra boost to GDP growth next year.

Since no clear progress is yet visible in tackling the twin balance sheet problem, private investment is unlikely to recover significantly from the levels of FY2017. Some of this weakness could be offset through higher public investment, but that would depend on the stance of fiscal policy next year, which has to balance the short-term requirements of an economy recovering from demonetisation against the medium-term necessity of adhering to fiscal discipline—and the need to be seen as doing so. Putting these factors together, we expect real GDP growth to be in the 6¾ to 7½ percent range in FY2018. Even under this forecast, India would remain the fastest growing major economy in the world.

There are three main downside risks to the forecast. First, the extent to which the effects of demonetisation could linger into next year, especially if uncertainty remains on the policy response. Currency shortages also affect supplies of certain agricultural products, especially milk (where procurement has been low), sugar (where cane availability and drought in the southern states will restrict production), and potatoes and onions (where sowings have been low). Vigilance is essential to prevent other agricultural products becoming in 2017-18 what pulses were in 2015-16.

Second, geopolitics could take oil prices up further than forecast. The ability of shale oil production to respond quickly should contain the risks of a sharp increase, but even if prices rose merely to $60-65/barrel the Indian economy would nonetheless be affected by way of reduced consumption; less room for public investment; and lower corporate margins, further denting private investment. The scope for monetary easing might also narrow, if higher oil prices stoked inflationary pressure.

Third, there are risks from the possible eruption of trade tensions amongst the major countries, triggered by geo-politics or currency movements. This could reduce global growth and trigger capital flight from emerging markets. The one significant upside possibility is a strong rebound in global demand and hence in India's exports. There are some nascent signs of that in the last two quarters. A strong export recovery would have broader spill over effects to investment.

### Fiscal outlook

The fiscal outlook for the central government for next year will be marked by three factors. First, the increase in the tax to GDP ratio of about 0.5 percentage points in each of the last two years, owing to the oil windfall will disappear. In fact, excise-related taxes will decline by about 0.1 percentage point of GDP, a swing of about 0.6 percentage points relative to FY2017.

Second, there will be a fiscal windfall both from the high denomination notes that are not returned to the RBI and from higher tax collections as a result of increased disclosure under the Pradhan Mantra Garib Kalyan Yojana (PMGKY). Both of these are likely to be one-off in nature, and in both cases the magnitudes are uncertain.

A third factor will be the implementation of the GST. It appears that the GST will probably be implemented later in the fiscal year. The transition to the GST is so complicated from an administrative and technology perspective that revenue collection will take some time to reach full potential. Combined with the government's commitment to compensating the states for any shortfall in their own GST collections (relative to a baseline of 14 percent increase), the outlook must be cautious with respect to revenue collections. The fiscal gains from implementing the GST and demonetisation, while almost certain to occur, will probably take time to be fully realized. In addition, muted non-tax revenues and allowances granted under the 7th Pay Commission could add to pressures on the deficit.

**The macroeconomic policy stance for 2017-18**

An economy recovering from demonetisation will need policy support. On the assumption that the equilibrium cash-GDP ratio will be lower than before November 8, the banking system will benefit from a higher level of deposits. Thus, market interest rates—deposits, lending, and yields on g-secs—should be lower in 2017-18 than 2016-17. This will provide a boost to the economy (provided, of course, liquidity is no longer a binding constraint). A corollary is that policy rates can be lower not necessarily to lead and nudge market rates but to validate them. Of course, any sharp uptick in oil prices and those of agricultural products, would limit the scope for monetary easing.

Fiscal policy is another potential source of policy support. This year the arguments may be slightly different from those of last year in two respects. Unlike last year, there is more cyclical weakness on account of demonetisation. Moreover, the government has acquired more credibility because of posting steady and consistent improvements in the fiscal situation for three consecutive years, the central government fiscal deficit declining from 4.5 percent of GDP in 2013-14 to 4.1 percent, 3.9 percent, and 3.5 percent in the following three years. But fiscal policy needs to balance the cyclical imperatives with medium term issues relating to prudence and credibility.

One key question will be the use of the fiscal windfall (comprising the unreturned cash and additional receipts under the PMGKY) which is still uncertain. Since the windfall to the public sector is both one off and a wealth gain not an income gain, it should be deployed to strengthening the government's balance sheet rather than being used for government consumption, especially in the form of programs that create permanent entitlements. In this light, the best use of the windfall would be to create a public sector asset reconstruction company so that the twin balance sheet problem can be addressed, facilitating credit and investment revival; or toward the compensation fund for the GST that would allow the rates to be lowered and simplified; or toward debt reduction. The windfall should not influence decisions about the conduct of fiscal policy going forward.

Perhaps the most important reforms to boost growth will be structural. In addition to those spelt out in Section 1—strategic disinvestment, tax reform, subsidy rationalization—it is imperative to address directly the twin balance sheet problem. The problem is large, persistent and difficult, will not correct itself even if growth picks up and interest rates decline, and current attempts have proved grossly inadequate. It may be time to consider something like a public sector asset reconstruction company.

Another area of reform relates to labour. Given the difficulty of reforming labor laws per se, the thrust could be to move towards affording greater choice to workers which would foster competition amongst service providers. Choices would relate to: whether they want to make their own contribution to the Employees' Provident Fund Organisation (EPFO); whether the employers' contribution should go to the EPFO or the National Pension Scheme; and whether to contribute to the Employee State Insurance (ESI) or an alternative medical insurance program. At the same time, there could be a gradual move to ensure that at least compliance with the central labour laws is made paperless,

presence less, and cashless. One radical idea to consider is the provision of a universal basic income. But another more modest proposal worth embracing is procedural: a standstill on new government programs, a commitment to assess every new program only if it can be shown to demonstrably address the limitations of an existing one that is similar to the proposed one; and a commitment to evaluate and phase down existing programs that are not serving their purpose.

(Source: Economic Survey 2016-17 www.indiabudget.nic.in)

## GLOBAL PHARMACEUTICAL INDUSTRY

The volume of medicines used globally will reach 4.5 trillion doses by 2020 and cost $1.4 trillion, both representing significant increases from 2015. The largest pharmaceutical-using countries will be the pharmerging markets, with two-thirds of the global medicine volumes, mostly comprised of generic medicines and dramatic increases in the utilization of medicines due to broad-based health system expansions. Developed markets will continue to account for the majority of medicine spending due to both higher prices per unit and the mix of newer medicines that bring meaningful clinical benefit to patients facing a wide range of diseases.

### Medicine use in 2020

In 2020, more of the world's population will have access to medicine than ever before, albeit with substantial disparities. Patients will receive 4.5 trillion doses, up 24% from 2015, with most of the increase from countries closing the gap in per capita usage of medicines between developed and pharmerging countries. Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter medicines. The use of new medicines – first available in the prior 10 years – will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets.

### Medicine spending in 2020

Global spending on medicines will reach $1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending will be concentrated in developed markets, with more than half for original brands and focused on non-communicable diseases. Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different traditional medicines will be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands in developed markets and increased usage in pharmerging markets, while being offset by patent expiries. Brand spending in developed markets will increase by $298 billion in the 5 years to 2020 driven by new products and price increases primarily in the U.S., but will be offset by an estimated $90 billion in net price reductions. Small molecule patent expiries will have a larger impact in 2016-2020 than in the prior five years, and there will be an increased impact from biologics. In 2020, the U.S., EU5, and Japan will have important differences in spending and growth dynamics from today. Pharmerging markets' spending will grow primarily from increased use of medicines while China, the leading pharmerging country, will reach $160-190 billion in spending with slowing growth to 2020.

### Transformations in disease treatment

The overwhelming inertia in medicine use - where 97% of medicines used have been available for more than 10 years - masks the contribution from transformative disease treatments, orphan drugs for rare diseases and technology-enabled changes in care that can harness big data to better inform decisions help drive patient behaviour changes and improve outcomes. The seemingly intractable problems of neglected tropical diseases, compounded by poverty and war in Africa, appear to finally be responding to philanthropy-funded research and engagement resulting in fundamental changes by 2020. The use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years, and new medicines in recent years will be weighted to specialty and biologics. Patients will

have greater access to breakthrough therapies and clusters of innovation around hepatitis C, a range of cancers, autoimmune diseases, heart disease, and an array of other rare diseases. The ubiquity of smartphones, tablets, apps and related wearable devices combined with electronic medical records and exponentially increasing real-world data volumes will open new avenues to connect healthcare information while offering providers and payers new mechanisms to control costs.

**Implications**

The continued expansion of healthcare access around the world portends a fundamental gap in delivery capacity where added patient access outruns staffing, infrastructure and funding sources. By 2020 we will see a substantial shift in many major markets away from the siloed budgeting that manages drug spending separately from other healthcare costs. Emerging economies will be focused on providing access and essential medicines to that in need to close endemic healthcare gaps.

Providers in more parts of the world will be subject to performance or outcomes-based contracts and payment systems, bringing sharper scrutiny to patient outcomes and costs associated with patient care. More healthcare will be delivered using technology-enabled means, by providers other than doctors and in patients' homes, pharmacies and community-based facilities. The use of technology will be key to the advancement of healthcare, especially in emerging markets where the expense of large scale infrastructure projects would delay progress.

Patients will have many more treatment options, especially in cancer and rare diseases, and will be informed, motivated and engaged partners in treatment choices. Their financial stake will also rise as private and public payers in developed economies have already begun to increase patients' levels of co-payment. In low- and middle-income countries direct out-of-pocket cash payments will shift to premiums for private or supplementary insurance as countries strive for universal health coverage.

The outlook to 2020 includes higher levels of medicine spending and therefore higher revenues for manufacturers than in the last five years. The extent and nature of the issues faced by healthcare stakeholders and the sources of the spending growth projected in this report belie a more complex challenge to the sustainability of the pharmaceutical industry. Critical adaptations will be necessary to thrive into the next decade, and key among them will be listening and providing valuable solutions to the problems their customers face.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## MEDICINE USE IN 2020 - ACCESS TO MEDICINES INCREASES BY 2020 BUT SIGNIFICANT DIFFERENCES EXIST BY COUNTRY

- Global medicine use in 2020 will reach 4.5 trillion doses, up 24% from 2015
- Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia
- Closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets volumes remain more stable
- Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets use more non-original brands, generics and over the counter medicines
- In 2020 the use of new medicines, introduced in the prior 10 years, will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets

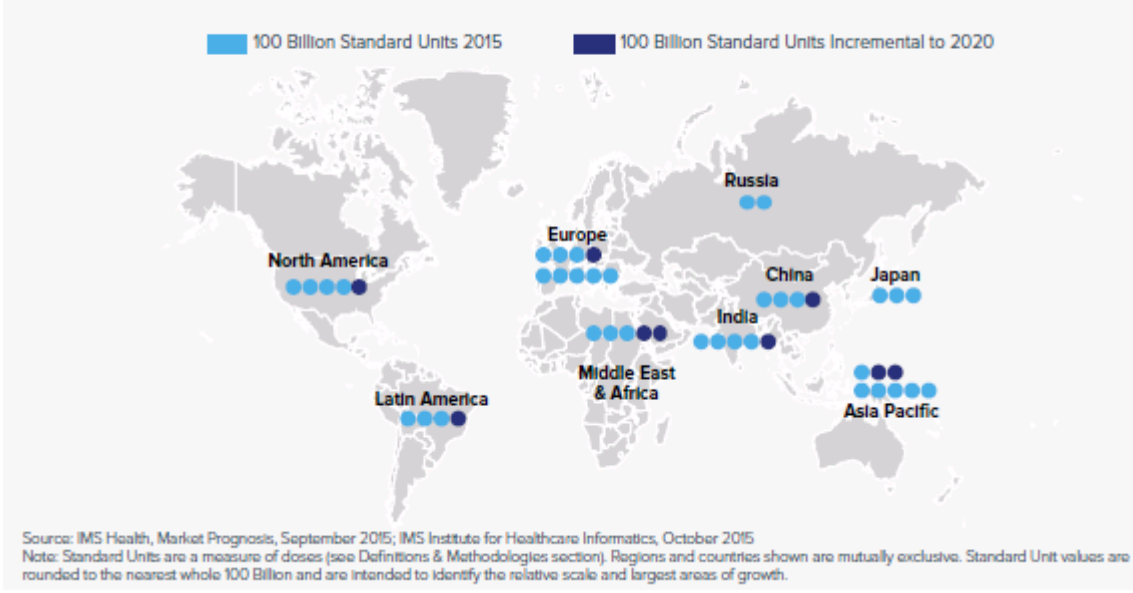
Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. Total use of medicines in 2020 will reach 4.5 trillion doses, up 24% from 2015 levels. Over half of the world's population will consume more than 1 dose per person per day of medicines, up from one-third in 2005 and driven by India, China, Brazil and Indonesia. Success in closing the

gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets' volumes remain more stable. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter products. Furthermore, the adoption of newer medicines will remain higher in developed markets than in pharmerging markets.

**Medicine Use Comparisons**

Most of the global increase in the volumes of medicines used in the 5 years to 2020 will be in India, China, Brazil, Indonesia, and Africa (see Exhibit 1). The largest increases align to areas with the most development gains and often in areas with the lowest usage previously.

Exhibit 1: Doses Consumed by Country in 2020




Source: IMS Health, Market Prognosis, September 2015; IMS Institute for Healthcare Informatics, October 2015
Note: Standard Units are a measure of doses (see Definitions & Methodologies section). Regions and countries shown are mutually exclusive. Standard Unit values are rounded to the nearest whole 100 Billion and are intended to identify the relative scale and largest areas of growth.

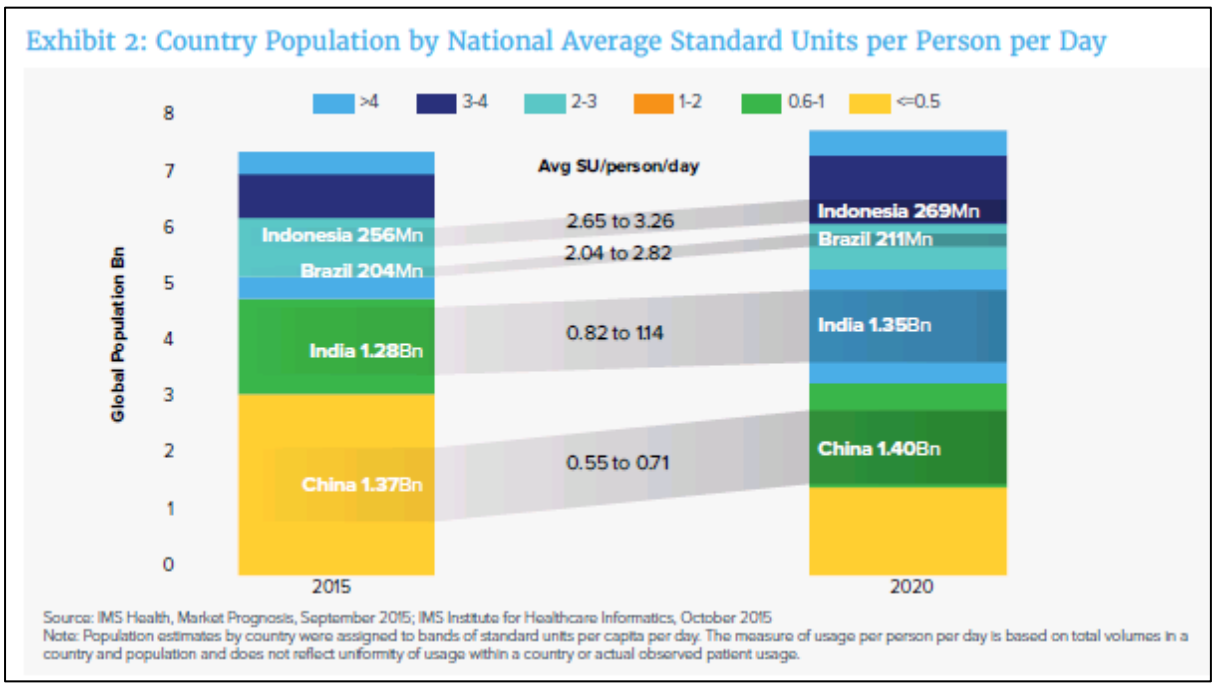
Usage of medicines in Africa and Middle-Eastern countries will increase from 300 to 500 billion standard units in 2020. Within the region, Saudi Arabia and other gulf states will substantially close the gap to developed markets' per capita usage of medicines, while millions of people in sub-Saharan Africa will make modest gains from some of the lowest levels of volume usage in the world. China and India will have each completed ten years of healthcare access expansion by 2020, with nearly all of the Chinese population having basic medical insurance. Most of the rest of the Asia Pacific increased usage will come from Indonesia.

In 2020, Europe's 889 million people will have only modest increases in usage rising from about 818 billion to 916 billion doses, mostly occurring in central and eastern European countries such as Poland, which will approach developed market average usage. Asia Pacific, with 1.3 billion people (excluding China, India and Japan) will increase usage substantially, with half of the increase from Indonesia's shift to 3.26 standard units (SUs) per person per day in 2020. The Middle East and Africa region with 1.6 billion people and 2.5 times the population of Latin America (657 million) will have only 20% more usage overall.

**Rising per capita use in pharmerging markets**

As the world's population tops 7.6 billion in 2020, per capita usage of medicine will reach about 1.6 Sus per person per day. Most developed countries have usage above 2 SUs per person per day and much of the increased usage in 2020 is driven by China, India, Brazil and Indonesia where substantial increases will have been made in average medicine volume usage (see Exhibit 2).

These four countries with a combined population of 3.23 billion in 2020 - up from 3.11 billion in 2015 - will account for nearly half of the increased volume in medicine usage globally from 2015-2020. India's level of medicine usage is a reflection of both a very basic healthcare infrastructure and the ease of access for medicines where even the most complex medicines can be obtained at a corner pharmacy if the patient can afford them.




China's increased usage belies a more complex system where nearly all citizens will be covered by health insurance but access to medicines will usually require a hospital visit and out-of-pocket costs, discouraging some patients from seeking and adhering to treatment. The gap in average medicine usage between developed markets and pharmerging markets is closing, albeit slowly (see Exhibit 3). The use of medicines requires both the healthcare infrastructure to diagnose diseases and administer drugs appropriately, as well as the financial wherewithal to pay for them. While costs are often substantially lower for medicines in pharmerging markets, so is the ability to pay. The rise of government safety nets and private insurance is one key factor that will increase volume usage across pharmerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increases in usage.

Saudi Arabia's commitment to wider healthcare access brings it to roughly the same level of usage as the average developed market by 2020, and represents the largest increase among the pharmerging countries. Other countries that will see a closing of the usage gap in 2020 by ten percentage points or more include Brazil, Egypt, Bangladesh, Indonesia, Turkey, Colombia and Algeria.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## GLOBAL SPENDING ON MEDICINES IN 2020

Global spending on medicines will reach $1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years

- Spending on medicines in 2020 will remain concentrated to developed markets with more than half for original brands and focused on non-communicable diseases
- Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different medicines will be used in developed markets compared to pharmerging markets

- Traditional therapies will continue to focus on different diseases in developed and pharmerging markets
- Spending will increase by $349 billion over 2015, driven by brands and increased usage in pharmerging markets and offset by patent expiries
- Brand spending in developed markets will increase by $298 billion in the 5 years to 2020 driven by new products, wider usage and price increases, primarily in the U.S., but will be offset by net price reductions
- Small molecule patent expiries will have a larger impact 2016-2020 than in the prior five years, and there will be an increased impact from biologics
- In 2020, the U.S., EU5 and Japan will have important differences in spending and growth from today
- Drug spending per capita will increase substantially for most pharmerging countries, however, China's growth is expected to slow to 2020

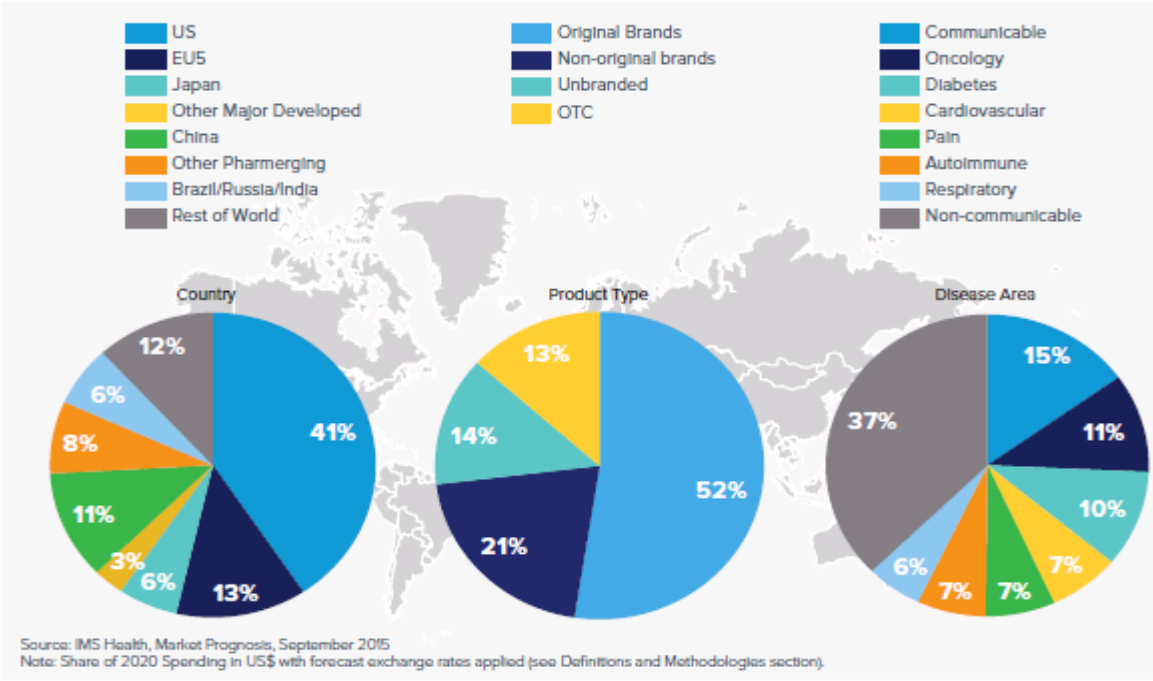
Global spending on medicines will reach $1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands, as well as increased usage in pharmerging markets, and will be offset by patent expiries and net price reductions. The patent expiry impact will be larger in 2016-2020 than in the prior five years on an absolute basis and will include $41 billion of impact from biosimilars.

**Spending and growth to 2020**

Developed markets will contribute 63% of the spending, led by the U.S (see Exhibit 6). Original brands will represent 52% of spending and 85% of global spending will be for medicines to treat non-communicable diseases. These distributions of costs belie the very different perspective on a volume basis where lower-cost/higher-volume medicines dominate the overall use of medicines.

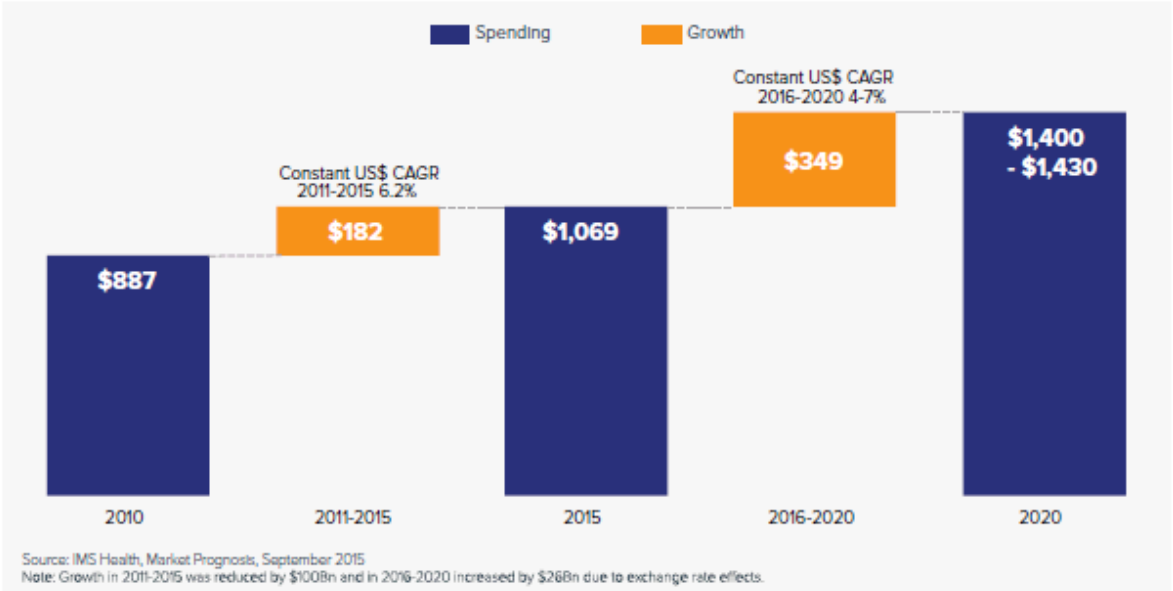
Using actual and forecast exchange rates, the absolute global spend for pharmaceuticals will change by $349 billion in the 2016-2020 time period compared to $182 billion in the 2010-2015 period (see Exhibit 7). The last five years had a $100 billion reduction of growth due to currency effects, while the next five years will be lifted by $26 billion by the weakening of the dollar against global currencies.

Exhibit 6: Medicine Spending in 2020 US$ by Geography, Product Type and Disease Area




Source: IMS Health, Market Prognosis, September 2015
Note: Share of 2020 Spending in US$ with forecast exchange rates applied (see Definitions and Methodologies section).

Exhibit 7: Global Spending and Growth, 2010–2020




Source: IMS Health, Market Prognosis, September 2015
Note: Growth in 2011-2015 was reduced by $100Bn and in 2016-2020 increased by $268n due to exchange rate effects.

The global economic crisis has been a key global issue during the past five years though much of its worst effects have now passed. Some pharmerging countries like China, Brazil, Argentina, and Venezuela have had severe economic and social issues recently which are expected to contribute to slowing growth during the forecast period. Significant risks of further economic slowdown continue as a result of the ongoing disruption in the Middle East, the weaker Chinese economy, and Latin American countries with severe economic distress and some with hyperinflation.

Medicine spending will increase 31-34% over the next five years (29-32% on a constant dollar basis) compared to a 24% increase in the volumes of medicine used. Volume growth will be driven by demographic trends such as an aging population in developed markets and rising incomes and

expanded access to healthcare in pharmerging markets. The remainder of the increase in spending will be driven by the costs of medicines which increase due to the wider adoption of newer more expensive therapies and an increase in prices per unit which occur in some countries, notably the United States.

**U.S. spending on medicines**

U.S. spending on medicines will reach $560-590 billion in 2020, a 34% increase in spending over 2015 on an invoice price basis. This growth will be driven by innovation, invoice price increases (offset by off-invoice discounts and rebates) and the impact of loss of exclusivity (see Exhibit 13). Spending growth in the next five years will differ from the last four which included the largest patent expiry cluster ever in 2012 and the largest year for new medicines in 2014. Of the $24 billion in new brand spending for 2014, $12 billion was driven by hepatitis C treatments as 140,000 more patients were treated than in the prior year. This increased volume accounted for about $9 billion of the increased spending with the remainder due to higher treatment cost per patient relative to earlier, less effective and less well tolerated treatments.

The impact of patent expiries over the next five years, while higher in absolute dollars, will be lower in percentage contribution than the past five years and no single year will reach the level of 2012. Generic medicines will continue to provide the vast majority of the prescription medicine usage in the U.S., rising from 88% to 91-92% of all dispensed prescriptions by 2020. Invoice price growth – which does not reflect discounts and rebates received by payers - will continue at historic levels through 2020 after a period from 2013 to 2015 where increases were much higher but substantially offset by off-invoice discounts and rebates. Net price trends for protected brands remain constrained by payer negotiated discounts and rebates and net prices are expected to grow at 5-7% per year. Brands, on average, will concede as much as one-third of their invoice prices in discounts to payers over the forecast period.

The Affordable Care Act (ACA) will continue to have an effect on medicine spending during the next five years primarily due to expanded insurance coverage. ACA access expansion will be largely complete by 2020, bringing modest new demand for medicines, but an increasing share of medicines will be paid for by Medicare, Medicaid, and other government funded or mandated programs (including 340b) each commanding substantial discounts from list prices. The wider adoption of provisions of the law that encourage greater care coordination will see at least a third of healthcare covered by Accountable Care Organizations (ACOs) under the Medicare shared savings program or ACO-like arrangements negotiated between commercial insurers and institutions. These organizational and payment changes will reinforce the shift to outcomes and evidence-based payments as opposed to the volume of services provided.

By 2020, the Affordable Care Act will be ten years old and moving into adolescence in terms of major implementations, with further evolution and maturing still to come. The impacts of the various provisions of the law are cumulative and in important ways they are the underpinning of the general growth trend in the volume of medicines. Some parts of the ACA will enable conversion to a more rational system based on a better understanding of outcomes and costs. There will be some unintended consequences, that will likely impact patients before they are addressed with future policy amendments, and some of them can be expected to be non-trivial. The rising use of high-deductible insurance plans, for example, which have demonstrable impacts on patients' adherence rates, in some ways put employers and patients who choose these plans at odds with holistically-focused ACOs.

**Japan spending on medicines**

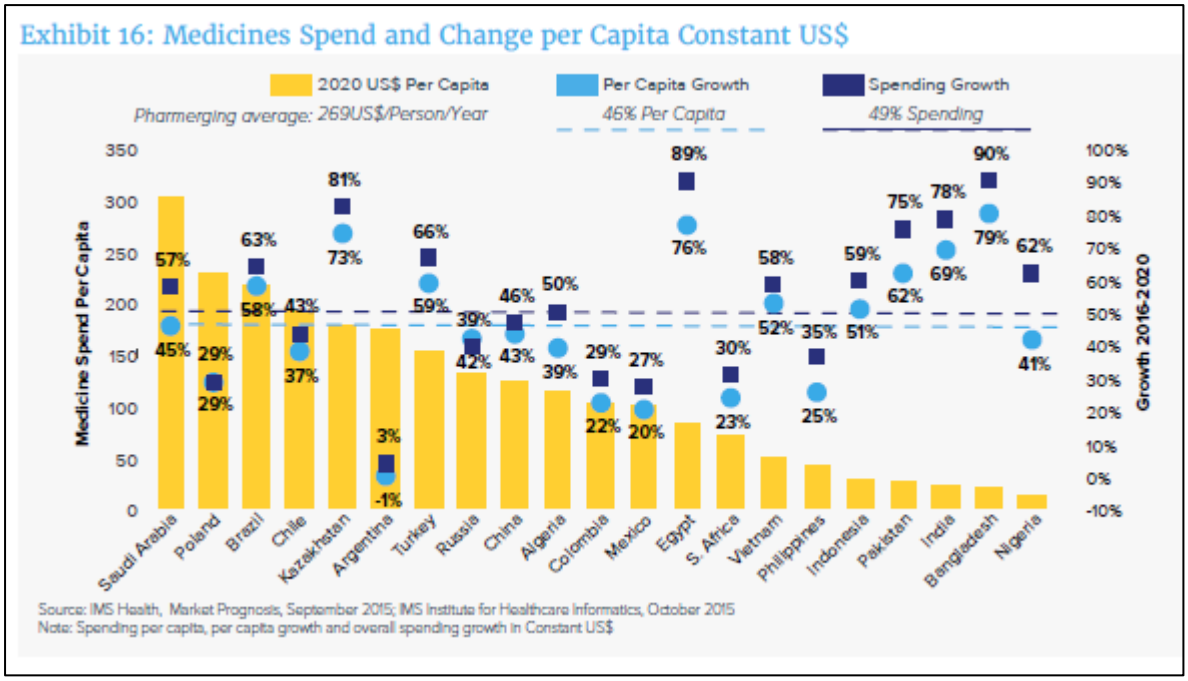
Japan's growth is expected to return to historic patterns through 2020 and the long-term effects of the new price regime will see average prices at a market level be essentially unchanged from 2015. Spending will increase by 3-4% over the next five years, the lowest aggregate increase of any developed market. The price regime, in effect since 2010, applies biennial price cuts differentially more to older off-patent brands, less to newer original brands, and separately incentivizes generic dispensing. Spending in 2020 will see wider use of specialty original brands but lower overall brand spending as older brands will face more severe price cuts.

The incentives to wider generic usage will double generic spending, as generic penetration of the unprotected market is targeted by the Ministry of Labor Health and Welfare (MLHW) to reach 80% by 2020, up from 54.4% for the quarter ending June 2015.1 The 2010-2015 period saw substantial increase in the average prices of medicines as policies designed to reward innovators were implemented. The introduction of a value added tax (VAT) in 2014, as part of national economic reforms, slowed growth, but it is expected to return to historic levels of mid-single-digit growth to 2020. Further planned increases to sales taxes in the 2016-2018 time period could offset the expected growth and result in a zero growth scenario in those years.

**Pharmerging markets spending on medicines**

Growth in spending on medicines in pharmerging markets of $125 billion to 2020 is driven primarily by wider use of medicines. The per capita increases in volume and spending reflect the strong commitment to wider access to healthcare from government and expanded private insurance markets that many pharmerging countries are experiencing.

The difference in per capita spending growth and overall spending growth over the next five years is indicative of population growth, while the overall high level of per capita spending growth reflects both access expansions and the rising mix of higher cost medicines being used in pharmerging markets. Saudi Arabia is notable in that it will spend $300 per person in 2020, with nearly the same volume per person as average developed markets. Many of the countries with the highest per capita spending growth to 2020 have the lowest spend per capita, suggesting that most people in those countries have substantially worse healthcare than in higher spend pharmerging or developed markets and that the increases will go some way but ultimately still fail to address global healthcare inequities.




**China spending on medicines**

China's decade long access expansion will have provided basic medical insurance to nearly the entire 1.4 billion populations by 2020 but further rapid growth in spending is not expected. Per capita medicine volumes will continue to increase but at a slower rate than earlier in the decade and spending growth will slow to below 10% through 2020 (see Exhibit 17). China's economy has slowed recently and most medicine spending will still require substantial patient contributions, which will hamper increased spending overall. China remains the largest pharmerging market and, while slower than earlier in the decade, is expected to be at or above GDP growth through 2020.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## TRANSFORMATIONS IN DISEASE TREATMENTS - INNOVATION DRIVES TRANSFORMATION OF DISEASE TREATMENTS IN 2020

- Use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years; new medicines in recent years will be weighted to specialty and biologics.
- Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, autoimmune diseases, heart disease, orphan diseases and others by 2020
- Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years
- Technology will enable changes to treatment protocols, shift patient engagement, accountability and patient-provider interaction accelerating the adoption of behaviour changes proven to increase patient adherence to treatments
- By 2020, over 470 drugs will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available
- While global medicine spending on orphan drugs is expected to be 1-2%, it will be as much as 10% in developed markets such as the U.S.

An increase in the number and quality of innovative new drugs will drive transformation of disease treatments by 2020, as the investments in research and development made in the last two decades

emerge and reach patients in growing numbers. Key aspects of innovation include biomarkers, genomics, genetic testing to match patients with treatments, improved success rates in clinical development, and addressing concerns about rising costs. The evolution of development incentives including fast-track approvals for "breakthroughs", continued pre-competitive collaborations, patient pooling of data, and large real-world evidence collaborations will all continue to stimulate research and development activities into the next decade.

**New medicines available in 2020**

In 2020, there will be 943 New Active Substances (NAS) introduced in the prior 25 years and the vast majority will be widely available to populations around the world (see Exhibit 18). These treatments often take years to reach patients outside the major developed markets, so the cluster of innovations in the next five years will be less widely available. Increasingly, the new medicines available will treat oncology and orphan diseases and provide a range of specialty small molecule medicines.

Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, cancer, autoimmune diseases, heart disease and orphan drugs by 2020. Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years, including important new developments. For example, myeloma will see survival rates rise above 50% if the new treatments are as effective as early trials suggest. Over 90% of expected new cancer treatments will be targeted therapies – those that use a cancer cell process, mechanism or genetic marker to select or deliver treatment – of which one-third will use a biomarker. An estimated one-third of cancer treatments will target rare cancers deemed orphan diseases.

By 2020, over 470 drugs, including 75 incremental expected to be launched over the next five years, will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available. While global medicine spending on orphan drugs is expected to be 1-2% of global spending, it will be as much as 10% of in developed markets such as the U.S.

A number of transformational treatments will be available in 2020 including functional cures for hepatitis C, a cluster of small molecule and biologic immunology treatments for rheumatoid arthritis and new treatments for an array of diseases which have previously only been treated with decades old, often generic, small molecule treatments. By 2020, there will be a small but important number of cell- and gene-based therapies available to patients, often with short or one-time dosing, for treating diseases with significant challenges including but not limited to cancers, HIV, genetic disorders and autoimmune diseases.

**Technology-enabled transformations**

Technology is permeating all aspects of life globally with mobile phones more common in remote Indian villages than computers or landlines and the prevalence of electronic medical records now reach almost every developed nation and many emerging ones. Smartphones, mobile apps, wearable technology, and the modularity with which these technologies can be used together have reached such critical mass that innovations are happening more quickly, cheaply, and with greater specificity to individual micro-populations. Much of the mobile health available today is in its infancy, and the mining of healthcare big data for better decision making is still more promise than reality, but by 2020major changes will have occurred. Researchers and payers will have substantial and exponentially growing volumes of data proving evidence supporting the benefits of specific approaches, interventions, and drugs as well as refined approaches for using technology to develop insights faster and at lower cost. There will be large consensus by 2020 on issues including:

**Adherence** initiatives will have been put into place as a result of substantial evidence around what works to manage and improve adherence encompassing technology, coordination of care and payer/ provider incentives for improved performance and outcomes.

**Wearable** devices will be widely used for monitoring activity, vital signs, and effectiveness of recommended treatment to actual patient experience. High quality clinical grade devices will be

commonplace for high-risk patients and will build upon the ubiquity of mobile devices and connect health data between patients and providers rapidly during critical diagnosis and around health events.

**Big data** will have driven a broad based normalization of care across a wide variety of diseases, informed by population health concepts, and measurable thanks to widely adopt electronic medical records in most developed and some pharmerging markets.

**Diabetes** patients from diagnosis will be supported by a range of technology solutions related to diet, exercise, blood sugar testing, and drug adherence. A continuing stream of new medicines will increase the options for doctors and patients but also create a confusing array of therapies to navigate and highlighting the need for scientific evidence to support usage.

**Behaviour modification** as a general concept, accounts for the majority of potential impact on patient outcomes with some diseases and more effective behaviour changes (e.g. diet and exercise) may be better enabled with wearable's and mobile health solutions.

In 2020, every patient with multiple chronic conditions will be able to use wearables, mobile apps and other technologies to manage their health, interact with providers, and connect with fellow patients and family members. Maximizing the benefit of these tools will still depend on evolving proof of concept technologies to evidence based and scalable solutions. By 2020, dozens of clinical trials will prove definitively which approaches are effective and enable the fundamental shifts in the use of technology to both advance healthcare outcomes and enable better outcomes at lower costs.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## IMPLICATIONS

Evolutionary changes reframe stakeholders approach to medicine use and will ultimately determine how much of the promise of innovative healthcare reaches patients around the world in 2020 and beyond.

There will be several important and evolutionary changes by 2020 that will reframe stakeholders approach to medicine use. The interconnected nature of decisions in healthcare will inevitably lead to tensions, and resolving those conflicts, will ultimately determine how much of the promise of healthcare reaches patients around the world in 2020 and beyond.

### Fundamental change across stakeholders

The combination of demographic pressures - population growth, aging populations - and relatively slow or slowing economic growth will have built substantial pressure for most countries to develop new funding models for healthcare by 2020. Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. The role of medicines in global healthcare will have evolved to one which often replaces more complex interventions and in many cases will be accompanied by a societal expectation that medicines can achieve tremendous results, and that whatever the innovation, it should be affordable and accessible to those who need it. This consensus is clearly present in the discussions of access to treatments for HIV, hepatitis C, and many other medicines, and is included in the policies or ideologies of both developed and developing world countries. While the U.S. has long dominated the world's spending on medicines, the next five years will likely see key pharmerging markets, particularly India and China pass the U.S. in using the highest volumes of medicines, largely driven by their populations, and yet demonstrating that they continue to have limited access per capita to the most transformative innovative medicines.

The number of clinically desirable and costly breakthrough drugs, combined with the larger volume driven costs of existing lower-cost treatment options will strain even the most well managed budgets. The expected growth of medicine usage implies by its very nature that healthcare delivery capacity will need to expand or change significantly. The wider use of newer technologies is likely to enable

system expansion without linear cost growth, but difficult decisions that balance overall population benefit and individual patient need will remain challenging issues for stakeholders to resolve.

Health systems globally will largely be on sounder footing in 2020 than today, with broader population access, better evidence basis for the treatment protocols, a faster cycle in adopting better protocols informed by larger volumes of real world data, and a more uniform set of policies to appropriately adopt innovation. Key to this set of improvements and an ongoing evolution of better health and healthcare will be a sustainable set of rewards for innovation, including transparent price negotiation systems, and the wider adoption of intellectual property protection for innovation.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## GLOBAL PHARMACEUTICAL INDUSTRY – COUNTRY RANKINGS

**Appendix 1 - Global Country Rankings**

| Exhibit | 2010 | Index | Exhibit | 2015 | Index | Exhibit | 2020 | Index |
|---|---|---|---|---|---|---|---|---|
| 1 | U.S. | 100 | 1 | U.S. | 100 | 1 | U.S. | 100 |
| 2 | Japan | 22 | 2 ▲1 | China | 27 | 2 | China | 30 |
| 3 ▲2 | China | 19 | 3 ▼1 | Japan | 18 | 3 | Japan | 14 |
| 4 | Germany | 11 | 4 | Germany | 10 | 4 | Germany | 9 |
| 5 ▼2 | France | 10 | 5 | France | 8 | 5 ▲2 | Brazil | 8 |
| 6 | Italy | 7 | 6 ▲1 | U.K. | 7 | 6 | U.K. | 6 |
| 7 | U.K. | 6 | 7 ▲3 | Brazil | 6 | 7 ▲1 | Italy | 5 |
| 8 ▼3 | Spain | 6 | 8 ▼2 | Italy | 6 | 8 ▼3 | France | 5 |
| 9 | Canada | 6 | 9 | Canada | 5 | 9 ▲3 | India | 5 |
| 10 ▲1 | Brazil | 5 | 10 ▼2 | Spain | 4 | 10 ▼1 | Canada | 4 |
| 11 ▲2 | South Korea | 4 | 11 ▲4 | Venezuela | 4 | 11 ▼1 | Spain | 4 |
| 12 | Australia | 3 | 12 ▲1 | India | 4 | 12 ▲1 | Russia | 3 |
| 13 ▲1 | India | 3 | 13 ▲3 | Russia | 3 | 13 ▲1 | South Korea | 3 |
| 14 ▼4 | Mexico | 3 | 14 ▼3 | South Korea | 3 | 14 ▲2 | Mexico | 2 |
| 15 ▲12 | Venezuela | 3 | 15 ▼3 | Australia | 3 | 15 ▲3 | Turkey | 2 |
| 16 ▲7 | Russia | 2 | 16 ▼2 | Mexico | 2 | 16 ▼1 | Australia | 2 |
| 17 ▲1 | Poland | 2 | 17 ▲6 | Argentina | 2 | 17 ▲3 | Saudi Arabia | 2 |
| 18 ▲3 | Turkey | 2 | 18 | Turkey | 2 | 18 | Poland | 2 |
| 19 ▼4 | Switzerland | 2 | 19 ▼2 | Poland | 2 | 19 ▼2 | Argentina | 1 |
| 20 ▼4 | Netherlands | 2 | 20 ▲7 | Saudi Arabia | 1 | 20 ▲9 | Egypt | 1 |

Source: IMS Health, Market Prognosis, September 2015 ▼▲ Change in ranking over prior five years

Appendix notes:
Rankings based on Constant US$. Argentina and Venezuela based on US$ with variable exchange rates due to hyperinflation. Index reflects comparison to the U.S. of spending in Constant US$.

(Source: Global Medicines Use in 2020 - Outlook and Implications IMS Institute for Healthcare Informatics www.imshealth.com )

## INDIAN PHARMACEUTICALS MARKET

### Introduction

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers who have the potential to steer the industry ahead to an even higher level. Presently over 80 per cent of the antiretroviral drugs used globally to combat AIDS (Acquired Immuno Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

The UN-backed Medicines Patent Pool has signed six sub-licences with Aurobindo, Cipla, Desano, Emcure, Hetero Labs and Laurus Labs, allowing them to make generic anti-AIDS medicine Tenofovir Alafenamide (TAF) for 112 developing countries.

### Market Size

The Indian pharma industry, which is expected to grow over 15 per cent per annum between 2015 and 2020, will outperform the global pharma industry, which is set to grow at an annual rate of 5 per cent between the same period. The market is expected to grow to US$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues).

India has also maintained its lead over China in pharmaceutical exports with a year-on-year growth of 11.44 per cent to US$ 12.91 billion in FY 2015-16, according to data from the Ministry of Commerce and Industry. In addition, Indian pharmaceutical exports are poised to grow between 8-10 per cent in FY 2016-17. Imports of pharmaceutical products rose marginally by 0.80 per cent year-on-year to US$ 1,641.15 million.

Overall drug approvals given by the US Food and Drug Administration (USFDA) to Indian companies have nearly doubled to 201 in FY 2015-16 from 109 in FY 2014-15. The country accounts for around 30 per cent (by volume) and about 10 per cent (value) in the US$ 70-80 billion US generics market.

India's biotechnology industry comprising bio-pharmaceuticals, bio-services, bio-agriculture, bio-industry and bioinformatics is expected grow at an average growth rate of around 30 per cent a year and reach US$ 100 billion by 2025. Biopharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US$ 1.89 billion).

### Investments

The Union Cabinet has given its nod for the amendment of the existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100 per cent under the automatic route for manufacturing of medical devices subject to certain conditions.

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US$ 14.53 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian pharmaceutical sector are as follows:

- Piramal Enterprises Ltd acquired a portfolio of spasticity and pain management drugs from UK-based specialty biopharmaceutical company Mallinckrodt Pharmaceuticals, in an all-cash deal for Rs1,160 crore (US$ 171 million).
- Aurobindo Pharma has bought Portugal based Generis Farmaceutica SA, a generic drug company, for EUR 135 million (US$ 144 million).
- Sun Pharmaceutical Industries Ltd, India's largest drug maker, has entered into an agreement with Switzerland-based Novartis AG, to acquire the latter's branded cancer drug Odomzo for around US$ 175 million.
- Kedaara Capital Advisors LLP, a private equity (PE) firm, plans to invest Rs 430 crore (US$ 64.5 million) to acquire a minority stake in Hyderabad-based diagnostics chain Vijaya Diagnostic Centre Pvt Ltd.
- Sun Pharmaceuticals Industries Limited plans to acquire 85.1 per cent stake in Russian company Biosintez for US$ 24 million for increasing its presence in Russia through local manufacturing capability.
- Abbott Laboratories, a global drug maker based in US, plans to set up an innovation and development center (I&D) in Mumbai, which will help in developing new drug formulations, new indications, dosing, packaging and other differentiated offerings for Abott's global branded generics business.
- India's largest drug maker Sun Pharmaceutical Industries Limited has entered into a distribution agreement with Japan's Mitsubishi Tanabe Pharma Corporation to market 14 prescription brands in Japan.
- Syngene International Limited will be setting up its fourth exclusive Research and Development (R&D) center named Syngene Amgen Research and Development Center (SARC) for a US-based biotechnology company Amgen Incorporation in Bengaluru.
- India's third largest drug maker Lupin Limited plans to file its first biosimilar Etanercept for approval in Japan, world's second largest drug market, in 2017.
- Rubicon Research Pvt Ltd, a contract research and manufacturing services firm, is in advanced talks with Everstone Capital and a few high-net-worth Individuals (HNI) to raise up to Rs 240 crore (US$ 36 million), which will be used to increase the company's manufacturing capabilities.
- Lupin Ltd plans to acquire a portfolio of 21 generic brands from Japan-based Shionogi & Co Ltd for Rs 10.08 billion (US$ 151.2 million), which will help to strengthen its presence in the world's second largest pharmaceutical market.
- International Finance Corporation (IFC), the investment arm of the World Bank, plans to invest upto US$ 75 million in Glenmark, which is looking to raise around US$ 200 million for expansion and the launch of several new products in India and other emerging markets over the next three years.
- Cipla Limited plans to invest around Rs 600 crore (US$ 90 million) to set up a biosimilar manufacturing facility in South Africa for making affordable cancer drugs and growing its presence in the market.
- Rusan Pharma, a firm which specialises in de-addiction and pain management products, plans to invest Rs 100 crore (US$ 15 million) in a R&D centre and a manufacturing unit in Kandla, located in Kutch District in Gujarat.
- The Medicines Patent Pool (MPP) has signed a licencing agreement with six Indian drug makers for the generic manufacturing of four antiretrovirals (ARV) and hepatitis C direct-acting antiviral drug Daclatasvir.

- Dr Reddy's Laboratories, one of the major pharmaceutical companies of India, has entered into a strategic collaboration agreement with Turkey-based TR-Pharm, to register and subsequently commercialise three biosimilar products in Turkey.
- Lupin has completed the acquisition of US-based GAVIS Pharmaceuticals in a deal worth US$ 880 million, which is expected to enhance its product pipeline in dermatology, controlled substances and high-value speciality products.
- Cipla Ltd, one of the major pharmaceutical and biotechnology companies in India, has acquired two US-based generic drug makers, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc., for US$ 550 million, which is expected to strengthen Cipla's US business.
- Emcure Pharmaceuticals has acquired Canada's International Pharmaceutical Generics Ltd and its marketing arm Marcan Pharmaceuticals in order to boost its global expansion drive.
- Cipla announced the acquisition of two US-based companies, InvaGen Pharmaceuticals Inc. and Exelan Pharmaceuticals Inc., for US$550 million.
- Glaxosmithkline Pharmaceuticals has started work on its largest greenfield tablet manufacturing facility in Vemgal in Kolar district, Karnataka, with an estimated investment of Rs 1,000 crore (US$ 150 million).
- Lupin has acquired two US based pharmaceutical firms, Gavis Pharmaceuticals LLC and Novel Laboratories Inc, in a deal worth at US$ 880 million.
- Several online pharmacy retailers like PharmEasy, Netmeds, Orbimed, are attracting investments from several investors, due to double digit growth in the Rs 97,000 crore ( US$ 14.55 billion) Indian pharmacy market.
- StelisBiopharma announced the breakthrough construction of its customised, multi-product, biopharmaceutical manufacturing facility at Bio-Xcell Biotechnology Park in Nusajaya, Johor, Malaysia's park and ecosystem for industrial and healthcare biotechnology at a total project investment amount of US$ 60 million.
- Strides Arcolab entered into a licensing agreement with US-based Gilead Sciences Inc to manufacture and distribute the latter's cost-efficient TenofovirAlafenamide (TAF) product to treat HIV patients in developing countries. The licence to manufacture Gilead's low-cost drug extends to 112 countries.

**Government Initiatives**

The Government of India unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Approval time for new facilities has been reduced to boost investments. Further, the government introduced mechanisms such as the Drug Price Control Order and the National Pharmaceutical Pricing Authority to deal with the issue of affordability and availability of medicines.

Mr Ananth Kumar, Union Minister of Chemicals and Petrochemicals, has announced setting up of chemical hubs across the country, early environment clearances in existing clusters, adequate infrastructure, and establishment of a Central Institute of Chemical Engineering and Technology.

Some of the major initiatives taken by the government to promote the pharmaceutical sector in India are as follows:

- The Government of India plans to set up around eight mini drug-testing laboratories across major ports and airports in the country, which is expected to improve the drug regulatory system and infrastructure facilities by monitoring the standards of imported and exported drugs and reduce the overall time spent on quality assessment.

- India is expected to rank among the top five global pharmaceutical innovation hubs by 2020, based on Government of India's decision to allow 50 per cent public funding in the pharmaceuticals sector through its Public Private Partnership (PPP) model.#
- Indian Pharmaceutical Association (IPA), the professional association of pharmaceutical companies in India, plans to prepare data integrity guidelines which will help to measure and benchmark the quality of Indian companies with global peers.
- The Government of India plans to incentivise bulk drug manufacturers, including both state-run and private companies, to encourage 'Make in India' programme and reduce dependence on imports of Active Pharmaceutical Ingredients (API), nearly 85 per cent of which come from China.
- The Department of Pharmaceuticals has set up an inter-ministerial co-ordination committee, which would periodically review, coordinate and facilitate the resolution of the issues and constraints faced by the Indian pharmaceutical companies.
- The Department of Pharmaceuticals has planned to launch a venture capital fund of Rs 1,000 crore (US$ 149.11 million) to support start-ups in the research and development in the pharmaceutical and biotech industry.

**Road Ahead**

The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others.

Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers that are on the rise.

The Indian government has taken many steps to reduce costs and bring down healthcare expenses. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.

Exchange Rate Used: INR 1 = US$ 0.0150 as on February 9, 2017

**References:** Consolidated FDI Policy, Department of Industrial Policy & Promotion (DIPP), Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council

Note:- According to a study by UBM India, the Indian arm of London-based media and events company; @ - According to India Ratings (a Fitch company); # - according to Assocham and TechSci Research

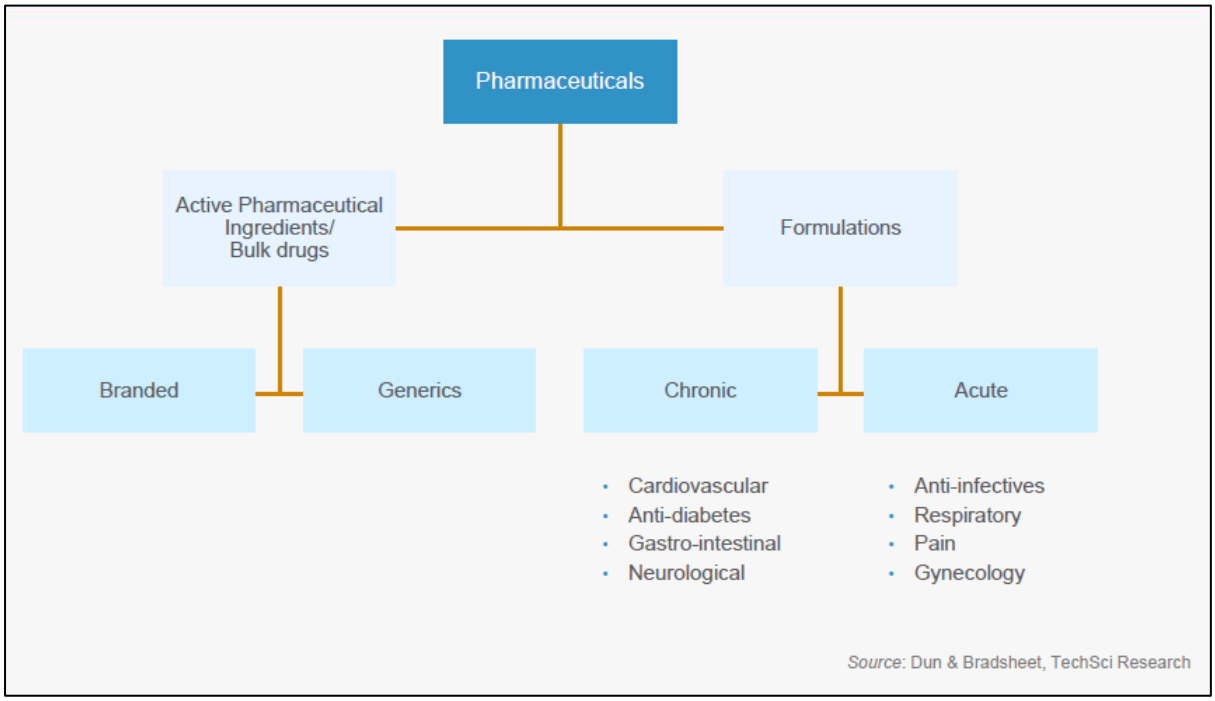
*(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - www.ibef.org)*

## INDIAN PHARMACEUTICALS SECTOR: OVERVIEW

Indian pharmaceutical sector accounts for about 2.4 per cent of the global pharmaceutical industry in value terms & 10 per cent in volume terms. India accounts for 20 per cent of global exports in generics. In FY16, India exported pharmaceutical products worth USD16.89 billion, with the number expected to reach USD40 billion by 2020. Pharma exports in India grew at 9.44 per cent in FY16, registering an amount of US$16.9 billion. The exports are expected to register double digit growth in FY17, with exports growing at 8 per cent in January 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 12.89 per cent over 2015–20 to reach USD55 billion. Indian healthcare sector, one of the fastest growing sectors, is expected to advance at a CAGR of 17 per cent to reach USD250 billion over 2008–20. The generics market stood at USD26.1 billion in 2016 from USD21 billion in 2015. India's generics market has immense potential for growth. Pharmaceutical sector in India attracted 4 per cent of the total FDIs into India, with, cumulative. FDI inflows worth USD14.53 billion were made during April 2000 to December 2016.

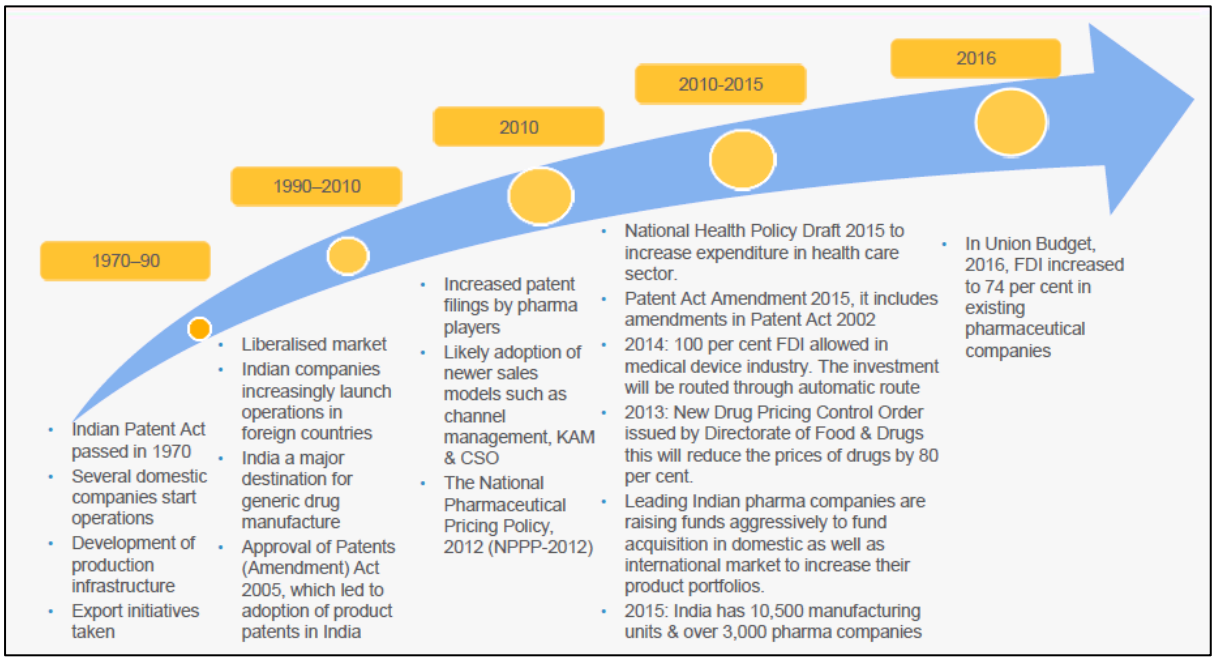
*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## STRUCTURE OF PHARMA SECTOR IN INDIA




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## NOTABLE TRENDS IN THE INDIAN PHARMACEUTICALS SECTOR

**Research and development**

Indian pharma companies spend 8-11 per cent of their total turnover on R&D. Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

**Export revenue**

India's pharmaceutical export market is thriving due to strong presence in the generics space. Pharmaceuticals Exports Promotion Council expects pharma exports exceeded USD15 billion in 2015 & reached USD16.89 billion in 2016

**Joint Ventures**

Multinational companies are collaborating with Indian pharma firms to develop new drugs. Cipla formed an exclusive partnership with Serum Institute of India to sell vaccines in South Africa. 6 leading pharmaceutical companies have formed an alliance 'LAZOR' to share their best practices, so as to improve efficiency & reduce operating costs

**Expansion by Indian players abroad**

Cipla, the largest supplier of anti-malarial drugs to Africa, sets up a USD32 billion plant in Africa for the production of anti-retroviral & anti-malarial drugs

**PPP in R&D**

Indian Government invited multi-billion dollar investment with 50 per cent public funding through its public private partnership (PPP). In April 2017, Clavita Pharma Pvt. Ltd., signed an MoU with GITAM University for research activities, exchange of visits between professionals of Clavita and GITAM University faculty, organise joint meetings and training programmes

**Draft Patents (Amendment) Rules, 2015**

The time limit given for submitting the application for grant has been reduced to 4 months from 12 months, providing an extension of 2 months

**Product Patents**

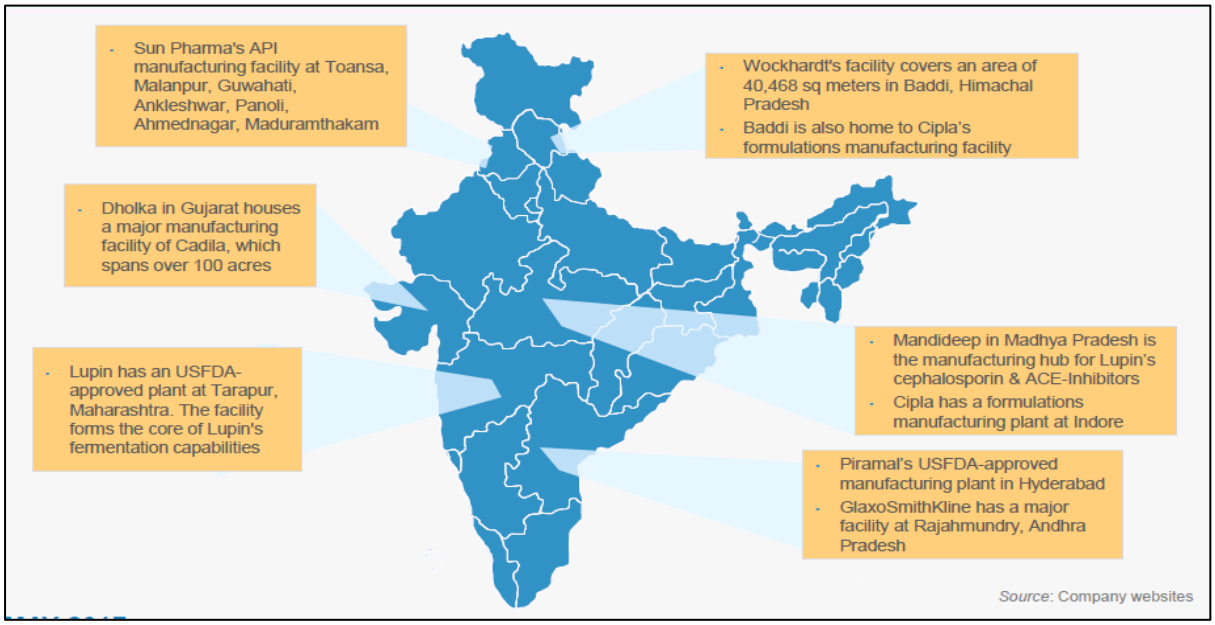
The introduction of product patents in India in 2005 gave a boost to the discovery of new drugs. India reiterated its commitment to IP protection following the introduction of product patents In December 2016, Suven Life Sciences was granted product patent for the treatment of neurodegenerative diseases

**Less time for approval**

In order to compete with global players in pharmaceutical industries, approval process of drugs have been simplified by the authorities & approval time for new facilities has been drastically reduced

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

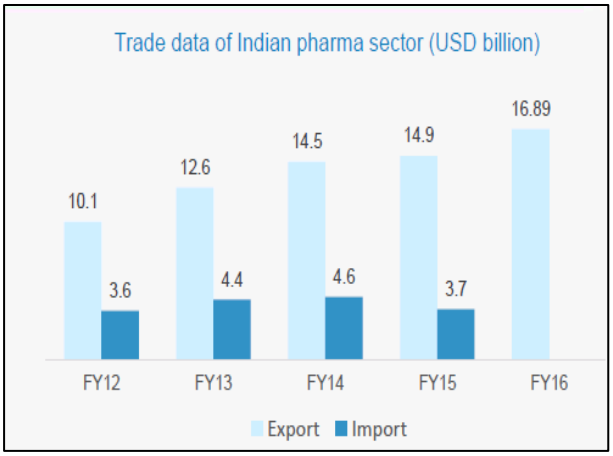
## STATES HOSTING KEY PHARMACEUTICAL VENTURES




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

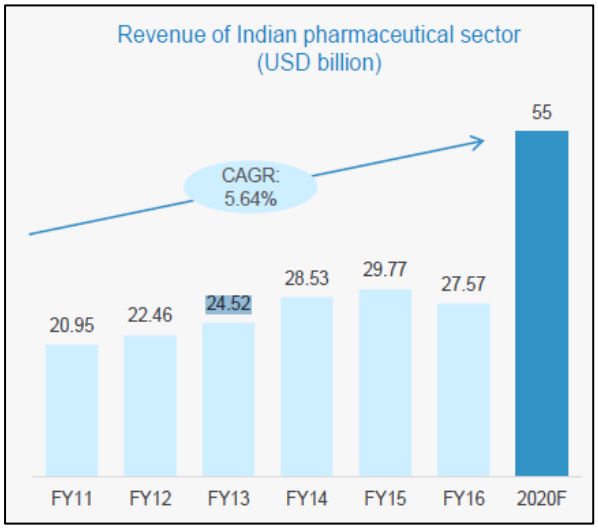
## PHARMA EXPORT TO CONTINUE WITNESSING HIGH GROWTH

Indian pharma companies are capitalising on export opportunities in regulated & semi-regulated markets. In FY16, India exported pharmaceutical products worth USD16.89 billion, with the number expected to reach USD40 billion by 2020 Department of Pharmaceuticals targets to export USD18.02 billion worth of pharmaceuticals in 2016. Indian drugs are exported to more than 200 countries in the world, with the US as the key market. India is the world's largest provider of generic medicines; the country's generic drugs account for 20 per cent of global generic drug exports (in terms of volumes)




*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## INDIA PHARMA SECTOR REVENUES TRENDING NORTH




The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64 per cent, during 2011-16, with the market increasing from USD20.95 billion in 2011 to USD27.57 billion in 2016. By 2020, India is likely to be among the top 3 pharmaceutical markets by incremental growth & 6th largest market globally in absolute size.

India's cost of production is significantly lower than that of the US & almost half of that of Europe. It gives a competitive edge to India over others. Increase in the size of middle class households coupled with the improvement in medical infrastructure & increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## GROWTH DRIVERS

**Demand-side drivers**

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

**Supply-side drivers**

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- In FY16, 546 sites registered at USFDA. India accounts for 22 per cent of overall USFDA approved plants
- Increasing penetration of Chemists

**Policy Support**

- National Health Policy 2015, which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time for new facilities
- Plans to set up new pharmaceutical education & research institutes

- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## SUPPLY SIDE DRIVERS

### Launch of patented Drugs

Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India. Growth in the number of lifestyle diseases in India could boost the sale of drugs in this segment. High Court allowing exporting patent drugs, to foreign players in the Indian market.

### Medical infrastructure

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by USD200 billion by 2024. In October 2016, the government gave a nod to set up the country's 1st medical devices manufacturing park in Chennai

### Scope in generics market

India's generic drugs account for 20 per cent of global exports in terms of volume, making it country the largest provider of generic medicines globally. The generics drug market accounts for around 70 per cent of the India pharmaceutical industry & it is expected to reach USD27.9 billion by 2020.

### Over-The-Counter (OTC) drugs

India's OTC drugs market is expected to rise at a CAGR of 16.3 per cent to USD6.6 billion over 2008–16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions

### Patent Expiry

The total sales value of the drugs with expiring patent in 2015 is USD66 billion and drugs with expiry protection in 2014 valued around USD34 billion

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## DEMAND DRIVERS

### Accessibility

Over USD200 billion to be spent on medical infrastructure in the next decade. New business models expected to penetrate tier-2 & 3 cities. Over 160,000 hospital beds expected to be added each year in the next decade. India's generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally

### Acceptability

Rising levels of education to increase acceptability of pharmaceuticals. Patients to show greater propensity to self-medicate, boosting the OTC market. Acceptance of biologics & preventive medicines to rise. A skilled workforce as well as high managerial & technical competence. Surge in medical tourism due to increased patient inflow from other countries

### Affordability

Rising income could drive 73 million households to the middle class over the next 10 years. Over 650 million people expected to be covered by health insurance by 2020. Government-sponsored programmes set to provide health benefits to over 380 million BPL people by 2017. By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of USD5.4 billion

**Epidemiological factors**

Patient pool expected to increase over 20 per cent in the next 10 years, mainly due to rise in population. New diseases & lifestyle changes to boost demand. Increasing prevalence of lifestyle diseases

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## FAVOURABLE POLICY MEASURES SUPPORT GROWTH

**Reduction in approval timer new facilities**

Steps taken to reduce approval time for new facilities. NOC for export licence issued in 2 weeks compared to 12 weeks earlier

**Collaborations**

MoUs with USFDA, WHO, Health Canada, etc. to boost growth in the Indian Pharma sector by benefiting from their expertise. In 2015, NIPER (Mohali) signed MoUs with pharmaceutical industry leaders Bharat Biotech, Dr Reddy, Cadila Healthcare, Sun Pharma & Panacea Biotech. In 2016, Strides Arcolab & US-based Gilead Sciences Inc. entered into a licensing agreement for manufacturing & distributing Gilead Sciences' cost-efficient TenofovirAlafenamide (TAF) product in order to treat HIV patients in developing economies

**Support for technology upgrades and FDIs**

Zero duty for technology upgrades in the pharmaceutical sector through the Export Promotion Capital Goods (EPCG) Scheme. Government is planning to relax FDI norms in the pharmaceutical sector. In March 2017, the government to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad

**Industry infrastructure**

Under the Union Budget 2017-18, the government has announced to set up 1.5 lakh Health Care Centres & open 2 new AIIMS in Jharkhand & Gujarat. In 2016, the government has planned to set up 6 pharma parks at an investment of about USD27 million

**Pharma Vision 2020**

Pharma Vision 2020 by the government's Department of Pharmaceuticals aims to make India a major hub for end-to-end drug discovery

**Exceptions**

Full exemption from excise duty is being provided for HIV/AIDS drugs & diagnostic kits supplied under National AIDS Control Programme funded by the Global Fund to fight AIDS, TB & Malaria (GFATM). The customs duties on the said drugs are also being exempted

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## NATIONAL PHARMA PRICING POLICY 2012

**Market-based pricing**

Cost-based pricing is complicated and time consuming than market based pricing. Market-based pricing is expected to create greater transparency in pricing information and would be available in public domain. Prices of NLEM drugs linked to WPI.

**Essentiality of drugs**

Essentiality of drugs is determined by including the drug in National List of Essential Medicines (NLEM) (348 drugs at present). Promote rational use of medicines based on cost, safety & efficacy.

**Price control of formulations only**

The regulation of prices of drugs on the basis of regulating the prices of formulations only. Only finished medicines are to be considered essential which would prevent price control of APIs, which are not necessarily used for essential drugs.

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## OPPORUNITIES: INDIAN PHARMACEUTICALS MARKET

**Clinical trials market**

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. From 2009 to 2015, 3043 clinical trial has been carried out in India

**High-end drugs**

Due to increasing population & income levels, demand for high-end drugs is expected to rise. Demand for high-end drugs would reach USD7.5 billion in 2016. Growing demand could open up the market for production of high-end drugs in India.

**Penetration in rural Market**

With 70 per cent of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

**CRAMS**

The Contract Research & Manufacturing Services industry (CRAMS) – estimated at USD8 billion in 2015, is expected to reach has a huge potential for Investments. The market has more than 1,000 players

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org)*

## ADVANTAGE INDIA

**Cost efficiency**

Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 60 per cent lower than that of the US & almost half of that of Europe. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism As of February 2017, India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

**Economic drivers**

Economic prosperity to improve drug affordability. Increasing penetration of health insurance. With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available

**Diversified portfolio**

Accounts for over 10 per cent of the global pharmaceutical production. Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs. 35.7 per cent of all drug master filings from India are registered in the USA in 2015

**Policy support**

Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture. Reduced approval time for new facilities to boost investments. In this sector, 100 per cent FDI is allowed under automatic route

2016 Market size: USD27.57 Billion

2020F Market size: USD55 Billion

*(Source: Pharmaceuticals May 2017 - India Brand Equity Foundation - www.ibef.org*

# OUR BUSINESS

In this section, unless otherwise stated, references to "Company" or to "we", "us" and "our" refers to Deccan Health Care Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements.

## OVERVIEW

Incorporated in the year 1996, our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. With an operating history of more than two decades, we are primarily known for our premium range of nutraceutical, and cosmeceutical products. In the present competitive era of medicines and food supplements, we aim to distinguish our identity by focusing on ways to bridge the nutrition gap which is a recognised cause of many diseases. Our Company has identified over 50 consumer wellness goals and over 200 diseases, disorders, disabilities which can be prevented by meeting RDA of micronutrients and we have innovated and developed cost effective products that are unique and differentiated to combat such diseases.

In 2010, we set up our own manufacturing facility at SIDCUL Pantnagar Rudrapur, Uttarakhand. The quality of our products is evidenced by the number of quality certifications that our Company has obtained from various local and international accredition agencies. Our facility complies with GMP and WHO GMP for its health / diet supplements and ayurvedic products. We have also obtained FSSAI license (currently under renewal) for our products. Our Company is also an ISO-9001:2015 and ISO 9001:2008 certified for Quality management System for manufacturing and supply of Nutraceutical & Pharmaceutical Products. Spread over 3,536 Sq. mts., our manufacturing facility is equipped with the requisite plant and machineries including Effluent Treatment Plant and other resources required for our manufacturing process. Our R&D capabilities enable us to support our growth strategy by developing new products and process which enhance our range of products and services. We have a diversified product portfolio with our product basket consisting of more than 1,500 products used for various purposes such as hair care, skin care, heart care, immunity building, etc. We have the ability to supply products in various forms such as tablets, capsules, gel, liquids, ointments, powder, pastes, etc.

We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales. We have a training centre for our marketing agents wherein we train them about our business model and offer them various schemes and incentives to market our products. As on date of this Draft Red Herring Prospectus, we have more than 140 distributors and around 5,000 marketing agents. We have also set up our own portal for commercialisation of our products and their distribution through e-commerce. Our Company has been receiving encouraging response in this direction from consumers. We have a PAN India presence in domestic markets. To expand our reach, we have also entered into 2 distributorship agreements with foreign distributors situated in Kenya and Tanzania respectively.

Promoted by Minto Gupta and Hitesh Patel, our Promoters have played an instrumental role in the growth of our Company. Our promoter Minto Gupta has been associated with our Company since incorporation and our Company may be rightly called the brainchild of Minto Gupta. He is the guiding force behind the research and development capabilities of our Company and under his guidance we have been able to successfully execute our business strategies over the years. With his expertise and knowledge, our Company has been able to generate a new source of revenue i.e.R&D development or transfer as per requirements of our customers. Our other promoter Hitesh Patel joined hands with our Company in 2008 and has since then headed the Company for organic and strategic growth by tapping the expansion opportunities available at different phases of our business cycle. With our experienced and dedicated management, we have recorded an annual turnover of Rs.

2,944.83 lakhs Lakhs in 2017 from Rs. 942.44 in the year 2013. The said growth was achieved despite our manufacturing unit facing a natural calamity in 2013 which took a span of time for revival.

We believe that one of our USP is we are dealing in FMCH products, which is a fast growing sector. The emerging consumer habits and exposure through digital media and internet is disrupting the healthcare sector. The consumers are deeply concerned with management of diseases, which has raised the need of awareness for wellness and prevention and alternative healthcare solutions at an infliction point and we aim to serve the emerging health care consumer with innovative preventive healthcare wellness solutions.

**The salient features of our business model are as follows:**

- Comprises wide range of Nutraceutical products
- Possess market hold in nutraceutical space
- A strong quality control over the products

## OUR COMPETITIVE STRENGTHS

### 1. Experienced core management team:

We benefit from an experienced management in the healthcare industry, which we believe will be important in executing our growth strategy, including organic expansion projects. Our management team is composed of directors and senior officers with an experience ranging from 5-30 years in healthcare industry. With the experience of our management and under their leadership we have grown rapidly over the last several years and increased our operations. Our Promoter Minto Gupta has an experience of more than three decades in this industry and has been the backbone of research and development domain for our Company. For further details, see "Our Management" on page 208 of the Draft Red Herring Prospectus. Our management team's experience and their understanding of the healthcare industry enable us to continue to take advantage of both current and future market opportunities.

### 2. Our financial performance and tax incentives.

Our business has demonstrated over the last three Fiscal Years attractive financial performance. From Fiscal Year 2015 to 2017, our total revenue grew from Rs. 919.65 lakhs to Rs. 2944.83 lakhs, representing a CAGR of 78.94%; our EBITDA grew from Rs. 187.17 lakhs to Rs. 1280.13 lakhs, representing a CAGR of 161.52%; our EBITDA margin grew from 20.35% to 43.47%; and our profit/(loss) for the year grew from Rs. (108.80) lakhs to Rs. 948.75 lakhs, representing a CAGR of 87.26%. We have also enjoyed returns on net worth between 30.35% (during Fiscal Year 2017) and (8.07)% (during Fiscal Year 2015) in the period from Fiscal Year 2015 to Fiscal Year 2017. Our financial performance is due principally to (i) the growth of our expansion of our product portfolio (ii) improvements in our operating efficiency, including management of costs and expenses, (iii) employing new methods of our product distribution. Further our unit is situated at SIDCUL and is entitled to various direct and indirect taxation benefits. For further details, please refer chapter titled "Statement of Tax Benefits" beginning on page 128 of the Draft Red Herring Prospectus.

### 3. Multi product capability and proven Research & Development capabilities

We are one of the few companies in India having a comprehensive range of Nutraceutical products. Our manufacturing plant can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us to change our product mix in response to changes in customer demand. We have infrastructure for process research labs and scale up and have been able to develop efficient and cost effective processes. Our emphasis on research and development has enabled us to devise our own process technologies and expand our scientific and engineering capabilities. We also share our research and development discoveries with clients on a commercial basis and have been receiving encouraging response in this direction. Since inception, our unique formulas and brands go through various creation steps i.e development from an idea to market

maturity. In 2017, we were one of the first company to make ready-to-eat healthy lifestyle food meals – i.e. Stay Young Jeevan 75 Slim Meal and Stay Young meal for Diabetic – innovated as a complete nutritional solution. Our R&D division is led by our Promoter Minto Gupta who is a well known scientist in the field of nutrition. He is supported by 4 other doctrates and a network of emerging scientists who contribute by way of offering innovative solutions. We believe that continued focus on research & development will enable us to further develop new processes and products and take our Company to next level.

**4. Product Range**

Our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. With an operating history of more than two decades, we are primarily known for our premium range of nutraceutical, and cosmeceutical products. Our Company aims to protect and prevent health issues arising out of deficiency of nutrients. We have a product basket of more than 1,500 products. We have a diverse Softgel product range and manufacture over 1000 formulations from simple oil products to complex paste, powders ointments, creams and other formulations. We also deal in oil encapsulation and have expertise in capsule as well as tablet manufacturing. We have the ability to supply products in various forms such as tablets, capsules, Gel, liquids, ointments, powder, pastes, etc. in different forms of packing. Our products are able to satisfy diverse needs of consumers such as skin care, hair care, body care, etc. Our Company manufactures products on the basis of needs and requirements in the market. Further our products have a base of nutritional value which distinguishes it from the usual FMCH products. We believe that we have necessary resources, experience and network to launch additional products in future.

**5. Quality assurance**

Quality plays one of the most vital role in the success of any organisation. We are focused on providing high quality products and services. We constantly strive to improve our industrial processes at every step in the production chain – from the milling and mixing of raw materials to our packaging methods and how we use technological additives to maintain the nutritional value and enhance the flavor and appearance of our products. Our focus on quality is evidenced by the quality certifications and accreditations that our facility has obtained from various local and international accreditation agencies. Our manufacturing unit is approved by WHO-GMP. We conform to various international standards such as CGMP, ISO 9001:2015. Since we also deal in food supplements, our required products also meet FSSAI standards. Our products undergo quality check at various levels of production to ensure that any quality defects or product errors are rectified on real time basis. We also have an in-house laboratory for conducting various tests for further improvements in our products. We aim to continue to supply qualitative products at competitive prices.

**6. Widespread domestic presence and distribution network**

We have been supplying products on PAN India basis and hence are not dependent on any particular region. Our widespread domestic presence not only mitigates the risk of dependence on few regions but also helps us to leverage our brand value. For our distribution channel, we have more than 140 distributors and 5,000 well trained marketing agents. We also have our own portal for sale of products through e-commerce medium. We have also initiated tie ups with international distributors to expand our international reach.

## BUSINESS STRATEGY

**1. Create a global presence**

Currently we undertake both direct and deemed exports. However our revenue from export operations is not contributing significantly to our total revenue from operations. Our manufacturing facility has been earlier US FDA approved and we intend to renew such approval and commercialise by expanding our export sales. Our strategy to expand our export sales includes appointment of local

distributors in different countries to market our products, reach out to foreign consumers through e-commerce, form important relationships with companies with strong local presence, develop products as per international markets needs, etc. We have already taken initiatives in direction by appointing distributors in Tanzania and Nairobi. We are also developing a website specifically for serving international customers.

**2. Make optimum utilization of our production capacity**

At present we have different installed manufacturing capacities for different types of products. Due to certain manual and semi automated processes and limited capacity of certain ancillary machineries; we are unable to make optimum utilization of our production capacity. We intend to upgrade our existing facility by purchasing certain machineries such as packing, testing machineries and consequently increase our product capacity utilization. With the installation of new machineries, we aim to enhance our product capacity utilization. We believe that we can create sufficient demand to absorb a higher production scale. For further details, please refer the chapter titled "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

**3. Increase sales through e-commerce medium**

Leveraging the m-Health space and e-commerce platform has become an important distribution medium in healthcare sector. As the sector matures, it is believed that e-commerce platform and e-communications would likely become the next major theme of product distribution and may have a profound impact on the entire healthcare industry and its supply chain. We have already developed few websites through which we sell our products. Our Company through e-commerce medium, aims to bridge the gap between our Company and the consumers. We aim to widen our geographical reach and leverage our brand name by strengthening and investing in our e-commerce distribution model.

**4. Investment in R&D driving sustainable growth.**

We intend to continue to drive our R&D initiatives towards the development of innovative formulations for our domestic and international market. Our primary focus is to research and innovate new formulations to increase the portfolio of our products, so that the Company can get a competitive edge over its peers. We also intend to improve our R&D capabilities, with a focus on capturing more high-value first-to-market opportunities in key international markets, as well as leveraging our broad product basket to enhance our market position globally.

**5. Widen our product range and capitalize on emerging nutraceutical sector**

At Deccan HealthCare, we believe that every person should get their right to have a good health. Our Company continuously strives to manufacture products which are healthy and consumption of which do not cause any issues. Our Company believes in the philosophy of "Stay Young Stay Wow" and "MND Hato Khushiya Lao" and develop more products to serve customers at large. With increasing awareness about healthy lifestyle, greater desire for wellness, we believe that this sector has huge growth opportunities and by offering diverse and innovative products, based on consumer requirements we aim to capitalize on such growth opportunities.

**6. Improve operational efficiencies**

We will continue to focus on further increasing our operations and improving operational effectiveness at our production facilities. Higher operational effectiveness results in greater production volumes and higher sales, and therefore allows us to spread fixed costs over a higher number of units sold, thereby increasing profit margins. We shall continue to focus on investing in automation, modern technology and equipment to continually upgrade our products including the quality of our products to address changing customer preferences as well as to improve operational efficiency. We continue to target economies of scale to gain increased negotiating power on procurement and to realize cost savings through centralized deployment and management of production, maintenance, accounting and other support functions.

## PLANT & MACHINERY

Following is the list of quotations received from suppliers for installation of plant and machinery for the existing project of setting up of new manufacturing facility;

| Sr. No. | Particulars | Quantity |
|---|---|---|
| 1. | Automatic Plastic Tube Filling Machine with Sealing, Cutting and Batch Coding- GMP Model | 1 |
| 2. | Neumatic FFS Pouch Packing Machine | 1 |
| 3. | Semi Automatic Auger Filling Machine | 1 |
| 4. | Neumatic FFS Pouch Packing Machine (Two in One) | 1 |
| 5. | Coating Pan- GMP Model | 1 |
| 6. | 105 TR Water Cooled Screw Chiller | 1 |
| 7. | Legacy 6100 Basic Machine without Turret, Fillcam and Trolley Control Sysytem & Standalone Operating Pannel | 1 |
| 8. | SS 304 Trolleys & SS 316 Trays | 50 |
| 9. | Gelating Holding Tank | 4 |
| 10. | Raw Water Piping | NA |
| 11. | Compressed Air Piping | NA |
| 12. | Dust Extraction Piping | NA |
| 13. | Nitrogen Piping | NA |
| 14. | Civil Work | NA |
| 15. | Misc Work | NA |
| 16. | VRF | NA |
| 17. | HVAC | NA |
| 18. | Dehumidifier | NA |
| 19. | Clean room Partition | NA |
| 20. | Door Interlocking | NA |
| 21. | Passbox | NA |
| 22. | Dispensing booth | NA |
| 23. | Air Curtains and Pesto | NA |
| 24. | Drain Piping | NA |
| 25. | SS Furniture | NA |
| 26. | Alu Alu Machine MODEL PPC 300 SUPER | 1 |
| 27. | Blister MC 300 Express | 1 |
| 28. | Planetary Mixer 400 LTS. (VJHSE) GMP Model | 1 |
| 29. | Packing Conveyor Table | 1 |
| 30. | 5 HP Colloid Mill | 1 |
| 31. | Jet Inject Printer | 1 |
| 32. | Auto Coater 36 Tablet Film & Sugar Coating GMP Model | 1 |
| 33. | Spray Coating cGMP Machine | 1 |
| 34. | Tablet Counting and Filling Machine | 1 |

For further details, refer to Objects of the offer at page no 116 of this Draft Red Herring Prospectus.

## BUSINESS PROCESS

Our business revolves around studying the needs of our clients and supplying products:

1. **Identification of current market requirement and emerging diseases:-**

   Our Company strives hard to be updated and constantly figuring out the medicines required for the diseases impacting the public health. Based on the market demands, our team work on the nutrients required, we research, develop and plan our product range accordingly.

2. **Procurement and manufacture:**

   We manufacture products as per the market analyses and consumer demand. We are guided by our Promoter Minto Gupta who is supported by a team of other doctrates to develop various formulations. We procure the required raw materials and manufacture in accordance with GMP.

3. **Distribution:**

   We distribute our products through different channels and depending upon the nature of product, end users, we decide on the distribution and marketing strategy.

## OUR MANUFACTURING FACILITY AND PROCESS

**Details of our manufacturing facility are as under:**

| | | |
|---|---|---|
| **Plant Location** | Plot No. 13, Sector 03, Industrial Area, IIE Pant Nagar, U. S. Nagar District, Uttarakhand | |
| **Plant Area** | Admeasures 3536.32 sq. mt. | |
| **Infrastructure** | Well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly. Our manufacturing facility is equipped with requisite plant & machineries and resources. | |
| **Utilities** | **Power:** Electricity is availed from Uttarakhand Power Corporation Limited. The contracted demand at our manufacturing facility is 400 MU.<br>**Water supply:** Tube wells, Under Ground Storage Tank, Over Head Tank. RO water purification plant and water softener ETP Heating<br>**Temperature Controller:** Ventilation and Air Conditioning (HVAC) system<br>**Fuel:** It is met by purchasing from a nearby fuel station located adjacent to our facility. | |
| **Capabilities** | Softgels, Hardgels, Tablets, Creams and Lotions, Liquids, Powders, Pastes, Special dosages | |
| **Installed Capacity*** | **Particulars** | **Production Capacity at present (Quantity Per Month)** |
| | Capsules | 12,16,66,667 |
| | Liquids (Syrup) Bottles | 6,08,333 |
| | Lotions | 60,833 |
| | Ointments | 1,52,083 |
| | Soft Gelatin Capsules | 45,62,50,000 |
| | Tablets | 2,43,33,333 |
| **Approvals** | cGMP, FSSAI (under renewal), UK Certified | |

| | |
|---|---|
| | WHO-GMP++, SGI Certification, USP Registered |
| **Employees** | Around 60 employees (including employees at registered office); Also we employ contract labourers and temporary labourers as per requirement |

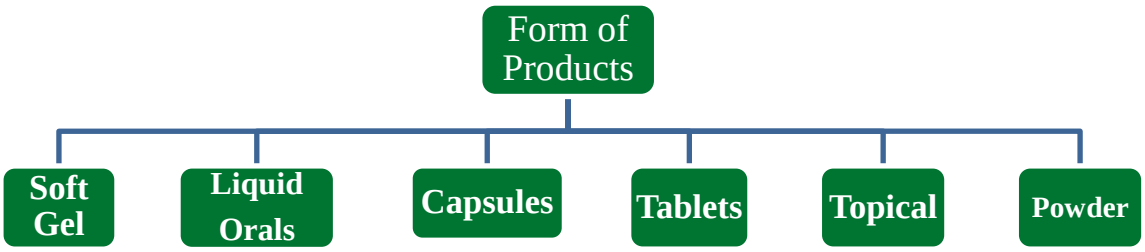
***Note: The Company has not been maintaining capacity utilisation data as it is difficult to maintain product form wise, similarly as there are varied type of forms it cannot**

**Infrastructure Facilities at our registered office**

Our registered office is well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly.

**OUR FORM OF PRODUCTS**

Our prime motive is to eradicate Micro Nutrition deficiency and also to prevent Micro Nutrition Deficiency based health issues. The products manufactured by us can be categorised as below:-




Our product manufacturing process starts with procurement of right quality ingredients. We utilise over 4000 different types of ingredients which are procured from various vendors, stored and used for manufacturing products. These ingredients are classified as herbal, natural ingredients, processed ingredients, synthetic ingredients, organic ingredients, inorganic ingredients extracts, raw crush, oils, flavours, tastemakers, natural colours, fragrance and packing materials. The quality parameters of ingredients used for a product are set by R&D during the process of development of the product. The natural organic herbal extracts ingredients procurement process starts from the fields. Medicinal plants are cultivated selectively and to our requirements. The other ingredients required are mostly available in abundance of the shelf of vendors catering to food industry and manufacturers of food ingredients.

The ingredients are stored in required prescribed storage conditions at the factory. Based on the market requirement and orders of the Finished FMCH products the production order is released by the unit head. The production process from here is SOP (Standard Operating Procedures) driven.

These SOP's are designed by R&D during development and batch scale up of the FMCH products for commercial production. As per the SOP of the product to be manufactured, the ingredients are dispensed, under strict vigil of Quality Assurance, Production manager and Quality control personnel. These dispensed ingredients then move to the specific sections where the next steps of manufacturing take place as per SOP of that product.

**Section – Soft Gel:**

This dosage form is a solid dosage form containing liquids, paste, oils and other ingredients mostly with essential oils. High technology equipment and dedicated workforce are essential to operate this section. The first part of the process involves preparation and cooking of gel mass for the shell of the soft gel. The shell ingredients are loaded into the two 650 kg vessels which are specially fabricated cooking vessel with thermostatic control and mixing facility of very high viscosity ingredients. The batch cooking process lasts for 3-4 hours. While the shell cooking is going on some of the food ingredients are processed through triple roller grinder; homogeniser; palnetry mixer and other processing and filtration equipment and kept ready for filling. The processed food ingredients and the cooked shell mass are loaded on the imported encapsulation machines where the shell formation and food ingredient are converted into a consumable soft gel capsule. Various size and colour options make the process complicated.

The semi dry soft gel passes through quality control parameters confirming efficacy and safety. The drying process is under rigid conditions of temperature and humidity, a process that can take unto 72 hours and considered as approved once the moisture content reaches the specified limit as prescribed by the R&D SOP for the product. Heavy duty drying equipment is installed to service the drying rooms and maintaining the rigid required conditions 24x7 for drying soft gels. Each soft gel is inspected for conformity of shape; size leakage if any. The soft gels are processed for hygiene and the final approved capsules are quarantined for a specific period, then passed through stringent quality checks as prescribed and then packed as per SOP. The finished product is quarantined and tested before release to the commercial sales store.

**Section – Liquid Orals:**

The quality of water used is critical for maintaining the quality of the finished product. Our water treatment plant of 10,000 litres with ultra-purified USP grade water running 24x7 through special grade steel pipes feed the liquid section with the water required. The food ingredients are pre-prepared in special steel vessels and diluted with water, mixed, stirred, homogenised as a continuous process as per R&D provided SOP are filtered using the filtration unit and filled into pre-cleaned sterilized, microbe and contamination less bottles as per the specified volumes and instantly capped. The process Quality checks are performed as per R&D SOP. The finished product is quarantined and tested before release to the commercial sales store.

**Section – Hard Shell Capsules:**

Automatic capsule filling machine is used which is suitable for filling powders and pellets. The machine is functional in use as they have capabilities for output and are have handy operations. It conforms to the GMP guidelines with various safety features for maximum protection. Capsule fillers are used to fill the preformed capsules with pre-determined quantity of ingredients. Capsules are fed into the machine, the filler then align, opens and accurately fills each capsule and recloses. Fillers generate minimum dust with lowest level of product loss. Non-separated, double loaded capsules and improperly inserted capsules are automatically rejected by the machines to maintain the consistency in the quality of product. Most capsule fillers are characterized with fast changeover time to accommodate a variety of capsules in terms of shapes and size. These machines require minimal maintenance and are easy to clean. The speed adjusting equipment and automatic counters ensures the right quantity of capsules being filled and packed. The SOP provided by the R&D is strictly adhered to maintain product quality. The final product is quarantined and quality checked before release to commercial sales store.

**Section – Tablets**:

The manufacture of tablets is a complex multi-stage process under which the materials change their physical characteristics a number of times before the final dosage form is produced. The tablets are made by granulation; wet granulation and dry granulation. Regardless of whether tablets are made by direct compression or granulation, the steps of milling and mixing, is the same. Numerous unit

processes are involved in making tablets, including particle size reduction and sizing, blending, granulation, drying, compaction, and (frequently) coating. Various factors associated with these processes can seriously affect content uniformity, bioavailability and stability. As making tablets is a complex process adherence to R&D provided SOP is very important to maintain quality of food pills. The final product is quarantined and quality checked packed and release to commercial sales store.

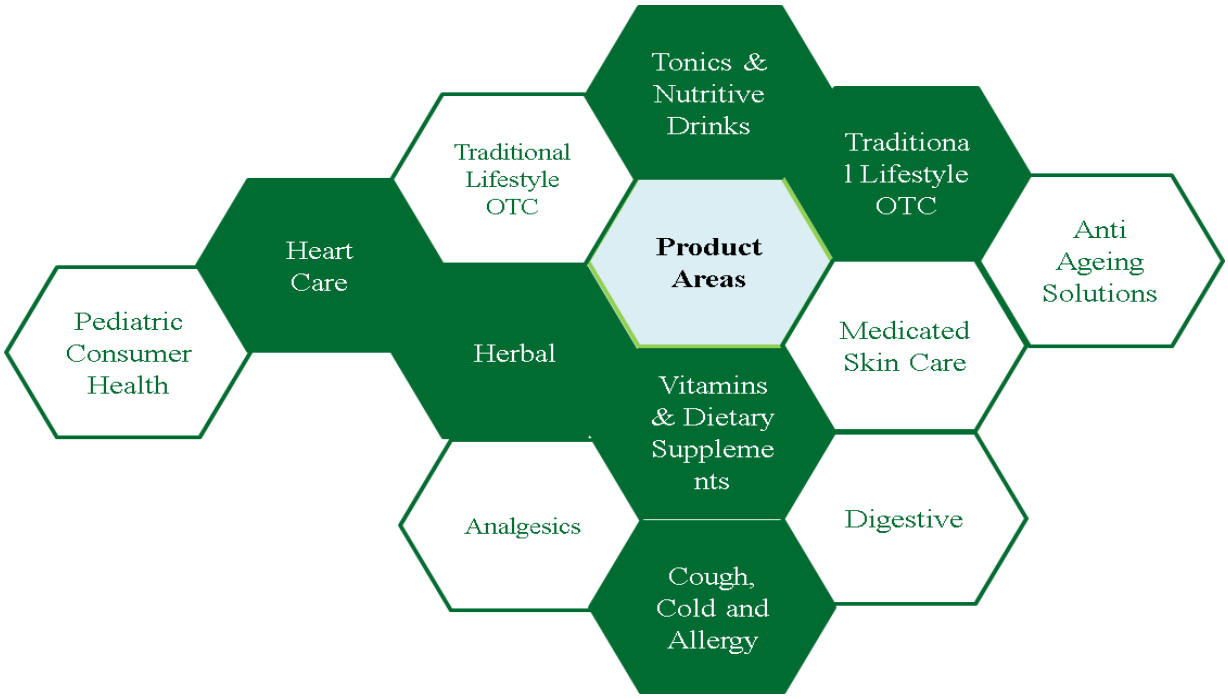
**Section – Topical:**

Highly sensitive cosmeceutical preparations, allergy free, without preservatives, in various forms are manufactured in this section. Gels, lotion, creams, paste, ointment and oral paint is manufactured using high tech equipment. The process constitutes of homogenous mixing of ingredients with continuous stirring. As the product reaches the required consistency the deliration process is applied, brought to room temperature filtered and packed. The final product is quarantined and quality checked before release to commercial sales store.

**Section – Powder**:

All ingredients are shifted then dry mixed in cone blender, homogenised, and sterilised. The powder products are stored and packed in oxygen and moisture less inert conditions to prevent oxidation of ingredients and maintain the shelf life of the product then product passes thru stringent quality checks as prescribed and then packed as per SOP. The finished product is quarantined and tested before release to the commercial sales store.

## PRODUCT RANGE OF OUR COMPANY




Our Company have a product portfolio of more than 1,500 products catering to different needs of customers.Some of the key products in our portfolio are

| Product Areas | Our Sample Products |
|---|---|
| OTC | • Mosquito Repellent |
| Vitamins & Dietary Supplements | • My-75 micronutrients<br>• Enrich<br>• Nu-vit<br>• Gemcaldecc |

| Product Areas | Our Sample Products |
|---|---|
| Medicated Skin Care | • AloFlax Veg Caps<br>• BE YOUNG - CELEBRITY Deep Pore Moisturizing Milk<br>• O7 Nutressential<br>• DSK Cream<br>• BE YOUNG - CELEBRITY Under Eye Whitening & De-wrinkling Cream |
| Digestive | • Super digestive system |
| Cough, Cold and Allergy | • Coldecc |
| Weight Management | • Goslim Fast<br>• Goslim Fast Meal |
| Herbal | • Respidecc<br>• Ginkodecc<br>• Prostadecc<br>• Relaxdecc |
| Heart Care | • BE YOUNG - Lower Cholesterol Food Pills<br>• CardoDecc<br>• NitroDecc<br>• OmegaMax Total |
| Hair Care | • BE YOUNG- CELEBRITY Hair Scalp Cleanser<br>• BE YOUNG- CELEBRITY Hair Growth Serum<br>• BE YOUNG - Reduce Hair Fall Food Pills |
| Anti Ageing Solutions | • Oxyflax ISB<br>• Oxyflax Global<br>• O3D3<br>• Neurovit MC |

**Our Brands**

Some of our well known brands are:

## Our Major Innovations

### Lotorin™

Helps lowering of Homocystine levels and augments the role of Omega 3 in protecting the heart and reducing risk of heart disease.

### Reduce Hairfall™

Hair loss is a great concern of this millennium essential nutrients to strengthen hair roots is the essence of the reduce hair loss product.

### O3D3™

Deficiency of Vitamin D is rampant and the best way to deliver Vitamin D is with Omega 3. FMCH product O3D3™ helps alleviate deficiency of Vitamin D and with omega 3 this fat soluble vitamin is best absorbed and becomes useful to the body.

### LIGNOFLAX™

Provides micronutrient lignans that have the highest ORAC value and are potent gut cleansers and hormone activity balancers especially balancing the negative role of estrogens. It is an old saying that a clean stomach and gut is a way to healthy life.

### Kin-wa Plus™

Ideal food for men women children of all ages seeking good health; Sports persons; body builders; weight watchers; for muscle gain as it is a complete source of high quality veg protein containing all 9 amino acids including the rare lysine and isoleucine.

### My 75 micronutrients

For the first time innovated in a single simple to take food pill with breakfast is My 75 micronutrients food pill

with all known vitamins, minerals, bio nutrients and amino acid to help meet Required Daily Amount that run body's chemistry.

### Stay Young Jeevan 75- Protein Shake™

The protein shake with 75 micronutrients is a complete protein shake innovative as compared to others. Formulated with 7gm of 80% concentration protein per 15m of powder containing 75 vital micronutrients another first from DHC to make a position in in Rs.4 billion protein market.

### Stay Young Jeevan 75- Slim Meal™

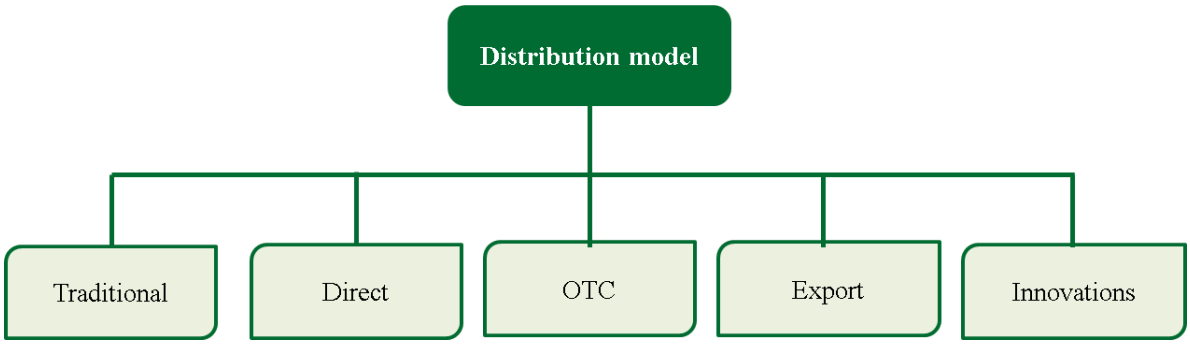
Today over 50% of population is fighting the obesity battle. Serving the market for a meal that provides all essential nutrients in 1000 Kcal and meets RDA of all essential nutrients, our nutrient rich low calorie Slim Meal with

goodness of super food Quinoa is fortified with Moong dal and 75 other essential micronutrients. Consuming 4 meals a day, each meal of 60 gm, ready to eat, gives just 250 Kcal keeping you feel full.

**Raw Materials**

Raw materials essential to our business are procured in the ordinary course of business from numerous suppliers. We utilise over 4000 different types of ingredients which are procured from various vendors, stored and used for manufacturing products. These ingredients are classified as herbal, natural ingredients, processed ingredients, synthetic ingredients, organic ingredients, inorganic ingredients extracts, raw crush, oils, flavours, tastemakers, natural colours, fragrance and packing materials. The quality parameters of ingredients used for a product are set by R&D during the process of development of the product. The natural organic herbal extracts ingredients procurement process starts from the fields. Medicinal plants are cultivated selectively and to our requirements. The other ingredients required are mostly available in abundance of the shelf of vendors catering to food industry and manufacturers of food ingredients.We carefully assess the reliability of all materials purchased to ensure that they comply with the desired quality and safety standards required for our products.

## SALES & MARKETING STRATEGY

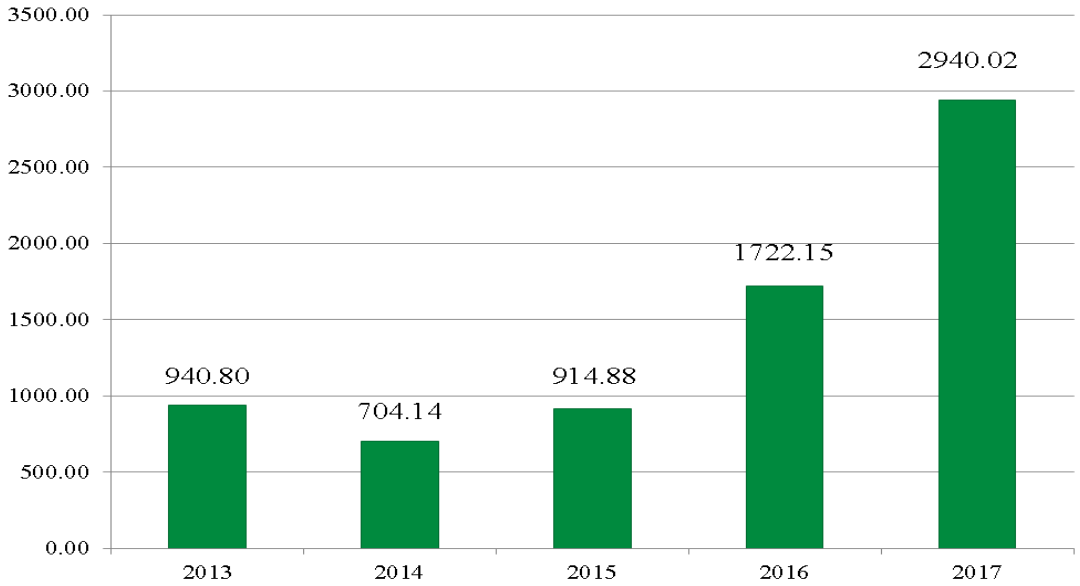



| | |
|---|---|
| Traditional | Through our Distributors Channel |
| Direct | Through our marketing agents who are trained by us |
| OTC | Through our online portals |
| Export | Through our distributors |
| Innovations | Our R&D business model |

The efficiency of the marketing and sales network is critical success of our Company. Our Company has set up distributors at various locations for promoting our products. Further our Company also trains persons who are from other regions for spreading awareness about the requirement of nutrients and also promoting the products. We have also developed our online sales portal. Our team through their experience and rapport with distributors at various locations owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company.

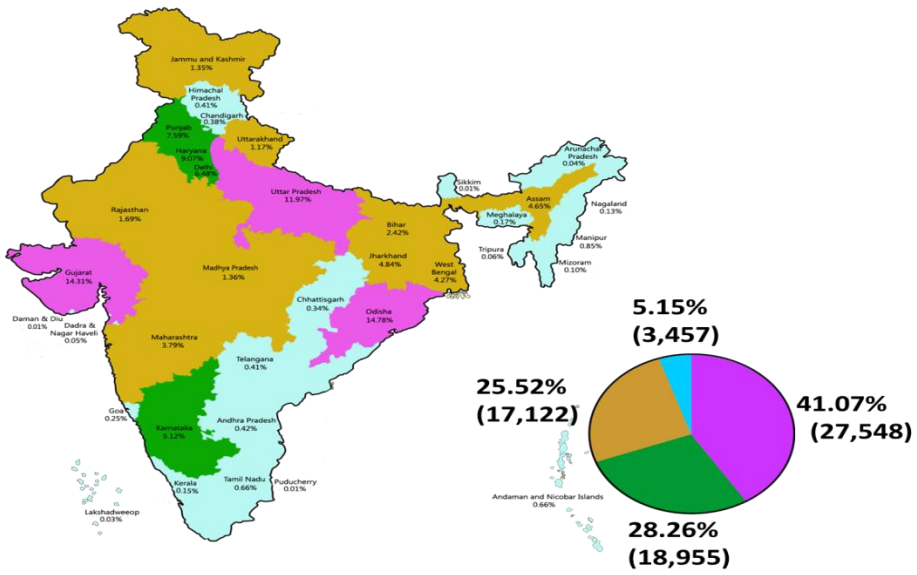
We believe our relationship with our distributors is cordial and established as we receive repeat order flows. To retain our distributors, our team regularly interacts with them and focuses on gaining an insight into the additional needs of customers. We intend to expand our existing customer base by reaching out to other geographical areas. Our marketing team is ready to take up challenges so as to scale new heights. We also undertake print and commercial advertising in order to promote our products.

## Our Revenue Growth (Rs. In Lakhs)




## OUR DOMESTIC PRESENCE

Based on management data, as on May 31, 2017, we had consumers spread as follows:




## SWOT ANALYSIS

| Strengths | Weakness |
|---|---|
| ➢ In depth knowledge of promoter of industry and their experience<br>➢ Track record of Company for 20 years indicates its ability to survive business and | ➢ Intense competition from several unorganized players<br>➢ Lack of awareness among consumers |

| | |
|---|---|
| economic cycles<br>➢ Diverse customer base, varied product range and wide spread reach | |
| **Opportunity** | **Threats** |
| ➢ The growth of middle class has resulted in fast changing lifestyle. This has resulted creation of huge markets for lifestyle drugs, which has very low contribution in the Indian Market<br>➢ Capitalise unutilized capacity<br>➢ Exploring E-commerce | ➢ Change in regulatory norms in our country/ exporting countries<br>➢ Malpractices by some players in industry affect overall performance of emerging companies |

## COLLABORATIONS

As on date of this Draft Red Herring Prospectus, Our Company has not entered into any Collaboration / Tie Ups / Joint Ventures.

## HUMAN RESOURCES

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

As at March 31, 2017, we have 60 employees at our manufacturing facility and registered office. These employees look after our manufacturing operations including production, quality controls, technical and engineering support services, stores and administration, marketing, administration, accounting, secretarial and other functions. Apart from these we also use contract labour services and employ temporary labour on need basis. All these employees are guided and supervised by our directors. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work progress and skilled/ semi-skilled/ unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

## COMPETITION

Our Company operates in the healthcare sector which faces competition from domestic as well as international players. Competition emerges from both organized and unorganized sector. The primary competitive factors consist of quality, price, size of product portfolio and customer service. Moreover, as we seek to diversify into new geographical areas globally, we may face competition from local companies, multinational corporations and companies from other emerging markets operating in such markets.

We compete with our competitors on the basis of product quality, brand image, price and reliability. We continuously strive to increase our distribution channel to increase our domestic presence and for increasing our global reach. We intend to continue compete vigorously to capture more market share and manage our growth in an optimal way by improving our brand image, increase our product offerings, satisfying customer's demands, achieving operating efficiencies, etc.

We see our self competing with Zydus Wellness Limited which is our comparable peer listed on BSE Ltd and National Stock Exchange of India Limited.

## INSURANCE POLICIES

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with the industry standards. Further, our contractual obligations to our lenders also require us to obtain specific insurance policies.

We have taken Standard Fire & Special Perils Insurance Policy for a substantial majority of our assets at our factory. This policy also insures us against the risk of earthquake (fire and shock). Our policies are subject to customary exclusions and customary deductibles.

We believe that our insurance coverage is adequate for our business needs and operations. We will continue to review our policies to ensure adequate insurance coverage is maintained.

## END USERS

Our end users are individual consumers, who consumer our products for their health benefits.

## EXPORT AND EXPORT OBLIGATIONS

As on the date of this Draft Red Herring Prospectus, our Company does not have any export obligations.

## OUR PROPERTIES

We have our properties located at following:

- **Owned Properties:**

| Sr. No. | Address of the Property | Area of the Property | Usage |
|---|---|---|---|
| 1. | Plot No. 13, Sector 03, Industrial Area, IIE Pantnagar, U.S. Nagar District, Uttarakhand | 3,536.32 Sq. Mts | Manufacturing Unit |
| 2. | 247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad - 500082, Telangana, India | 600 Sq. Ft | Registered Office |

- **Leased/Licensed Properties:**

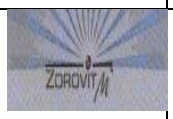
| Sr. No. | Name of the Lessor / Licensor | Name of the Lessee / Licensee | Address of the Property | Period of Agreement | Consideration | Usage |
|---|---|---|---|---|---|---|
| 1. | Paramjit Kaur | Deccan Health Care Private limited | Villa F – 19, Ground Floor, Metropolis city, Rudrapur, Dist. Udham Singh Nagar, Uttarakhand | 11 Months | Rs. 7,275 monthly rent along with Rs. 8,500 as interest free Security Deposit | Guest House |
| 2 | Mrs Shahna Rahman | Deccan Health Care Private limited through Mr Jitendra | Villa Beta – 41 Situated in the Project Omaxe Riviera, Plot No. – B IIE – | 11 Months beginning from November 15, 2016 | Rs. 20,000 monthly rent | Guest House |

| Sr. No. | Name of the Lessor / Licensor | Name of the Lessee / Licensee | Address of the Property | Period of Agreement | Consideration | Usage |
|---|---|---|---|---|---|---|
| | | Upadhyay | Sidcul, Pantnagar | | | |
| 3 | M/S Roop Polymers Limited | Deccan Health Care Private limited | Flat No. 202, Amazon – A, situated at OMAXE ltd, Nainital Road, Sidcul, Pantnagar, Rudranagar, Tehsil – Kichha, Dist. U.S. Nagar | 11 Months beginning from December 01, 2016 | Rs. 34,178 monthly rent | Guest House |
| 4 | Simmy Sethia | Deccan Health Care Private limited | Villa No. G – 05, Metropolice City, Pantnagar, Dist – U.S.Nagar | 11 Months beginning from April 20, 2017 | Rs. 25,000 monthly rent along with Rs. 25,000 as interest free Security Deposit | Guest House |

## INTELLECTUAL PROPERTY RIGHTS

We have applied for registration of the following Trademarks with the Trademarks Registry, Government of India. The details of trademark applications are as under:

| Sr. No. | Trademark | Trademark Type | Class | Applicant | Application No. | Date of Application | Validity/ Renewal | Registration status |
|---|---|---|---|---|---|---|---|---|
| 1. | OXY FLAX | Word | 30 | Deccan Health Care Limited | 1681462 | April 29, 2008 | April 29, 2018 | Registered |
| 2. | NUTRI DECC | Word | 30 | Deccan Health Care Private Limited | 2016229 | August 30, 2010 | August 30, 2020 | Registered |
| 3. | NEUROVIT MC | Word | 30 | Deccan Health Care Limited | 1708312 | July 09, 2008 | July 09, 2018 | Registered |

| Sr. No. | Trademark | Trademark Type | Class | Applicant | Application No. | Date of Application | Validity/ Renewal | Registration status |
|---|---|---|---|---|---|---|---|---|
| 4. | LYCO CARE | Word | 30 | Deccan Health Care Limited | 1708310 | July 09, 2008 | July 09, 2018 | Registered |
| 5 | | Device | 30 | Deccan Health Care Private Limited | 2148494 | May 23, 2011 | May 23, 2021 | Registered |
| 6 |  | Device | 5 | Deccan Health Care Limited | 1939011 | March 19, 2010 | March 19, 2020 | Registered |
| 7 | | Device | 30 | Deccan Health Care Private Limited | 2178651 | July 21, 2011 | July 21, 2021 | Registered |
| 8 | | Device | 5 | Deccan Health Care Private Limited | 2148495 | May 23, 2011 | May 23, 2021 | Registered |
| 9 | OXY FLAX | Word | 5 | Deccan Health Care Limited | 1674942 | April 11, 2008 | April 11, 2018 | Registered |
| 10 | | Device | 99 | Deccan Health Care Private Limited | 3595626 | - | - | Objected |

## KEY INDUSTRY REGULATIONS AND POLICIES

Except as otherwise specified in this Draft Red Herring Prospectus, the Companies Act, 1956 / the Companies Act, 2013, We are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye–laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in business of developing, manufacturing and marketing wellness products. Taxation statutes such as the I.T. Act, and applicable Labour laws, environmental laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive, and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.

### APPROVALS

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled "Government and Other Statutory Approvals" beginning on page number 279 of this Draft Red Herring Prospectus.

### APPLICABLE LAWS AND REGULATIONS

### BUSINESS/TRADE RELATED LAWS/REGULATIONS

#### The Micro, Small and Medium Enterprises Development Act, 2006

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the act is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and regulation) Act, 1951 as "micro enterprise", where the investment in plant and machinery does not exceed twenty-five lakh rupees; "Small enterprise", where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or a medium enterprise , where the investment in plant and machinery is more than five crore but does not exceed ten crore rupees and in the case of the enterprise engaged in the services, "Micro – enterprise" , where the investment in equipment does not exceed ten lakh rupees, "Small Enterprise" where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, or " Medium Enterprise" where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

#### Drugs and Cosmetics Act, 1940 (the "DCA")

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

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

**Essential Commodities Act, 1955 (the "ECA")**

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

**Drug Policy, 2002**

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

**United States Regulations**

In the United States, the USFDA, established under the Department of Health and Human Services, regulates medicines through its Center for Drug Evaluation and Research. For biological products, the Centre for Biologics Evaluation and Research, also under the USFDA, is responsible for ensuring the safety and efficacy of the products. The USFDA has issued guidelines relating to good clinical practice and clinical trials that are to be followed even by manufacturers of API soutside the US.

The USFDA mandates drugs to be manufactured in conformity with the GMP. The establishment and operation of facilities, within or outside the US, in which the APIs or drugs are manufactured, and the manufacture and marketing of new drug compounds, new formulations for existing drug compounds and generic drugs require USFDA approval. To obtain USFDA approval for a new drug to be used in

a clinical investigation, an INDA has to be filed along with data and information relating to pre-clinical Laboratory and animal toxicology tests, methods of manufacture of the product, quality control testing, etc. Thereafter, for the sale and marketing of a new pharmaceutical product or new formulations for existing drug compounds in the US, an NDA, has to be made to the USFDA.

The relevant application for approval of a generic drug manufacturer is the ANDA. This application has its basis in the Hatch-Waxman Act, 1984, which permits generic versions of previously approved innovator drugs to be approved by submission of bio-equivalency data without the need for complete reports of pre-clinical and clinical studies. An ANDA is required to include certifications of invalidity or non-infringement of any patents relating to certain listed drugs, by the generic drug applied for (paragraph IV certification). The Hatch-Waxman Act provides an incentive of 180 days of market exclusivity to the first generic applicant who challenges a patented drug by filing a paragraph IV certification.

In the case of a bulk supplier of APIs to a US Company, the DMF assumes importance. The DMF contains confidential, detailed information about facilities, processes, or articles used in the manufacturing, processing, packaging, and storing of the APIs. The DMF supports the INDA, NDA or ANDA, as the case may be, and is submitted by the supplier of the API. Upon submission of an INDA, NDA or ANDA by the US Company for the finished product, the USFDA examines the DMF in the course of reviewing the INDA, NDA or ANDA. Increasingly, the USFDA is adopting the format contained in the Common Technical Document for submission of technical data to regulatory authorities.

**The Drugs and Cosmetics Rules, 1945 ("DC Rules")**

The Drugs and Cosmetics Rules, 1945 enacted to give effect to the provisions of the DCA to regulate the manufacture, distribution and sale of drugs and cosmetics in India. The DC Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory's reports thereon and the fees payable in respect of such reports. The DC Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same and the fees payable therefore. The DC Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DC Rules further prescribe the manner of labeling and packaging of drugs. The DC Rules lay down the process mechanics and guidelines for clinical trial, including procedure for approval for clinical trials. Clinical trials require obtaining of free, informed and written consent from each study subject. The DC Rules also provide for compensation in case of injury or death caused during clinical trials. The Central Drugs Standard Control Organization has issued the guidance for industry for submission of clinical trial application for evaluating safety and efficacy, for the purpose of submission of clinical trial application as required under the DC Rules. The Indian Council of Medical Research has issued the Ethical Guidelines for Biomedical Research on Human Participants, 2006 which envisages that medical and related research using human beings as research participants must, necessarily, inter alia, ensure that the research is conducted in a manner conducive to, and consistent with, their dignity, well-being and under conditions of professional fair treatment and transparency. Further such research is subjected to evaluation at all stages of the same.

**Good Manufacturing Practice Guidelines (GMP)**

These guidelines are provided under 'Schedule T' of Drug and Cosmetic Act, 1940. Good manufacturing practices (GMP) are the practices required in order to confirm the guidelines recommended by agencies that control authorization and licensing for manufacture and sale of food, drug products, and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with

good laboratory practices and good clinical practices, are overseen by regulatory agencies in various sectors in India.

**Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977**

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

**National Pharmaceuticals Pricing Policy, 2012 (the "2012 Policy")**

The 2012 Policy replaces the drug policy of 1994 and presently seeks to lay down the principles for pricing of essential drugs specified in the National List of Essential Medicines – 2011 ("NLEM") declared by the Ministry of Health and Family Welfare, Government of India and modified from time to time, so as to ensure the availability of such medicines at reasonable price, while providing sufficient opportunity for innovation and competition to support the growth of the Industry. The prices would be regulated based on the essential nature of the drugs rather than the economic criteria/market share principle adopted in the drug policy of 1994. Further, the 2012 Policy will regulate the price of formulations only, through market based pricing which is different from the earlier principle of cost based pricing. Accordingly, the formulations will be priced by fixing a ceiling price and the manufacturers of such drugs will be free to fix any price equal to or below the ceiling price.

**The Medicinal and Toilet Preparations (Excise Duties) Act, 1955 ("MTP Act")**

MTP Act came into force on 27th April, 1955. MTP Act is applicable to the whole of India. The objective of MTP Act is to levy and collect excise duties on medicinal and toilet preparations consisting of alcohol, opium, Indian hemp and narcotic substances. The seventh schedule also lists the same. Entry 84 of the Union List, which falls under seventh schedule of the Constitution of India, provides that the Union government would be the regulating authority for the imposition of excise duty on medicinal and toilet preparations consisting of alcohol, opium, Indian hemp and narcotic substances. Excise duty is a source of revenue for Government and is a form of indirect tax. It is charged on excisable goods produced and manufacture in India. The duty is not upon sale of goods. Therefore, MTP Act came into existence to manage and curb the alcohol and related goods consumption and to use it in an effective way.

**Electricity Act, 2003 (the "Electricity Act")**

The Electricity Act repealed all the earlier enactments pertaining to the power sector, and provides for the requirement of licenses or permission for the activity of generation of power. The Electricity Act mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. The Electricity Act, inter alia, provides for regulatory interventions for promotion of renewable energy (RE) sources through a) determination of tariff; b) specifying renewable purchase obligation (RPO); c) facilitating grid connectivity and; d) promotion and development of market.

**Food Safety and Standard Act, 2006**

The Food Safety and Standards Act, 2006 (the "FSSA") was enacted on August 23, 2006 with a view to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India (the "Food Authority") for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The Food Authority is required to provide scientific advice and

technical support to the Government of India and the state governments in framing the policy and rules relating to food safety and nutrition. The FSSA also sets out requirements for licensing and registering food businesses, general principles for food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by 'Food Safety Appellate Tribunal'.

In exercise of powers under the FSSA, the Food Authority has framed the Food Safety and Standards Rules, 2011 (the "FSSR") which were notified in the Gazette of India dated May 5, 2011 and have been operative since August 5, 2011. The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure of 'commissioner of food safety', 'the food safety officer' and 'the food analyst' and procedures of taking extracts, seizure, sampling and analysis. The FSSA lays down penalties for various offences (including recall procedures).

The Food Authority has also framed the following food safety and standards regulations:

• Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
• Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
• Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011;
• Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
• Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011; and
• Food Safety and Standards (Laboratory and Sampling Analysis) Regulations, 2011.

**Legal Metrology Act, 2009**

An act to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The part of metrology in relation to weighing and measuring units as well as methods of weighing and measuring instruments with the object of ensuring public guarantee and from the point of view of security and accuracy of weighing and measurement. Any weight or measure which conforms to the standard of such weight or measure and also conforms to such of the provisions of Sec. 7 as are applicable to it shall be the standard of weight or measure. Any numeral which conforms to the provisions of Sec. 6 shall be the standard numeral. It further provides that no weight, measure or numeral, other than the standard weight, measure or numeral shall be used as a standard weight, measure or numeral.

Every reference standard, secondary standard and working standard shall be verified and stamped in such manner and after payment of such fee as may be prescribed. Every reference standard, secondary standard and working standard which is not verified and stamped in accordance with the provisions shall not be deemed to be a valid standard. The provision relating to Use and Prohibition provides that no person shall, in relation to any goods, things or service quote, or make announcement of, whether by word of mouth or otherwise, any price or charge, or issue or exhibit any price list, invoice, cash memo or other document, or prepare or publish any advertisement, poster or other document, or indicate the net quantity of a pre-packaged commodity, or express in relation to any transaction or protection, any quantity or dimension, otherwise than in accordance with the standard unit of weight, measure or numeration.

No person shall manufacture, repair or sell, or offer, expose or possess for repair or sale, any weight or measure unless he holds a licence issued by the Controller. No licence to repair shall be required by a manufacturer for repair of his own weight or measure in a State other than the State of manufacture of the same. The Controller shall issue a licence in such form and manner, on such conditions, for such period and such area of jurisdiction and on payment of such fee as may be prescribed.

**Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodities Rules")**

The Packaged Commodities Rules were framed under section 52(2) (j) and (q) of the Legal Metrology Act, 2009 and lays down specific provisions applicable to packages intended for retail sale, whole sale

and for export and import. A "pre-packaged commodity" means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a pre-determined quantity;

The key provisions of the Packaged Commodities Rules are:

- It is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed,
- All pre-packaged commodities must conform to the declarations provided thereon as per the requirement of section 18(1) of the Legal Metrology Act,
- No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

**Prevention of Food Adulteration Act and Rules, 1955**

Adulteration of food and drugs can cause serious damage to human life. This antisocial menace is sought to be countered by making the legal provisions more stringent and deterrent even entailing life imprisonment for adulterations causing grievous hurt and danger to human life. This malpractice is also being tackled through effective health education measures. Food is one of the essentials for proper maintenance of human health. Access to pure, nutritious food, free from any type of adulteration is the right of every citizen. The Directorate of Prevention of Food Adulteration is responsible for checking adulteration/misbranding of food articles. Although sec.272 & 273 of IPC were in existence the same were considered not sufficient for control of adulteration of food articles. The Prevention of Food Adulteration Act was enacted in 1954 to strengthen the system for preventing adulteration in articles of food. The Central Government framed rules known as the "Prevention of Food Adulteration Rules, 1955".

Under sec.23 of the Act the responsibility of implementation of Prevention of Food Adulteration Act and Rules framed there under vests in the State Governments and Union Territories. Each State Government and Union Territory has created its own structure/organization for implementation of the Act. Aims and Objectives: Food Safety through Food Quality Control Programme is of paramount importance. It can be achieved through the combined efforts and cooperation of food industry (self disciplined programmes and codes of practices) and the Government Authorities (Legislative Measures). In all the cases, the co-operation of the Consumer Organizations/Non-Governmental Organizations (NGOs) is a must. The Legislative measures adopted for food safety are provided under the Prevention of Food Adulteration (PFA) Act - a piece of Central Legislation promulgated in 1954 which repealed all earlier Acts of the State Governments. The Act which came into effect from 1st June, 1955 has been amended 4 times, in 1964, 1971 1976 and 1986 for plugging the loopholes and making the punishments more stringent and empowering the Consumers and Voluntary Organizations to play more effective role in its implementation.

**Industrial Policy of Relevant State**

**Andhra Pradesh Industrial Development Policy 2015-2020**

Government of Andhra Pradesh accords top priority to industrial development to make Andhra Pradesh a progressive and highly industrialized state. Industrial Development Policy (IDP) 2015-20 has been prepared to make Andhra Pradesh most preferred destination for investors by providing favourable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new industrial policy also focuses on creating a conducive ecosystem which makes industries based in Andhra Pradesh innovative and globally competitive. Government of Andhra Pradesh (GoAP) lays utmost emphasis on sustainable industrial development anchored by capacity building at the grassroots level.

**Uttarakhand Micro, Small & Medium Enterprise Policy-2015**

Government of Uttarakhand has sanctioned the "MSME Policy-2015" for promoting investment in the MSME Sector through Investment Promotion as well as to incentivize MSMEs. The Policy aims at utilizing local resources and to generate employment opportunities and promoting Self Employment, Skill Development in the Youth.

The Policy shall remain in effect till 31st March 2020. Fiscal incentives and other benefits of this policy shall be available to the eligible enterprise from the commencement of production upto a maximum of 10 years or 31st March 2025, whichever is earlier.

**Anti-Trust Laws**

**Competition Act, 2002**

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to Rs. 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

**GENERAL CORPORATE COMPLIANCE**

**The Companies Act 1956 and The Companies Act, 2013**

The consolidation and amendment in law relating to Companies Act, 1956 made way to enactment of Companies Act, 2013. The Companies act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

Further, Schedule V (read with sections 196 and 197), Part I lay down conditions to be fulfilled for the appointment of a managing or whole time director or manager. It provides the list of acts under which if a person is prosecuted he cannot be appointed as the director or Managing Director or Manager of the firm. The provisions relating to remuneration of the directors payable by the companies is under Part II of the said schedule.

## EMPLOYMENT AND LABOUR LAWS

### Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

### Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPF Act") and the Employees Provident Fund Scheme, 1952

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

### Employees Deposit Linked Insurance Scheme, 1976

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

### The Employees Pension Scheme, 1995

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of the joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

**Employees' State Insurance Act, 1948 (the "ESI Act")**

It is an act to provide for certain benefits to employees in case of sickness, maternity and 'employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government other than seasonal factories. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

**Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year covered to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

**Payment of Gratuity Act, 1972**

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf.. A shop or establishment to which this act has become applicable shall be continued to be governed by this act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five year period shall be relaxed in case of termination of service due to death or disablement.

**Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 ("MWA") came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

**Maternity Benefit Act, 1961**

The Maternity Benefit Act, 1961 provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of this act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

**Equal Remuneration Act, 1976**

The Equal Remuneration Act 1976 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith. The act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

**Child Labour Prohibition and Regulation Act, 1986**

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

**Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

**The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

In order to curb the rise in sexual harassment of women at workplace, this act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

**Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979**

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months. Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed at its expiry. The Act levies some duties on the principal employer and the contractor. The contractor is to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

**Industrial Disputes Act, 1947 ("ID Act") and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment

**Andhra Pradesh Labour Welfare Fund Act, 1987**

The Government of Andhra Pradesh have enacted this Legislation for the establishment of a Labour Welfare Fund in the State and for this purpose constituted the Labour Welfare Board in the State of Andhra Pradesh for the purpose of administering the Fund and to carry on such other functions as are assigned to it from time to time**.** The Andhra Pradesh Labour Welfare Board is constituted under A.P. Labour Welfare Fund Act., 1987 for the purpose of administering the Labour Welfare Fund. The Act came into force w.e.f. 01.05.1988. As per Section 10 of the A.P. Labour Welfare Fund Act every employee shall contribute M 2/- per year to the fund and every employer shall, in respect of each such employee, contribute M 5/- per year to fund, and such contributions shall be remitted before 31st January every year.

**TAX RELATED LEGISLATIONS**

**Value Added Tax ("VAT")**

VAT is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input taxon sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons Liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

**Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services', as specified in entry 39 defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5th / 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

**Central Sales Tax Act, 1956 ("CST")**

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for Levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and

conditions to which State Laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

**Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance.

**The Central Excise Act, 1944**

The Central Excise Act, 1944 ("Central Excise Act") consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

**Goods and Service Tax (GST)**

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be Rs. 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto Rs. 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central/State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assessee are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

## OTHER LAWS

### The Factories Act, 1948

The Factories Act, 1948 ("Factories Act") aims at regulating labour employed in factories. A "factory" is defined as "any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...". The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the "occupier", being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

### Shops and establishments laws in various states

Under the provisions of local Shops and Establishments laws applicable in various states, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

## ENVIRONMENTAL LEGISLATIONS

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

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the

central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

Air (Prevention and Control of Pollution) Act 1981("the Act") was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

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

The Water (Prevention and Control of Pollution) Act 1974 ("the Act") was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

**Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

**The Public Liability Insurance Act, 1991**

This Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

**National Environmental Policy, 2006**

The Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. This policy was prepared through an intensive process of consultation within the Government and inputs from experts. It does not displace, but builds on the earlier policies. It is a statement of India's commitment to making a positive contribution to international efforts. This is a response to our national commitment to a clean environment, mandated in the Constitution in Articles 48 A and 51 A (g), strengthened by judicial interpretation of Article 21. The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods

and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource. Following are the objectives of National Environmental Policy:

- Conservation of Critical Environmental Resources
- Intra-generational Equity: Livelihood Security for the Poor
- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of resources for Environmental Conservation

## INTELLECTUAL PROPERTY LEGISLATIONS

In general the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trade Marks Act, 1999

### Indian Patents Act, 1970

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

### The Copyright Act, 1957

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

### Trade Marks Act, 1999

The Trade Marks Act, 1999 (the "**Trade Marks Act**") provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

## GENERAL LAWS

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the company.

## OTHER LAWS:

### Foreign Trade (Development and Regulation) Act, 1992

The Development and Regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export includes a customs clearance

permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (DGFT) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of all the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. Director General of Foreign Trade (herein after referred to as DGFT) is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

**Foreign Exchange Management Act, 1999**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999("FEMA") and the rules and regulations promulgated there under. The act aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

**FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India)Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

## THE FOREIGN DIRECT INVESTMENT

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment **("FDI")** through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India **("DIPP"),** has issued consolidated FDI Policy Circular of 2017 **("FDI Policy 2017")**, which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India **("RBI")** also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2016, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present, FDI is permitted upto 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route and FDI beyond 74% in Brownfield projects requires FIPB approval. FDI is permitted up to 100 percent under the automatic route in the hospital sector and in the manufacture of medical devices.

## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

***Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. With respect to this chapter these include forms and resolutions for incorporation and change in constitution of Company, change in registered office of Company, increase in authorised share capital, etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.***

### CORPORATE PROFILE AND BRIEF HISTORY

Our Company was originally incorporated as "Deccan Health Care Limited" at Hyderabad, Andhra Pradesh as a public limited company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 024351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. The certificate of Commencement of Business was granted by Registrar of Companies, Hyderabad, Andhra Pradesh on July 03, 1996. Subsequently, our company was converted into Private Limited company vide a fresh Certificate of Incorporation issued by Registrar of Companies, Hyderabad, Andhra Pradesh on June 12, 2009.
Further, our Company was converted into Public Company pursuant to shareholders resolution passed at the Extraordinary General Meeting held on August 12, 2017 and name of company was changed to "Deccan Health Care Limited" pursuant to issuance of fresh Certificate of Incorporation dated August 31, 2017 by Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana. The Corporate Identification Number of our company is U72200TG1996PLC024351.

Minto Purshotam Gupta and Hitesh Patel are promoters of our Company.

P. Koteswara Rao, P. Ratna Sree, P. Chiranjeevi, Mohan Lal Gupta, Meenakshi Gupta, P. Hemalatha and P. Hemalatha were the initial subscribers to the Memorandum of Association of our company. Minto Purshotam Gupta acquired shares of our Company on March 31, 1999 and Hitesh Patel acquired shares of our Company on June 17, 2008 have acquired shares in our company through allotment. For further details, please refer chapter titled "Capital Structure" on page 93 of this Draft Red Herring Prospectus.

Our Company is engaged in the manufacturing of Nutraceutical Products. For information of our Company's profile, activities, market, products, etc., market of each segment, capacity built-up, exports and profits due to foreign operations together with country wise analysis, standing of our Company in comparison with prominent competitors, with reference to its products, management, managerial competence, technology, market, major suppliers and customers, environmental issues, geographical segment, etc. wherever applicable, please refer to chapters titled "Our Business", "Financial Statements as Restated", "Management's Discussion and Analysis of Financial Condition and Results of Operation", "Government and Other Statutory Approvals" beginning on page 163, 228, 259 and 279 respectively of this Draft Red Herring Prospectus.

### CHANGES IN OUR REGISTERED OFFICE:

At the time of Incorporation, registered office of our Company was situated at H.No. 90, Gunrock Enclave, Staff Road, Secunderabad. The registered office of our company was then shifted to:

| DATE | FROM | TO | REASON |
|---|---|---|---|
| August 10, 2001 | H.No. 90, Gunrock Enclave, Staff Road, Secunderabad | 6 – 3 – 655/2/3, Somajiguda, Hyderabad | Administrative Convenience |
| Not Available | 6 – 3 – 655/2/3, Somajiguda, Hyderabad | Block No I, 1st Floor, Venkata reddy Complex, Opp. Tarbund Bus Stop, Secunderabad – 500009 | Administrative Convenience |
| September 01, 2002 | Block No I, 1st Floor, Venkata reddy Complex, Opp. Tarbund Bus Stop, Secunderabad – | 247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, | Administrative Convenience |

| DATE | FROM | TO | REASON |
|---|---|---|---|
| | 500009 | Telangana, India | |

## KEY EVENTS AND MILESTONES

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

| YEAR | EVENTS |
|---|---|
| 1996 | Incorporation of our company |
| 1996 | Certificate of Commencement of business |
| 2009 | Conversion of Company into Private Limited Company |
| 2010 | Set up of the Manufacturing Facility of the Company at Rudrapur, Uttarakhand |
| 2015 | Certified as an ISO-9001:2008 Company |
| 2015 | Certified as an ISO-9001:2015 Company |
| 2017 | Conversion of Company into Public Limited Company |

## MAIN OBJECTS OF OUR COMPANY

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. "To carry on the business of manufacturing, buying, selling, importing, exporting and generally dealing in all types of chemicals, pharmaceuticals, drugs, intermediaries, formulations, Ayurvedic and herbal medicines, healthcare products, dietary supplements, nutrition and lifestyle enhancing and other related products;
2. To carry on the business of manufacturing, buying, selling, importing, exporting and generally dealing in all types of surgical, medical, pharmaceuticals, drug related, nutrition related and scientific equipments, appliances and accessories;
3. To carry on the research and developmental activities in order to develop new products and substitutes in all types of chemicals, drugs, intermediaries, formulations, Ayurvedic and herbal medicines, dietary supplements, nutrition and lifestyle enhancing and other related products, and to maintain testing houses and laboratories with regard to the same;
4. To carry on the business of Consultants in the field of chemicals, pharmaceutical, drugs, nutrition, medical, dyestuff and other related industries.
5. To carry on the business of manufacturing, buying, selling, trading, importing, exporting or otherwise dealing in Nutraceutical products, Medical / Pharma Biotech products and Agri-Biotech Products.

## AMENDMENTS TO THE MOA OF OUR COMPANY SINCE INCORPORATION

Since incorporation, the following Changes have been made to our Memorandum of Association

| DATE OF AGM / EGM | CHANGES |
|---|---|
| November 30, 1997 | Increase of Authorised Share Capital from Rs. 10,00,000 consisting of 1,00,000 Equity Shares of Rs.10/- each to Rs. 25,00,000 consisting of 1,50,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| March 30, 1998 | Increase of Authorised Share Capital from Rs. 25,00,000 consisting of 1,50,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 40,00,000 consisting of 3,00,000 Equity Shares of |

| DATE OF AGM / EGM | CHANGES |
|---|---|
| | Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| March 16, 2000 | Increase of Authorised Share Capital from Rs. 40,00,000 consisting of 3,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 50,00,000 consisting of 4,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| March 30, 2000 | Increase of Authorised Share Capital from Rs. 50,00,000 consisting of 4,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 60,00,000 consisting of 5,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| January 18, 2001 | Increase of Authorised Share Capital from Rs. 60,00,000 consisting of 5,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 1,00,00,000 consisting of 9,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| September 29, 2001 | Increase of Authorised Share Capital from Rs. 1,00,00,000 consisting of 9,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 1,50,00,000 consisting of 14,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| May 30, 2005 | Increase of Authorised Share Capital from Rs. 1,50,00,000 consisting of 14,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 2,20,00,000 consisting of 21,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| March 29, 2008 | Increase of Authorised Share Capital from Rs. 2,50,00,000 consisting of 24,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 4,50,00,000 consisting of 44,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| May 31, 2008 | Increase of Authorised Share Capital from Rs. 4,50,00,000 consisting of 44,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each |
| May 25, 2009 | Clause I of the Memorandum of Association of the Company changed pursuant to Conversion of Company into Private Company to reflect changed name i.e. Deccan Health Care Private Limited.<br>A fresh certificate of incorporation pursuant to the change of name was granted by the ROC on June 12, 2009. |
| June 20, 2009 | Reclassification of Authorised Share Capital from Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Preference shares of Rs. 10 each to Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each |
| June 20, 2009 | Increase of Authorised Share Capital from Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 7,00,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 16,00,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each |
| June 20, 2009 | Change in Object Clause of the Memorandum of Association of the Company. Following Clause was inserted –<br>"To carry on the business of manufacturing, buying, selling, trading, importing, exporting or otherwise dealing in Nutraceutical products, Medical / pharma Biotech products and Agri-Biotech Products. |

| DATE OF AGM / EGM | CHANGES |
|---|---|
| February 18, 2010 | Increase of Authorised Share Capital from Rs. 7,00,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 16,00,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 7,25,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 18,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each |
| March 29, 2010 | Increase of Authorised Share Capital from Rs. 7,25,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 18,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 9,75,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each |
| October 25, 2010 | Increase of Authorised Share Capital from Rs. 9,75,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 11,55,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 30,86,000 Series-A 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each and 20,64,000 Series-B 10% Compulsorily Convertible Cumulative Participatory Preference shares |
| November 17, 2015 | Reclassification of Authorised Share Capital from Rs. 11,55,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 30,86,000 Series-A 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each and 20,64,000 Series-B 10% Compulsorily Convertible Cumulative Participatory Preference shares to Rs. 11,55,00,000 consisting of 1,15,50,000 Equity Shares of Rs.10/- each |
| March 01, 2017 | Increase of Authorised Share Capital from Rs. 11,55,00,000 consisting of 1,15,50,000 Equity Shares of Rs.10/- each to Rs. 13,50,00,000 consisting of 1,35,00,000 Equity Shares of Rs.10/- each |
| August 04, 2017 | Increase of Authorised Share Capital from Rs. 13,50,00,000 consisting of 1,35,00,000 Equity Shares of Rs.10/- each to Rs. 18,00,00,000 consisting of 1,80,00,000 Equity Shares of Rs.10/- each |
| August 31, 2017 | Conversion of Company from Private Limited to Public Limited |

Note:- Our company was unable to trace any document w.r.t. increase in authorised capital from Rs. 2,20,00,000 TO Rs. 2,50,00,000

## COUNTRYWISE EXPORT SALES FOR FINANCIAL YEAR ENDED MARCH 31, 2017

For the year ended March 31, 2017 the Company has made deemed exports of Rs. 5.39 lakhs, wherein we have exported to a local party who in turn has exported the same. There were no direct exports made by the Company during FY 2016-17.

## OUR HOLDING / SUBSIDIARY COMPANY

Our Company neither has a Holding Company nor any Subsidiary Company as on date of filing of this Draft Red Herring Prospectus.

## CAPITAL RAISING ACTIVITIES THROUGH EQUITY OR DEBT

For details in relation to our capital raising activities through equity and debt, please refer to the chapters titled "Financial Statements as Restated" and "Capital Structure" beginning on page 228 and 93 respectively, of this Draft Red Herring Prospectus.

## CHANGES IN THE ACTIVITIES OF OUR COMPANY IN THE LAST FIVE YEARS

There is no change in the activities being carried out by our Company in the last five years.

## INJUNCTIONS OR RESTRAINING ORDERS

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

## MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

## SHAREHOLDERS' AGREEMENTS

Our Company has not entered into any shareholders' agreement as on date of filing of this Draft Red Herring Prospectus.

## OTHER AGREEMENTS

Our Company has not entered into any agreements / arrangements except under normal course of business of the Company, as on date of filing of this Draft Red Herring Prospectus.

## STRATEGIC PARTNERS

Our Company does not have any strategic partner(s) as on the date of this Draft Red Herring Prospectus.

## FINANCIAL PARTNERS

As on the date of this Draft Red Herring Prospectus, apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

## CONVERSION OF LOANS INTO EQUITY SHARES

There has been no incident of conversion of loans availed from financial institutions and banks into Equity Shares as on the date of this Draft Red Herring Prospectus.

## DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS / BANKS

There have been no defaults or rescheduling of borrowings with any financial institutions / banks as on the date of this Draft Red Herring Prospectus.

## STRIKES AND LOCK-OUTS

There have been no instances of strikes or lockouts in our Company since incorporation.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since its incorporation and has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

## TIME AND COST OVERRUNS IN SETTING UP PROJECTS

As on the date of this Draft Red Herring Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

## NUMBER OF SHAREHOLDERS

Our Company has 30 shareholders as on date of this Draft Red Herring Prospectus.

## OUR MANAGEMENT

***Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. With respect to this chapter these include forms and resolutions for appointment and regularisation of Directors and Change in Board structure since last three years etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.***

### BOARD OF DIRECTORS

Under our Articles of Association, Our Company is required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act. Our Company currently has 7 directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Date of last Appointment / Re-appointment | Other Directorship |
|---|---|---|---|
| 1. | **Name**: Minto Purshotam Gupta<br>**Age**: 59 years<br>**Father's Name**: Mohanlal Gupta<br>**Designation**: Chairman and Managing Director<br>**Address**: 2B, Sunshine Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034<br>**Occupation**: Business<br>**Nationality:** Indian<br>**Term:** Three years w.e.f September 01, 2017 and liable to retire by rotation<br>**DIN**: 00843784 | Designated as Managing Director – September 01, 2017<br><br>Designated as Chairman – September 01, 2017 | **Public Limited Company**<br>• Nutricircle Limited<br>**Private Limited Company –**<br>• Mintakashi FMCH Products India (OPC) Private Limited<br>**Limited Liability Partnership:**<br>• NA |
| 2. | **Name:** Hitesh Patel<br>**Age:** 42 years<br>**Father's Name**: Mohanbhai Patel<br>**Designation**: Additional Director (Non – Executive)<br>**Address**: 3, 8/9, Kailash Nagar, M.G.Road, Ghatkopar, Mumbai 400077, Maharastra, India<br>**Occupation**: Business<br>**Nationality:** Indian<br>**Term:** Until ensuing AGM<br>**DIN**: 02080625 | December 14, 2016 | **Public Limited Company**<br>• Nutricircle Limited<br>**Private Limited Company**<br>• Fitness Millennium Private Limited<br>**Limited Liability Partnership:**<br>• NA |
| 3. | **Name:** Meenakshi Gupta<br>**Age:** 57 years<br>**Husband's Name:** Minto Purshotam Gupta<br>**Designation:** Whole Time Director<br>**Address:** 2B, Sunshine, Crescent, Road No. 4, Banjara Hills, | September 01, 2017 | **Public Limited Company**<br>• NA<br>**Private Limited Company –**<br>• NA<br>**Limited Liability Partnership:**<br>• NA |

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Date of last Appointment / Re-appointment | Other Directorship |
|---|---|---|---|
| | Hyderabad 500034<br>**Occupation:** Business<br>**Nationality:** Indian<br>**Term:** three years w.e.f. September 01, 2017 and liable to retire by rotation<br>**DIN:** 00574624 | | |
| 4. | **Name**: Rani Venkata Satya Umamaheswara Rao<br>**Age**: 52 years<br>**Father's Name**: Venkata Satya Chidambaram Rani<br>**Designation**: Whole Time Director<br>**Address**: P No 101, 13-1-76/7 6 Manasa Apts, Mothi Nagar, Erra Gadda, Hyderabad 500018, Andhra Pradesh, India<br>**Occupation**: Business<br>**Nationality:** Indian<br>**Term:** three years w.e.f. September 1, 2017 and liable to retire by rotation<br>**DIN**: 02100433 | September 01, 2017 | **Public Limited Company –**<br>• NA<br>**Private Limited Company –**<br>• NA<br>**Limited Liability Partnership:**<br>• NA |
| 5. | **Name:** Yezdi Jal Batliwala<br>**Age:** 74 years<br>**Father's Name:** Jal Batliwala<br>**Designation:** Additional Director (Independent)<br>**Address:** 686, Vevai Villa, Parsi Colony, Khareghat Road, Dadar, Mumbai – 400014<br>**Occupation**: Business<br>**Nationality:** Indian<br>**Term:** Five years with effect from July 01, 2017 to June 30, 2022<br>**DIN**: 03018605 | July 01, 2017 | **Public Limited Company –**<br>• Nutricircle Limited<br>**Private Limited Company**<br>• SS Inclusive Development Finance Private Limited<br>**Limited Liability Partnership:**<br>• NA<br>**Others**<br>• SS Human Development Foundation |
| 6. | **Name:** Suryakant Mainak<br>**Age:** 66 years<br>**Father's Name:** Balkrishna Rawji Mainak<br>**Designation:** Additional Director (Independent)<br>**Address:** B-1503, Oberoi Woods, Mohan Gokhale Marg, Off Western Express Highway, Goregaon (East), Mumbai 400063 | July 01, 2017 | **Public Limited Company –**<br>• ITC Limited<br>• Mahindra And Mahindra Limited<br>• Care Ratings Limited<br>• Care Advisory Research And Training Limited<br>**Private Limited Company**<br>• Suncap Insolvency |

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Date of last Appointment / Re-appointment | Other Directorship |
|---|---|---|---|
| | **Occupation**: Business<br>**Nationality:** Indian<br>**Term:** Five years with effect from July 01, 2017 to June 30, 2022<br>**DIN**: 02531129 | | Professionals Private Limited<br>**Limited Liability Partnership:**<br>• NA |
| 7. | **Name:** Anant kumar Shriram Ganediwal<br>**Age:** 49 years<br>**Father's Name:** Shriram Murlidhar Ganediwal<br>**Designation:** Additional Director (Independent)<br>**Address:** Flat No 4, Vanashree Apartment 161, Highigh Tide Road, Off. Juhu Versova Link Road, Andheri (W) Mumbai 400053.<br>**Occupation**: Business<br>**Nationality:** Indian<br>**Term:** Five years with effect from July 01, 2017 to June 30, 2022<br>**DIN**: 03457257 | July 01, 2017 | **Public Limited Company –**<br>• Omnis Infra-Power Limited<br>**Private Limited Company –**<br>• New Aurum Infraprojects Private Limited<br>• Sats Integrated Conservation Solutions Private Limited<br>**Limited Liability Partnership:**<br>• NA |

**BRIEF BIOGRAPHIES OF OUR DIRECTORS**

**Minto Purshotam Gupta**, aged 59 years is the Promoter, Chairman and Managing Director of our Company. He has been director of our Company since September 01, 1999 and has been designated as Chairman and Managing Director w.e.f September 01, 2017. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than two decades in the industry in which Company operates. He has been instrumental in formulating the business strategies of our Company and is entrusted with the responsibility of looking after the overall management and operates the Company.

**Hitesh Patel**, aged 42 years is the Promoter and Non Executive Director of our Company. He was appointed as additional director of our company on December 14, 2016. He has passed his Higher Secondary examination from Maharastra Board. He is the guiding force behind all the stategic decisions**.**

**Meenakshi Gupta**, aged 57 years is the Additional Director of our Company. She was appointed as director of our company on October 29, 2014 and is designated as Whole Time Director w.e.f Septermber 01, 2017 for a period of three years and liable to retire by rotation. She holds Masters Degree in Science from Maharaja Sayajirao University of Baroda She is responsible for corporate development, training & education and Human Resource management.

**Rani Venkata Satya Umamaheswara Rao**, aged 52 years was appointed as an Additional Director of our Company on August 08, 2011 and is designated as Whole Time Director w.e.f. September 01, 2017. He has completed Bachelors from Osmania University. He entrusted to look after the marketing of the company.

**Yezdi Jal Batliwala,** aged 74 years was appointed as Additional Director (Independent) of our Company on July 01, 2017. He served as Director of Nutricircle Limited.

**Suryakant Mainak,** aged 66 years was appointed as an Additional Director (Independent) of our Company on July 01, 2017. He is Qualified Chartered Accountant by Profession and has served as the Managing Director at Life Insurance Corporation of India. He was on the board of National Stock Exchange Of India Limited and Stock Holding Corporation Of India Limited. He has been bestowed with NDTV Business Leadership Award 2009, CNN-IBM Indian of the Year Award 2009, and Dataquest IT Person of the Year 2009 He was appointed as Additional Independent Director of our Company pursuant to Board Resolution dated July 01, 2017.

**Anantkumar Shriram Ganediwal,** aged 49 years was appointed as an Additional Director (Independent) of our Company on July 01, 2017. He has passed his examination of Bachelors of Commerce from Poona University, Pune.

**CONFIRMATIONS**

As on the date of this Draft Red Herring Prospectus:

1. Except as stated below; none of the Directors of our Company are related to each other as per section 2(77) of the Companies Act, 2013.

| Name of the Director | Name of the Other Director | Relation |
|---|---|---|
| Minto Purshotam Gupta | Meenakshi Gupta | Husband-Wife |

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of the above mentioned Directors are on the RBI List of willful defaulters.
5. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) or (b) delisted from the stock exchanges during the term of their directorship in such companies.
6. None of the Promoter, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

**REMUNERATION/COMPENSATION PAID TO DIRECTORS**

Except as mentioned below, no other current Directors have received remuneration during the last financial year ended on March 31, 2017.

| Name of the Directors | Amount (in Lakhs) |
|---|---|
| Minto Purshotam Gupta | 36.00 |
| Meenakshi Gupta | 24.00 |
| Rani Venkata Satya Umamaheswara Rao | 7.34 |

**Terms and conditions of employment of our Managing Director:**

**1. Minto Purshotam Gupta**

Minto Purshotam Gupta is the Promoter, Chairman and Managing Director of our Company. He has been director of our Company since September 01, 1999 and has been designated as Chairman and Managing Director w.e.f September 01, 2017 for a period of three years. The terms and conditions of his employment are as follows:

| | |
|---|---|
| Remuneration | 120.00 Lakhs p.a. |
| Term of appointment | Three years from September 01, 2017 subject to liable to retire by rotation |
| Perquisites | • Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);<br>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and<br>• Encashment of leave at the end of the tenure. |

**Terms and conditions of employment of our Whole Time Director**

**2. Meenakshi Gupta**

Meenakshi Gupta was appointed as an Additional Director of our Company. She was appointed as Additional director of our company on October 29, 2014 and is designated as Whole Time Director w.e.f September 01, 2017 for a period of three years and liable to retire by rotation. The terms and conditions of his employment are as follows:

| | |
|---|---|
| Remuneration | 24.00 Lakhs p.a. |
| Term of appointment | Three years from September 01, 2017 subject to liable to retire by rotation |
| Perquisites | • Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);<br>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and<br>• Encashment of leave at the end of the tenure. |

**3. Rani Venkata Satya Umamaheswara Rao**

**Rani Venkata Satya Umamaheswara Rao**, aged 52 years was appointed as an Additional Director of our Company on August 08, 2011 and is designated as Whole Time Director w.e.f. September 01, 2017. He has completed Bachelors from Osmania University. He entrusted to look after the marketing of the company.

| | |
|---|---|
| Remuneration | 9.24 Lakhs p.a |
| Term of appointment | Three years from September 01, 2017 subject to liable to retire by rotation |
| Perquisites | • Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);<br>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and<br>• Encashment of leave at the end of the tenure. |

**Terms and conditions of employment of our Non Executive Director and Independent Director**

Non-Executive Director and Independent Directors of the Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

**OTHER CONFIRMATIONS**

As on the date on this Draft Red Herring Prospectus:

1. There is no contingent or deferred compensation payable to any Director, Managing Director which has accrued for this year and payable in current or any future period.
2. No compensation was paid to any Director pursuant to bonus or profit sharing plan.

**SHAREHOLDING OF OUR DIRECTORS IN THE COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. Except as stated below no other directors have shareholding of our Company.

The following table details the shareholding of our Directors as on the date of this Draft Red Herring Prospectus:

| Sr. No. | Name of the Director | No. of Equity Shares | % of Pre Issue Equity Share Capital | % of Post Issue Equity Share Capital |
|---|---|---|---|---|
| 1. | Minto Purshotam Gupta | 21,07,667 | 16.30 | [●] |
| 2. | Hitesh Patel | 53,25,214 | 41.18 | [●] |
| 3. | Meenakshi Gupta | 23,07,333 | 17.84 | [●] |
| 4. | Yezdi Batliwala | 1,00,000 | 0.77 | [●] |
| 5. | Anant Ganediwal | 1,00,000 | 0.77 | [●] |

**INTERESTS OF DIRECTORS**

**Interest in promotion of our Company**

Our Directors may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares. For further details, refer to chapter titled "Related Party Transactions" beginning on page 226 of this Draft Red Herring Prospectus.

**Interest in the property of our Company**

Our Directors do not have any other interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing of this Draft Red Herring Prospectus.

**Interest as member of our Company**

As on date of this Draft Red Herring Prospectus, our Directors together hold 99,40,214 Equity Shares in our Company i.e. 76.86% of the pre issue paid up share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding and the dividend declared and other distributions, if any, by our Company.

**Interest as a Creditor of our Company**

As on the date of this Draft Red Herring Prospectus, except as stated in the chapter titled "Financial Indebtedness" and heading titled "Related Party Transactions" under chapter titled "Financial Statements as Restated" our Company has not availed loans from Directors of our Company.

**Interest as Director of our Company**

Except as stated above and in the chapters titled "*Financial Statements as Restated*" and "*Capital Structure*" beginning on pages 228 and 93 respectively of this Draft Red Herring Prospectus our Directors, may deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreements entered into with our Company, if any and AoA of our Company.

**Interest as Key Managerial Personnel of our Company**

Minto Purshotam Gupta, Promoter, Chairman and Managing Director, Meenakshi Gupta, Whole Time Director and Rani Venkata Satya Umamaheswara Rao, Whole Time Director of the Company are the Key Managerial Personnel of the Company and may deemed to be interested to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AoA of our Company and to the extent of Equity Shares held by them in our Company. They may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. Other than as disclosed above, no other Director is interested as Key Managerial Personnel of the Company. For further details, please refer to heading titled *"Related Party Transactions"* under chapter titled *"Financial Statements as Restated"* beginning on page 228 of this Draft Prospectus Red Herring.

**Interest in transactions involving acquisition of land**

Our Promoters are not currently interested in any transaction with our Company involving acquisition of land. Except as stated/referred to under the heading titled "*Land and Property"* under chapter titled *"Our Business"* beginning on page 163 of this Draft Red Herring Prospectus, our Promoters has not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in which the Promoters are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Other Indirect Interest**

Except as stated in chapter titled "*Financial Statements as Restated*" beginning on page 228 of this Draft Red Herring Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

**Interest in the Business of Our Company**

Except as stated in "*Related Party Transactions*" in the chapter titled "*Financial Statements as Restated*" beginning on page 228 of this Draft Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

**SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES**

As on the date of Draft Red Herring Prospectus our Company does not have any Subsidiary or Associate Company.

**CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS**

Following are the changes in directors of our Company in last three years prior to the date of this Draft Red Herring Prospectus:

| Name | Date of event | Nature of event | Reason |
|---|---|---|---|
| Hitesh Patel | December 14, 2016 | Appointment | Appointment as Additional Director |
| Sandeep Singhal | October 29, 2014 | Resignation | Resignation |
| Meenakshi Gupta | October 29, 2014 | Appointment | Appointment as Additional Director |
| Anant kumar Shriram Ganediwal | July 01, 2017 | Appointment | Appointment as Additional Director (Independent) |
| Suryakant Mainak | July 01, 2017 | Appointment | Appointment as Additional Director (Independent) |
| Yezdi Jal Batliwala | July 01, 2017 | Appointment | Appointment as Additional Director (Independent) |
| Minto Purshotam Gupta | September 01, 2017 | Appointment | Appointment as Managing Director and Chairman |
| Meenakshi Gupta | September 01, 2017 | Change in designation | |
| Rani Venkata Satya Umamaheswara Rao | September 01, 2017 | Change in designation | Designatioed as Whole Time Director |

**BORROWING POWERS OF THE BOARD**

Pursuant to a special resolution passed at the Extraordinary General Meeting of our Company held on August 10, 2017 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from Time to Time, and rules made there under and the Board of Directors (including committees) of the Company be and is hereby authorized to borrow money on such terms and conditions as may be considered and suitable by the Board of Directors up to a limit of Rs. 500.00 Crore notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the Temporary Loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves of the Company.

**CORPORATE GOVERNANCE**

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be complied with the extent applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchange.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The Corporate governance framework is based on an effective Independent Board, the Board's Supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board functions either as a full board or through the various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, there are Seven (7) Directors on our Board out of which one half are independent Directors. Our Company is incompliance with the corporate

governance norms prescribed under the Companies Act, 2013, particularly, in relation to appointment of Independent Directors to our Board and constitution of Board-level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations, the Equity Listing Agreements and the Companies Act, 2013.

**The following committees have been constituted in terms of SEBI Listing Regulations and the Companies Act, 2013.**

A. Audit Committee
B. Stakeholders Relationship Committee
C. Nomination and Remuneration Committee
D. Corporate Social Responsibility Committee

**A) Audit Committee**

Our Company has re-constituted an audit committee ***("Audit Committee")***, as per section 177 of the Companies Act 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; vide resolution passed at the meeting of the Board of Directors held on August 31, 2017.

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises the following three (3) directors:

| Name of the Directors | Status | Nature of Directorship |
|---|---|---|
| Suryakant Mainak | Chairman | Additional Director (Independent) |
| Anant kumar Shriram Ganediwal | Member | Additional Director (Independent) |
| Yezdi Jal Batliwala | Member | Additional Director (Independent) |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers:

a. To investigate any activity within its terms of reference;
b. To seek information from any employee;
c. To obtain outside legal or other professional advice; and
d. To secure attendance of outsiders with relevant expertise if it considers necessary.

The Audit Committee shall mandatorily review the following information:

a. Management discussion and analysis of financial condition and results of operations;
b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
d. Internal audit reports relating to internal control weaknesses; and
e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    ii. Changes, if any, in accounting policies and practices and reasons for the same;
    iii. Major accounting entries involving estimates based on the exercise of judgment by management;
    iv. Significant adjustments made in the financial statements arising out of audit findings;
    v. Compliance with listing and other legal requirements relating to financial statements;
    vi. Disclosure of any related party transactions;
    vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Prospectus/Prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor’s independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. To investigate any other matters referred to by the Board of Directors.
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

**Meeting of Audit Committee and relevant Quorum**

The audit committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.

**B) Stakeholder's Relationship Committee**

Our Company has constituted a shareholder / investors grievance committee *("Stakeholders' Relationship Committee")* to redress complaints of the shareholders. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 31, 2017.

The Stakeholders' Relationship Committee comprises the following Directors:

| Name of the Directors | Status | Nature of Directorship |
|---|---|---|
| Anant kumar Shriram Ganediwal | Chairman | Additional Director (Independent) |
| Suryakant Mainak | Member | Additional Director (Independent) |
| Hitesh Patel | Member | Non Executive Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Stakeholders' Relationship Committee.

The Stakeholders Relationship Committee shall oversee all matters pertaining to investors of our Company. The scope and function of the Stakeholder's Relationship Committee and its terms of reference shall include the following:

**A. Tenure**: The Stakeholder's Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholder's Relationship Committee as approved by the Board.

**B. Meetings**: The Stakeholder's Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on quarterly basis regard the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

**C. Role of the Stakeholder's Relationship Committee:**

The Committee shall consider and resolve grievances of security holders, including but not limited to:

1. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
2. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
3. Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances.
4. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
5. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
6. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
7. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting.
8. Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

**C) Nomination and Remuneration Committee**

Our Company has re-constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on August 31, 2017. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors:

| Name of the Director | Status | Nature of Directorship |
|---|---|---|
| Suryakant Mainak | Chairman | Additional Director (Independent) |
| Anant kumar Shriram Ganediwal | Member | Additional Director (Independent) |
| Yezdi Jal Batliwala | Member | Additional Director (Independent) |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**1) Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**2) Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration Committee shall be called by at least seven day's notice in advance.

**3) Role of the Nomination and Remuneration Committee not limited to but includes:**

- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration for directors, KMPs and other employees.

- Identifying persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- Formulation of criteria for evaluation of performance of independent directors and Board of Directors
- Devising a policy on diversity of board of directors
- Deciding on, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Director / Managing Directors.
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
- To formulate and administer the Employee Stock Option Scheme.

**D) Corporate Social Responsibility Committee**

Our Company has constituted a Corporate Social Responsibility Committee in accordance section 135 of Companies Act 2013. The constitution of the Corporate Social Responsibility Committee was approved by a Meeting of the Board of Directors held on August 31, 2017. The said committee is comprised as under:

The Corporate Social Responsibility Committee comprises the following Directors:

| Name of the Director | Status | Nature of Directorship |
|---|---|---|
| Minto Purshotam Gupta | Chairman | Chairman and Managing Director |
| Hitesh Patel | Member | Non executive Director |
| Yezdi Jal Batliwala | Member | Additional Director (Independent) |

A. **Tenure**: The Corporate Social Responsibility Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

B. **Meetings**: The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Corporate Social Responsibility Committee shall be called by at least seven day's notice in advance.

The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Corporate Social Responsibility Committee shall be called by at least seven day's notice in advance.

C. **Terms of Reference:**

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;

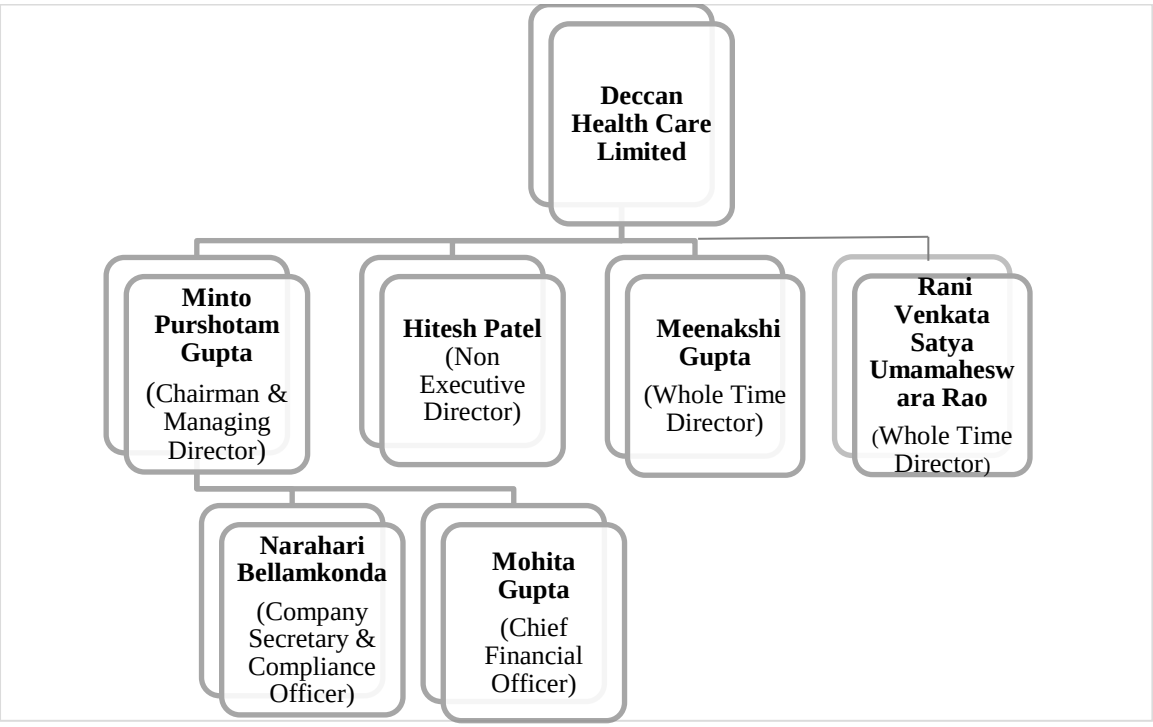
Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

**Policy on Disclosures and Internal Procedure for Prevention of Insider Trading:**

The provisions of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the Emerge Platform of NSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges. Further, Board of Directors at their meeting held on August 31, 2017 have formulated and adopted the code of conduct to regulate, monitor and report trading by its employees and other connected persons.

Narahari Bellamkonda, Company Secretary & Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the board.

**ORGANISATIONAL STRUCTURE**




**KEY MANAGERIAL PERSONNEL**

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

**The details of our Key Managerial Personnel are set out below:**

**Minto Purshotam Gupta, Promoter, Chairman and Managing Director**

**Minto Purshotam Gupta**, aged 59 years is the Promoter, Chairman and Managing Director of our Company. He has been director of our Company since September 01, 1999 and has been designated as Chairman and Managing Director w.e.f September 01, 2017. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than two decades in the industry in which Company operates. He has been instrumental in formulating the business

strategies of our Company and is entrusted with the responsibility of looking after the overall management and operates the Company.

**Meenakshi Gupta, Whole Time Director**

**Meenakshi Gupta**, aged 57 years is the Additional Director of our Company. She was appointed as director of our company on October 29, 2014 and is designated as Whole Time Director w.e.f Septermber 01, 2017 for a period of three years and liable to retire by rotation. She holds Masters Degree in Science from Maharaja Sayajirao University of Baroda She is responsible for corporate development, training & education and Human Resource management.

**Rani Venkata Satya Umamaheswara Rao, Whole Time Director**

**Rani Venkata Satya Umamaheswara Rao**, aged 52 years was appointed as an Additional Director of our Company on August 08, 2011 and is designated as Whole Time Director w.e.f. September 01, 2017. He has completed Bachelors from Osmania University. He entrusted to look after the marketing of the company

**Mohita Gupta, Chief Financial Officer**

Mohita Gupta, aged 28 years, is Chief Financial Officer of our Company with effect from August 31, 2017. She is responsible for looking after accounting, finance and taxation of our Company.

**Narahari Bellamkonda, Company Secretary and Compliance Officer**

Narahari Bellamkonda, aged 42 years, is Company Secretary and Compliance Officer of our Company with effect from August 31, 2017. He is a Company Secretary by qualification and an Associate member of Institute of Company Secretaries of India. He looks after the Legal, Secretarial and Compliance Department of our Company.

**RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL**

Except as stated below, none of the key managerial personnel are related to the each other within the meaning of Section 2 (77) of the Companies Act, 2013. All of Key Managerial Personnel are permanent employees of our Company.

| Name of the Director | Name of the Other Director | Relation |
|---|---|---|
| Minto Purshotam Gupta | Meenakshi Gupta | Husband-Wife |

**ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS**

None of our Key Managerial Personnel have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

**SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL**

Except as mentioned below, none of our Key Managerial Personnel holds any Equity shares of our company as on the date of this Draft Red Herring Prospectus.

| Sr. No. | Name of the Key Managerial Personnel | No. of Shares held |
|---|---|---|
| 1. | Minto Purshotam Gupta | 21,07,667 |
| 2. | Meenakshi Gupta | 23,07,333 |

**BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGERIAL PERSONNEL**

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Key Managerial Personnel.

## CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

## LOANS TO KEY MANAGERIAL PERSONNEL

Our company has not given any loans and advances to the Key Managerial Personnel as on the date of this Draft Red Herring Prospectus.

## INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company have interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any and dividends payable thereon and other distributions in respect of such equity shares, if any. Except as disclosed in this Draft Red Herring Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (two) years from the date of this Draft Red Herring Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Except as stated in the chapters *"Our Management"* and *"Related Party Transactions"* beginning on pages 202 and 226 respectively of this Draft Red Herring Prospectus and described herein above, our key managerial personnel do not have any other interest in the business of our Company.

## CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

| Name of Managerial Personnel | Date of Event | Nature of event | Reason |
|---|---|---|---|
| Meenakshi Gupta | October 29, 2014 | Appointment | Appointment as Additional Director |
| Minto Purshotam Gupta | September 01, 2017 | Change in Designation | Appointment as Managing Director |
| Meenakshi Gupta | September 01, 2017 | Change in Designation | Appointment as Whole Time Director |
| Rani Venkata Satya Umamaheswara Rao | September 01, 2017 | Change in Designation | Appointment as Whole Time Director |
| Narahari Bellamkonda | September 01, 2017 | September 01, 2017 | Apppointment as Company Secretary |
| Mohita Gupta | September 01, 2017 | September 01, 2017 | Appointment as Chief Financial Officer |

## ESOP/ESPS SCHEME TO EMPLOYEES

Our Company has formulated "Deccan Health Care Employees Stock Option Scheme – 2010" but the same was not implemented. Presently, we do not have any ESOP/ESPS Scheme for employees.

**PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)**

Except as disclosed in the heading titled "*Related Party Transactions*" in the section titled "*Financial Statements as Restated*" beginning on page 228 of this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.

## OUR PROMOTER AND PROMOTER GROUP

### OUR PROMOTERS

The Promoters of our Company are Minto Purshotam Gupta and Hitesh Patel. As on date of this Draft Red Herring Prospectus, our Promoters hold 74,32,881 Equity Shares representing 57.48% of the pre-issue Paid up Capital of our Company.

**Brief profile of our Individual Promoters is as under:**

| | |
|---|---|
| | **Minto Purshotam Gupta, Chairman and Managing Director**<br><br>Minto Purshotam Gupta, aged 58 years is the Promoter, Chairman and Managing Director of our Company. He has been director of our Company since September 1, 1999 and has been last re-designated as Chairman and Managing Director w.e.f September 1, 2017. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than three decades in the industry in which Company operates. He has provided consultancy and Research services of health food supplements to eradicate micronutrient deficiency and reduce risk of diseases affecting the mankind. He has been instrumental in formulating the business strategies of our Company and is entrusted with the responsibility of looking after the overall management and operations of the Company.<br><br>**Nationality:** Indian<br>**DIN:** 00843784<br>**Passport No:** G4991061<br>**Driving License:** 95631995OS<br>**Voters ID:** NA<br><br>**Address**: 2B, Sunshine Cressent, Road No. 4, Banjara Hills, Hyderabad – 500034, Telangana, India<br><br>For further details relating to Minto Purshotam Gupta, including terms of appointment as Chairman & Managing Director and other directorships please refer to the chapter titled "Our Management" beginning on page 202 of this Draft Red Herring Prospectus. |
| | **Hitesh Patel, Promoter and Additional Director (Non Executive)**<br><br>Hitesh Patel, aged 42 years is the Promoter and Director of our Company. He was appointed as additional director of our company on December 14, 2016. He has passed his Senior Secondary Examination from S.K. Somaiya Vinay Mandir. He is the guiding force behind all the stategic decisions<br><br>**Nationality:** Indian<br>**DIN:** 02080625<br>**Passport No:** L9988780<br>**Driving License:** MH03 19930021571<br>**Voters ID:** UFF0518053<br><br>**Address**: 3, 8/9, Kailash Nagar, M.G.Road, Ghatkopar, Mumbai 400077, Maharastra, India<br><br>For further details relating to Hitesh Patel, including terms of appointment as Non-Executive Director and other directorships please refer to the chapter titled "Our Management" beginning on page 202 of this Draft Red Herring |

| | |
|---|---|
| | Prospectus. |

## DECLARATION

Our Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of our Promoters shall be submitted to the Stock Exchange at the time of filing of this Draft Red Herring Prospectus with it.

## INTEREST OF PROMOTERS

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend receivable, if any and other distributions in respect of the Equity Shares held by them. For details regarding shareholding of our Promoters in our Company, please refer "*Capital Structure"* on page 93 of this Draft Red Herring Prospectus.

Some of our Promoters may also be deemed to be interested in our Company to the extent of their shareholding in our Group Companies with which our company transacts during the course of its operations.

Our Promoters are the Directors of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the agreements entered into with our Company, if any and AoA of our Company. For details refer to the chapter titled *"Our Management", "Financial Statements"* and *"Capital Structure"* beginning on pages 202, 228 and 93 respectively of this Draft Red Herring Prospectus.

Except as mentioned in the chapter titled "Our Business" under "Land & Property", our Promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see *"Related Party Transactions* on page no 226 of this Draft Red Herring Prospectus.

## OTHER VENTURES OF OUR PROMOTERS

Save and except as disclosed in the chapter titled "*Our Promoter* and *Our Promoter Group" and "Group Companies*" beginning on page 219 and 223 respectively of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.

## RELATED PARTY TRANSACTIONS

For details of related party transactions entered into by our Promoters, members of our Promoter Group and Company during the last financial year, the nature of transactions and the cumulative value of transactions, refer chapter titled "Related Party Transactions" on page 226 of this Draft Red Herring Prospectus.

## PAYMENT OR BENEFITS TO PROMOTER

Except as stated otherwise in the chapter titled "*Related Party Transactions*" on page 226 of this Draft Red Herring Prospectus, there have been no payments or benefits to the Promoters during the two years prior to filing of this Draft Red Herring Prospectus.

## OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations is as under:

**A. Individuals related to our Promoter:**

| Relationship with Promoters | Minto Purshotam Gupta | Hitesh Patel |
|---|---|---|
| Father | Mohanlal Gupta | Mohanbhai Patel |
| Mother | - | Jiviben Mohan Patel |
| Brother | - | Vipul Patel |
| Sister | 1) Shinny Anandna<br>2) Kinny Paul | 1) Alpa Paresh Patel<br>2) Rekha Dinesh Patel<br>3) Sheetal Pranay Rathod |
| Spouse | Meenakshi Gupta | Bhavna Patel |
| Son | Mohak Gupta | Yash Patel |
| Daughter | Mohita Gupta | Yashvi Patel |
| Spouse's Father | Dr. VB Pathak | Jivan Haja Patel |
| Spouse's Mother | - | Jiviben Jivan Patel |
| Spouse's Brother | Rajeev Pathak | 1) Kishor Patel<br>2) Vijay Patel |
| Spouse's Sister | NA | NA |

**B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

1. Mintakashi FMCH Products India (OPC) Private Limited (One Person Company owned by Minto Purshotam Gupta)
2. DWC Global Private Limited
3. Speciality Research and Life Sciences (Proprietorship of Wife of Minto Purshotam Gupta)
4. Fitness Millennium Private Limited
5. Innovative Ideals and Services (India) Private Limited
6. Jai Chamunda Agency

Our Company has issued letters dated July 12, 2017 to relatives of our Individual promoter, Minto Gupta i.e. Mohanlal Gupta, DR. V. B Patak, Rajeev Pathak, asking for details of entity(ies) in which they severally or jointly may have an interest. Our Company has sent a letter to each relative demanding their personal documents for identification of promoter group. However, we have not received reply from Mohanlal Gupta (Father of Minto Gupta), DR. V. B Patak (Father in law of Minto Gupta), Rajeev Pathak (Brother in law of Minto Gupta). Further our individual promoter Minto Gupta is not in contact with and his sisters to Shinny Anandna and Kinny Kaul, both of whom are living abroad and consequently has not been able to retrieve their information in this respect. Therefore, the disclosures made in this Draft Red Herring Prospectus are limited to the extent of information that has been made available by our Promoter in relation to Promoter Group and Group Companies.

## RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS

Except as stated below, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

| Name of the Director | Name of the Other Director | Relation |
|---|---|---|
| Minto Purshotam Gupta | Meenakshi Gupta | Husband-Wife |

## DISASSOCIATION BY THE PROMOTER IN THE LAST THREE YEAR

Minto Purshotam Gupta has disassociated himself from Mintokashi Associates and Investments Private Limited (MAIPL) in May 2017 as the name of MAIPL has been struck off by the Registrar of the Companies vide Public Notice No. ROC/HYDERABAD/STK-1/Revised dated May 05, 2017 from the register of companies due to not carrying on any business for a period of two financial years. Except above, none of the promoters of the company have disassociated themselves from any of the entities in the previous three years.

## CHANGES IN CONTROL

There has been no change in the management or control of our Company in the last three years.

## LITIGATION INVOLVING OUR PROMOTER

For details of legal and regulatory proceedings involving our Promoters, refer to the chapter titled *"Outstanding Litigation and Material Developments* on page 271 of this Draft Red Herring Prospectus.

## CONFIRMATIONS

Our Company, our individual Promoters and their relatives (as defined under the Companies Act, 2013) are not Wilful Defaulters and there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or otherwise by any person for services rendered by our Promoters or by such firm or Company in connection with the promotion or formation of our Company.

Our Promoters and members of the Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been a promoter, director or person in control of any other Company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed in *"Related Party Transactions* on page 226 of this Draft Red Herring Prospectus, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company.

## OUR GROUP COMPANIES

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies, our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India and such other companies as considered material by our Board. Pursuant to a resolution dated August 31, 2017 our Board vide a policy of materiality has resolved that except as mentioned in the list of related parties prepared in accordance with Accounting Standard 18 no other Company is material in nature. Further, companies which have not been disclosed as related parties in the restated financial statements of our company for the last five financial years or which are no longer associated with our Company have not be disclosed as Group Companies.

The following company is identified as Group Company of our Company:

1. Mintakashi FMCH Products India (OPC) Private Limited

## OUR GROUP COMPANY:

The Details of our group Company is provided below:

### 1. Mintakashi FMCH Products India (OPC) Private Limited

Mintakashi FMCH Products India (OPC) Private Limited is a Private (One Person company) Company incorporated on November 15, 2016 under the provisions of Companies Act, 2013 and has its registered office situated at H. No.: 6-3- 533 to 535/5, Pavani Villas, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, Telangana, India. The Corporate Identification Number is U74999TG2016OPC112940. The paid up capital of the Company is Rs 1.00 Lakhs.

**Board of Directors as on the date of this Draft Red Herring Prospectus**:

1. Minto Purshotam Gupta

**Main Object:**

1.To carry on the business of manufacture, process, refine, formulate, import, export, buy, sell and otherwise deal in all kinds of ayurvedic, unani, homeopathic, allopathic medicine and Herbal cosmetics, herbal and life saving drugs; and to carry on the business as dealers, manufactures, traders, exporters, importers, distributors, direct selling agent and to act as chemist, druggist of all types of life saving drugs, medicines, toilet requisites and other related and ancillary products.

**Nature and Extent of Interest of Promoters**

Our Promoter and Managing Director Minto Purshotam Gupta is a Director and Shareholder to the extent of 100% in our Group Company.

**Audited Financial Performance**

Since the Company is incorporated on November 15, 2016, they have not yet prepared Financial Statements for the year ending March 31, 2017.

**Related Party Transactions**

For details on related party transactions please refer to Financial Statements, as restated "*Annexure XXII*" Restated Statement of Related Parties Transactions on page 226 of this Draft Red Herring Prospectus.

**Other disclosures:**

Except as disclosed in this chapter, None of our Group Company have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Company during the five years preceding the date of filing the Draft Red Herring Prospectus.

None of our Group Company is under any winding up proceeding.

Except as disclosed in chapter titled—Financial Statements, as restated, None of our Group Company has taken any unsecured loans from our Company.

None of our Group Company is listed on any of the Stock Exchanges and it has not made any public/ rights issue in last five years. Further, no action has been taken against these companies by any Stock Exchange or SEBI.

**Companies with negative net worth:**

None of our Group Company has negative Net Worth as per the last audited financial statements mentioned herein.

**Nature and Extent of Interest of Group Companies:**

*(a) In the promotion of our Company*

None of our Group Company has any interest in the promotion of our Company.

*(b) In the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus*

Our Group Company do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the Draft Red Herring Prospectus.

*(c) Related Business Transactions within the Group Company and Significance on the Financial Performance of our Company*

For details, please see Financial Statements, as restated "*Annexure XXII*" – Restated Statement of Related Parties Transactions on page 226 of this Draft Red Herring Prospectus.

**Common Pursuits between the Group Company with our Company**

As on the date of filing of the Draft Red Herring Prospectus, our Group Company, Mintakashi FMCH Products India (OPC) Private Limited is authorised to carry on business similar to that of our Company's business.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situations as and when it arises. Further, we have not entered into any non compete or similar arrangement with Group Company or otherwise with our Promoters. Accordingly, there can be no assurance that this Group Company will not in future engage in any competing business activity or acquire interests in competing ventures.

For details please refer to "Financial Statements", as restated "*Annexure XXII*" Restated Statement of Related Parties Transactions on page 226 of this Draft Red Herring Prospectus.

**Sale/Purchase between Group Companies and Subsidiaries exceeding in value in aggregate of 10% of total sales or purchases of our Company**

For details please refer to "Financial Statements, as restated – *Annexure XXII*– Restated Statement of Related Parties Transactions" on page 226 of this Draft Red Herring Prospectus.

**Payment of Amount or Benefits to our Group Company during the Last Two Years**

Except as stated in Financial Statements, as restated *Annexure XXII* Restated Statement of Related Parties Transactions on page 226 of this Draft Red Herring Prospectus, no amount or benefits were paid or were intended to be paid to our Group Company during the last two years from the date of filing of this Draft Red Herring Prospectus.

**Business Interest of Group Entities**

Other than as stated above and as mentioned in "Financial Statements, as restated" "*Annexure XXII*" Restated Statement of Related Parties Transactions on page 226 of this Draft Red Herring Prospectus, none of our Group Entity has any business interest in our Company.

**Litigation**

For details on litigations and disputes pending against the Promoter and Group Company and defaults made by them, please refer to the chapter titled, "Outstanding Litigations and Material Developments" on page 271 of this Draft Red Herring Prospectus.

## RELATED PARTY TRANSACTION

For details on Related Party Transactions of our Company, please refer to *Annexure XXII* of restated financial statement under the section titled, "*Financial Statements*" beginning on page 228 of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last five years and till March 31, 2017.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the "record date" are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION V – FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS AS RE-STATED

### Independent Auditor's Report for the Restated Financial Statements of

### Deccan Health Care Limited

**Report of Auditors on the Restated Financial Information of Deccan Health Care Limited for each of the period ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013.**

**The Board of Directors**
**Deccan Healthcare Limited**
247,2nd Floor Dwarakapuri Colony
Punjagutta
Hyderabad 5800082

Dear Sirs,

1. We, N. K. Aswani & Co., have examined the attached Restated Statement of Assets and Liabilities of **Deccan Health Care Limited** (the "Company") as at 31st March 2017, 2016, 2015, 2014 and 2013 and the related Restated Statement of Profit & Loss and Restated Statement of Cash Flow for the years / period ended as at 31st March 2017, 2016, 2015, 2014 and 2013, annexed to this report for the purpose of inclusion in the offer document prepared by the Company (collectively the "**Restated Summary Statements**" or "**Restated Financial Statements**"). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company in connection with the Initial Public Offering (IPO) in EMERGE Platform of NSE.

2. These Restated Summary Statements have been prepared in accordance with the requirements of:

   (i) Part I of Chapter III to the Companies Act, 2013("**Act**") read with Companies (Prospectus and Allotment of Securities) Rules 2014;

   (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("**ICDR Regulations"**) issued by the Securities and Exchange Board of India ("**SEBI"**) in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;

   (iii) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in EMERGE Platform of NSE.("**IPO**" or "**SME IPO**"); and

   (iv) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("**Guidance Note**").

3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the financial year ended on 31st March 2017, 2016, 2015, 2014 and 2013.

4. In accordance with the requirements of Part I of Chapter III of Act including rules made therein, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

(i) The "**Statement of Assets and Liabilities as Restated**" as set out in **Annexure I** to this report, of the Company as at 31st March 2017, 2016, 2015, 2014 and 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)**to this Report.

(ii) The "**Statement of Profit and Loss as Restated**" as set out in **Annexure II** to this report, of the Company for the years ended 31st March 2017, 2016, 2015, 2014 and 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)**to this Report.

(iii) The " **Statement of Cash Flow as Restated**" as set out in **Annexure III** to this report, of the Company for the years ended 31st March 2017, 2016, 2015, 2014 and 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)**to this Report.

5. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating:

a) Adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any.

b) Adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments.

c) Extra-ordinary items that needs to be disclosed separately in the accounts has been dislosed wherever required.

d) There were no qualifications in the Audit Reports issued by the Statutory Auditors for the financial period/year ended on 31st March 2017, 2016, 2015, 2014 and 2013 which would require adjustments in this Restated Financial Statements of the Company.

e) These Profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Accounts as set out in **Annexure IV(A)**to this report.

6. Audit for the financial year ended on 31st March 2017 was conducted by M/s. Manish Sharma & Co., (Chartered Accountants) While audit for Financial years ended on 31st March 2016,2015,2014 & 2013 was conducted by M/s. K.Surendranath & Co. Accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for these years is based solely on the report submitted by them. Further financial statements for the period / financial year ended on 31st March, 2017 have been reaudited by us as per the relevant guidelines.

7. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial period/year ended on 31st

March 2017, 2016, 2015, 2014 and 2013 proposed to be included in the Draft Prospectus/Prospectus ("**Offer Document**").

**Annexure of Restated Financial Statements of the Company:-**

a. Significant Accounting Policies and Notes to Accounts as restated in Annexure IV(A);

b. Reconciliation of Restated Profit as appearing in Annexure IV(B) to this report.

c. Details of Share Capital as Restated as appearing in Annexure V to this report;

d. Details of Reserves and Surplus as Restated as appearing in Annexure VI to this report;

e. Details of Long Term Borrowings as Restated as appearing in Annexure VII to this report;

f. Nature of Security and Terms of Repayment for Long term Borrowings as appearing in Annexure VIII to this report

g. Details of Deferred Tax Liabilities (Net) as Restated as appearing in Annexure IX to this report;

h. Details of Short Term Borrowings as Restated as appearing in Annexure X to this report;

i. Nature of Security and Terms of Repayment for Short term Borrowings as appearing in Annexure XI to this report

j. Details of Trade Payables as Restated as appearing in Annexure XII to this report;

k. Details of Other Current Liabilities as Restated as appearing in Annexure XIII to this report;

l. Details of Short Term Provisions as Restated as appearing in Annexure XIV to this report;

m. Details of Fixed Assets as Restated as appearing in Annexure XV to this report;

n. Details of Non-Current Investments as Restated as appearing in Annexure XVI to this report;

o. Details of Long Term Loans & Advances as Restated as appearing in Annexure XVII to this report;

p. Details of Inventories as Restated as appearing in Annexure XVIII to this report;

q. Details of Trade Receivables as Restated enclosed as Annexure XIX to this report;

r. Details of Cash and Cash Equivalents as Restated enclosed as Annexure XX to this report;

s. Details of Short Term Loans & Advances as Restated as appearing in Annexure XXI to this report;

**t.** Details of Revenue from operations as Restated as appearing in Annexure XXII to this report;

u. Details of Other Income as Restated as appearing in Annexure XXIII to this report;

v. Details of Related Parties Transactions as Restated as appearing in Annexure XXIV to this report;

w. Details of Summary of Accounting Ratios as Restated as appearing in Annexure XXV to this report

x. Capitalization Statement as Restated as at 31st March 2017 as appearing in Annexure XXVI to this report;

y. Statement of Tax Shelters as Restated as appearing in Annexure XXVII to this report;

8. We, N. K. Aswani & Co., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India ("**ICAI**") and hold a valid peer review certificate issued by the "Peer Review Board" of the ICAI.

9. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.

10. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

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

12. In our opinion, the above financial information contained in Annexure I to XXVII of this report read with the respective Significant Accounting Polices and Notes to Accounts as set out in Annexure IV(A) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.

13. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

**For, N. K. Aswani & Co.**
Chartered Accountants
**Firm Registeration No.: 100738W**

**N. K. Aswani & Co.**
**Proprietor**
**Membership No.: 033278**
**Date: September 03, 2017**
**Place: Ahmedabad**

**STATEMENT OF ASSETS AND LIABILITIES AS RESTATED** **ANNEXURE-I**

**(Amount in Lakhs)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | | |
| **1. Shareholders' funds** | | | | | |
| (a) Share capital | 1293.25 | 1043.25 | 1043.25 | 1043.25 | 1043.25 |
| (b) Reserves and surplus | 1833.00 | 714.25 | 207.61 | 316.41 | 859.54 |
| **Sub-Total** | **3126.25** | **1757.50** | **1250.86** | **1359.66** | **1902.79** |
| **2. Money received against Share Warrants** | - | - | - | 20.00 | 20.00 |
| **Sub-Total** | **-** | **-** | **-** | **20.00** | **20.00** |
| **3. Non-current liabilities** | | | | | |
| (a) Long-term borrowings | 1067.51 | 1394.35 | 1536.98 | 1351.98 | 1366.59 |
| (b) Deferred tax liabilities (Net) | 170.15 | 172.18 | 171.44 | 166.07 | 152.82 |
| (c) Other Non Current Liabilities | 22.69 | 16.76 | 16.05 | 11.81 | 12.07 |
| **Sub-Total** | **1260.35** | **1583.29** | **1724.48** | **1529.86** | **1531.48** |
| **4. Current liabilities** | | | | | |
| (a) Short-term borrowings | - | - | - | - | - |
| (b) Trade payables | 1007.86 | 329.76 | 118.00 | 334.79 | 520.54 |
| (c) Other current liabilities | 206.61 | - | 0.84 | 7.13 | 14.20 |
| (d) Short-term provisions | 264.64 | 178.28 | 129.51 | 67.97 | 50.70 |
| **Sub-Total** | **1479.11** | **508.04** | **248.36** | **409.89** | **585.44** |
| **TOTAL** | **5865.71** | **3848.83** | **3223.70** | **3319.41** | **4039.71** |
| **II. ASSETS** | | | | | |
| **1. Non-current assets** | | | | | |
| (a) Fixed assets | 1732.15 | 1711.63 | 1826.43 | 1939.10 | 2051.59 |
| (b) Non-current investments | - | 6.61 | 1.51 | 1.39 | 25.56 |
| (c) Deferred tax assets (net) | - | - | - | - | - |
| (d) Long-term loans and advances | - | - | - | - | - |
| (e) Other Non Current Assets | 861.57 | 479.76 | - | 0.98 | 0.98 |
| **Sub-Total** | **2593.72** | **2198.00** | **1827.94** | **1941.47** | **2078.13** |
| **2. Current assets** | | | | | |
| (a) Current investments | - | - | - | - | - |
| (b) Inventories | 1026.70 | 359.30 | 263.28 | 306.19 | 463.71 |
| (c) Trade receivables | 1325.27 | 669.74 | 496.48 | 322.38 | 665.37 |
| (d) Cash and cash equivalents | 8.91 | 14.64 | 1.61 | 7.84 | 15.60 |
| (e) Short-term loans and advances | 911.11 | 607.15 | 634.39 | 741.53 | 816.90 |
| **Sub-Total** | **3271.99** | **1650.83** | **1395.76** | **1377.94** | **1961.58** |
| **TOTAL** | **5865.71** | **3848.83** | **3223.70** | **3319.41** | **4039.71** |

**STATEMENT OF PROFIT AND LOSS AS RESTATED** **ANNEXURE-II**

**(Amount in Lakhs)**

| Particulars | For the year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| I.Revenue from operations | 2940.02 | 1722.15 | 914.88 | 704.14 | 940.80 |
| II.Other income | 4.81 | 1.78 | 4.77 | 0.54 | 1.64 |
| **III. Total Revenue (I + II)** | **2944.83** | **1723.93** | **919.65** | **704.68** | **942.44** |
| IV. Expenses: | | | | | |
| Cost of materials consumed | 941.09 | 522.11 | 344.09 | 223.04 | 478.71 |
| Purchases of Stock-in-Trade | - | - | - | - | - |
| Changes in inventories of finished goods work-in-progress and Stock-in-Trade | (74.30) | (35.97) | 20.47 | 75.15 | 29.95 |
| Employee benefits expense | 333.75 | 171.35 | 132.10 | 211.26 | 235.36 |
| Finance costs | 214.35 | 147.81 | 151.64 | 149.51 | 148.15 |
| Depreciation and amortization expense | 119.06 | 115.12 | 115.10 | 114.98 | 114.64 |
| Other expenses | 464.16 | 277.30 | 235.81 | 460.59 | 563.06 |
| **Total expenses** | **1998.11** | **1197.70** | **999.21** | **1234.55** | **1569.87** |
| **V. Profit before exceptional and extraordinary items and tax (III-IV)** | **946.72** | **526.23** | **(79.56)** | **(529.88)** | **(627.43)** |
| VI. Exceptional items | | | | | |
| **VII. Profit before extraordinary items and tax (V - VI)** | **946.72** | **526.23** | **(79.56)** | **(529.88)** | **(627.43)** |
| VIII. Extraordinary Items- | | 18.85 | 23.86 | | |
| **IX. Profit before tax (VII- VIII)** | **946.72** | **507.38** | **(103.43)** | **(529.88)** | **(627.43)** |
| X. Tax expense: | | | | | |
| (1) Current tax | 149.84 | - | - | - | - |
| (2) MAT Credit Entilement | (149.84) | - | - | - | - |
| (3) Deferred Tax Liability/(Asset) | (2.03) | 0.73 | 5.37 | 13.25 | 20.88 |
| **XI. Profit (Loss) for the period from continuing operations (VII-VIII)** | **948.75** | **506.65** | **(108.80)** | **(543.13)** | **(648.33)** |
| XII. Profit/(loss) from discontinuing operations | - | - | - | - | - |
| XIII. Tax expense of discontinuing operations | - | - | - | - | - |
| **XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)** | - | - | - | - | - |
| **XV. Profit (Loss) for the period (XI + XIV)** | **948.75** | **506.65** | **(108.80)** | **(543.13)** | **(648.33)** |
| XVI Earnings per equity share: | | | | | |
| (1) Basic | 9.01 | 7.84 | (2.04) | (10.19) | (12.16) |
| (2) Diluted | 9.01 | 7.84 | (1.04) | (5.11) | (6.10) |

**STATEMENT OF CASH FLOW AS RESTATED** **ANNEXURE-III**

**(Amount in Lakhs)**

| Particulars | For the year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| Restated Net profit Before Tax and Extraordinary Iteams | 946.72 | 507.38 | (103.43) | (529.88) | (627.43) |
| **Adjustments For:** | | | | | |
| Extraordinary Item | - | 18.85 | 23.86 | - | - |
| Amortisable Expenses | 11.19 | 11.19 | 0.983 | - | 36.67 |
| Depreciation | 119.06 | 115.12 | 115.10 | 114.97 | 114.63 |
| Interest Received | (1.16) | (0.13) | (0.12) | (0.54) | (0.19) |
| Interest and Finance Charges | 214.35 | 147.81 | 151.64 | 149.51 | 148.15 |
| **Operating Profit before working capital changes** | **1290.16** | **800.213** | **188.039** | **-265.92** | **-328.16** |
| **Adjustment For:** | | | | | |
| Decrease/(Increase) in Inventories | (667.39) | (96.03) | 42.91 | 157.51 | 40.00 |
| Decrease/(Increase) in Trade receivables | (655.54) | (173.25) | (174.10) | 342.98 | (37.74) |
| Decrease/(Increase) in Other Non-Current Assets | (381.82) | (479.77) | 0.99 | - | 36.68 |
| Decrease/(Increase) in Short-term loans and advances | (303.96) | 27.24 | 107.14 | 75.38 | 1.77 |
| Decrease/(Increase) in Long Term Loans and Advances | - | - | - | - | - |
| (Decrease)/Increase in Trade Payables | 678.10 | 211.75 | (216.78) | (185.75) | 24.20 |
| (Decrease)/Increase in Other Current Liabilities | 206.61 | (0.84) | (6.29) | (7.06) | 14.20 |
| (Decrease)/Increase in Short Term Provisions | 86.36 | 48.77 | 61.54 | 17.27 | 17.75 |
| (Decrease)/Increase in Other Non current Liabilities | 5.93 | 0.71 | 4.24 | (0.25) | 2.15 |
| **Cash Generated from Operations** | **258.45** | **338.79** | **7.682** | **134.16** | **(229.16)** |
| Extraordinary Item | - | (18.85) | (23.86) | - | - |
| Amortisable Expense | (11.19) | (11.19) | (0.98) | - | (36.67) |
| Taxes Paid | - | - | - | - | - |
| **Net Cash From /(Used In ) Operating Activities (A)** | **247.26** | **308.76** | **(17.16)** | **134.16** | **(265.84)** |
| **Cash Flow From Investing Activities** | | | | | |
| (Purchase)/Sale Of Fixed Assets/ Capital Work In Progress | (139.57) | (0.32) | (2.42) | (2.52) | (3.52) |
| Decrease/(Increase) in Non Current investments | 6.61 | (5.11) | (0.12) | 24.17 | (25.56) |
| Interest Received | 1.16 | 0.13 | 0.12 | 0.54 | 0.19 |
| **Net Cash From /(Used In ) Investing Activities (B)** | (131.80) | (5.30) | (2.42) | 22.20 | (28.89) |
| **Cash Flow From Financing Activities** | | | | | |
| Proceeds from Issue of Shares | 250.00 | - | (20.00) | - | - |
| Security Premium | 170.00 | - | - | - | - |

| Particulars | For the year ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Interest and Finance Charges | (214.35) | (147.81) | (151.64) | (149.51) | (148.15) |
| (Decrease)/Increase in Short Term Borrowing | | | | | |
| (Decrease)/Increase in Long Term Borrowing | (326.83) | (142.64) | 185.00 | (14.61) | 425.91 |
| **Net Cash From Financing Activities (c)** | (121.19) | (290.44) | 13.36 | (164.12) | 277.76 |
| **Net Increase / (Decrease) in Cash (A)+(B)+(C)** | (5.73) | 13.02 | (6.23) | (7.76) | (16.97) |
| **Cash and Cash equivalents at the beginning of the year** | 14.64 | 1.61 | 7.84 | 15.60 | 32.57 |
| **Cash and Cash equivalents at the end of the year** | **8.91** | **14.64** | **1.61** | **7.84** | **15.60** |

I. The Cash Flow statement has been prepared under Indirect method as per Accounting Standard-3 "Cash Flow Satements"

II. Figures in Brackets represent Cash outflows

The above statement should be read with the Restated Statement of Assets and Liabilities, Statement of Profit and loss, Significant Accounting Policies and Notes to Accounts as appearing in Annexure I,II, IV(A) respectively.

**Significant Accounting Policies and Notes to Accounts** **ANNEXURE-IV(A)**

**(A) Corporate Information :**

The Company was originally incorporated on June 14, 1996 vide Certificate of Incorporation bearing Registration Number 024351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Its a nutraceutical based company, engaged in developing, manufacturing and marketing of a broad range of nutraceutical products. The Company mainly develops and markets segregated nutraceutical products, which are commercialised through the network of distribution channels for its domestic and export sales. Since inception the Company has shown increasing trend in the revenues in the Domestic and International markets by endeavouring to reach consumers at large by providing quality products.

The Company in year 2010 had set up its manufacturing unit located at SIDCUL, Pantnagar, Rudrapur, Uttarakhand. The Company has been certified as ISO-9001:2008 and has modern plant, equipment's, with necessary resources. The Comapny's R&D capabilities enables it to support its growth strategy by developing new products and process which enhance its products and services range.

The Company's promoters Mr. Minto Purushotam Gupta and Mr. Hitesh Patel have rich experience in the healthcare industry and are responsible for day to day activities of business.

**(B) Basis of Preparation :**

The Restated Summary Statements of Assets and Liabilities of the Company as at March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and the related Restated Summary Statements of Profits and Losses and Cash Flows Statement for the period / years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013, have been complied by management from the financial statements of the company for the period ended on March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013.

"The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956 (up to March 31, 2014), and notified sections, schedules and rules of the Companies Act 2013 (with effect from April 01, 2014), including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets & Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known/materialized."

**(C) Significant Accounting Policies :**

**(a) Use of Estimates :**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the Carrying amounts of Assets or Liabilities in future periods.

**(b) Fixed Assets :**

Fixed Assets are stated at their acquisition cost less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

**(c) Depreciation:**

Up to March 31st, 2014 depreciation on fixed assets is provided on Straight Line Basis (SLM) at the rate and manner prescribed in schedule XIV of the Companies Act, 1956 over their useful life. w.e.f April 1st, 2014 depreciation is provided based on useful life of asset as prescribed in schedule II of Companies Act 2013 except non charging of 100% depreciation on assets costing below Rs. 5000/-. The carrying amount as on April 1st, 2014 is depreciated over the balance useful life of asset.

Depreciation on additions to the assets and the assets sold or disposed off, during the year is provided on prorata basis, at their respective useful life or rate of depreciation as prescribed with reference to the date of acquisition / installation or date of sale / disposal.

**(d) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

**(D) Foreign Currency Transactions :**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

**(E) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of Investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(F) Employee Benefits:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when an employee renders the related services. The company has no obligations, other than the contribution payable to the provident fund.

**(G) Taxation :**

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Income Tax Act'1961 enacted or substantively enacted at the reporting date.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable income and accounting income. Deferred Tax Assets or Differed Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

**(H) Borrowing Cost :**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(I) Segment Reporting :**

The Company is engaged in manufacturing nutraceutical products. Considering the nature of Business and Financial Reporting of the Company, the Company is operating in only one Segment. And hence segment reporting is not applicable.

**(J) Provisions and Contigent Liabilities :**

A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

| S.No. | | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|---|---|---|---|---|---|
| A | Bill discounted from banks | - | - | - | - | - |
| B | Bank guarantee issued by bank | - | - | - | - | - |
| C | Claim against company not acknowledge as debts | | | | | |
| i | in respect of Income Tax | 27.44 | 27.44 | 16.79 | 16.79 | 4.42 |
| ii | in respect of Commercial Tax | 136.24 | 84.49 | 39.77 | - | - |
| D | Other Sum for which the company is contigently liable | - | - | - | - | - |
| | **Total** | **141.93** | **111.93** | **56.56** | **16.79** | **4.42** |

**(K) Earnings per share :**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**(L) Amortization of Expenses :**

The Company has incurred the expenses for Research & Development, and for the purpose of the Product Development, the benefit of which is enduring in nature and hence, the company has adopted the polcy for writing off the same over a period of Five years.

**RECONCILIATION OF RESTATED PROFIT** **ANNEXURE IV(B)**

**(Amount in Lakhs)**

| Adjustments for | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Net profit/(loss) after tax as per audited statement of profit & loss | 951.89 | 506.34 | (140.95) | (546.72) | (658.57) |
| **Adjustments for:** | | | | | |
| Gratuity Provision | (5.93) | (0.71) | (4.24) | 0.25 | (2.15) |
| Prior Period Adjustments (Refer Note 1 ) | 0.82 | 0.84 | 18.94 | 3.31 | 0.05 |
| Differed Tax Liability / Assets Adjustments (Refer Note 2) | 1.96 | 0.17 | 17.45 | 0.02 | 12.34 |
| **Net profit/ (loss) after tax as restated** | **948.75** | **506.65** | **(108.80)** | **(543.13)** | **(648.33)** |

**Explanatory Notes to the above restatements made in Audited Financial Statements of the Company for the respective years / period.**

**Adjustments having impact on Profit:**

**Note: 1**

Amounts relating to the prior period have been adjusted in the year to whith the same relates to.

**Note: 2**

There is change in Deffered Tax Assets / Liabilities as per Audited Books of Accounts and as per Restated Books and the same has been given effect in the year to which the same relates

**To give Explanatory Notes regarding Adjustments**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

**DETAILS OF SHARE CAPITAL AS RESTATED** **ANNEXURE-V**

**(Amount in Lakhs)**

1. **Statement of Share Capital**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Authorised** | | | | | |
| 1,15,50,000 Equity Shares Of Rs.10/- Each | - | 1155.00 | 640.00 | 640.00 | 640.00 |
| 1,35,00,000 Equity Shares Of Rs.10/- Each | 1350.00 | - | - | - | - |

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| 5,150,000 Preference Shares Of Rs.10/- Each | - | - | 515.00 | 515.00 | 515.00 |
| **Issued , Subscribed and Fully paid up Capital** | | | | | |
| 1,29,32,464 Equity Share Capital of Rs. 10/- each | 1293.25 | - | - | - | - |
| 1,04,32,464 Equity Share Capital of Rs. 10/- each | - | 1043.25 | - | - | - |
| 53,30,000 Equity Shaers of Rs. 10 Each | - | - | 533.00 | 533.00 | 533.00 |
| 5102464 Preference Shares of Rs. 10/- Each | - | - | 510.25 | 510.25 | 510.25 |
| **Total** | **1293.25** | **1043.25** | **1043.25** | **1043.25** | **1043.25** |

**Terms/rights attached to equity shares :**

(i) During the Financial Year 2015-16 the Company has converted its existing 51,50,000 convertible preference shares into equity shares of Rs. 10 each by passing a special resolution in extraordinary General Meeting held on 17th November 2015

(ii) During the Financial Year 2016-17 the Company increased its authorised share capital from 1,15,50,000 to 1,35,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on 01st March 2017

(iii) During the Financial Year 2016-17 the Company has issued and allotted 25,00,000 Equity Shares of Rs. 10 each by passing special resolution at extra ordinary general meeting held on 17th March 2017 on preferential basis by conversion of unsecured loan.

**Terms/rights attached to equity shares :**

1.The company was having only one class of Equity Shares with par value of Rs. 10.00 per share. Each holder of Equity shares was entitled to one Vote per share.

2.In the Liquidation of the company, the holders of Equity Shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

**2. Reconciliation of Shares outstanding at the beginning and at the end of the Period**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| At the beginning of the period | 1,04,32,464 | 53,30,000 | 53,30,000 | 53,30,000 | 53,30,000 |
| Issued during the year | 25,00,000 | 51,02,464 | - | - | - |
| Redeemed or bought back during the period | - | - | - | - | - |
| Outstanding at the end of the Period | 1,29,32,464 | 1,04,32,464 | 53,30,000 | 53,30,000 | 53,30,000 |

**For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. | | - | - | - | - |
| Aggregate number and class of shares allotted as fully paid up by way of bonus shares. | - | - | - | - | - |
| Aggregate number and class of shares bought back. | - | - | - | - | - |

**a.Details of Shareholders holding more than 5% shares in the company (In terms of No. of Shares Holding)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Name of Shareholders** | **No. of Shares** | **No. of Shares** | **No. of Shares** | **No. of Shares** | **No. of Shares** |
| Chiranjeevi P | 19,15,000 | 19,15,000 | 19,15,000 | 19,15,000 | 19,15,000 |
| Minto Purshotam Gupta | 21,07,667 | 17,50,524 | 17,50,469 | 17,50,469 | 17,50,469 |
| Meenakshi Gupta | 23,07,333 | 1,64,476 | 1,64,476 | 1,64,476 | 1,64,476 |
| Hitesh M Patel | 61,22,464 | 62,22,464 | 11,20,055 | 11,20,055 | 11,20,055 |

**4b.Details of Shareholders holding more than 5% shares in the company (In terms of % Holding)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Name of Shareholders** | **% holding** | **% holding** | **% holding** | **% holding** | **% holding** |
| Chiranjeevi P | 14.81% | 18.36% | 35.93% | 35.93% | 35.93% |
| Minto Purshotam Gupta | 16.30% | 16.78% | 32.84% | 32.84% | 32.84% |
| Meenakshi Gupta | 17.84% | 1.58% | 1.58% | 1.58% | 1.58% |
| Hitesh M Patel | 47.34% | 59.65% | 10.74% | 10.74% | 10.74% |

**DETAILS OF RESERVES AND SURPLUS AS RESTATED** **ANNEXURE-VI**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **A. Security premium account** | | | | | |
| Opening Balance | 3689.75 | 3689.75 | 3689.75 | 3689.75 | 3689.75 |
| Add: Securities premium accounts credited on account of share issue | 170.00 | - | - | - | - |
| Less : Deletion for issue of Bonus Shares | - | - | - | - | - |

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Closing Balance | **3859.75** | **3689.75** | **3689.75** | **3689.75** | **3689.75** |
| **B. Profit loss account** | | | | | |
| Opening Balance | (2975.50) | (3482.14) | (3373.34) | (2830.21) | (2181.89) |
| Add: Net Profit/(Loss) for the year | 948.75 | 506.65 | (108.80) | (543.13) | (648.33) |
| Add: Transfer from Reserves | | | | | |
| Less: Other Adjustment | | | | | |
| Closing Balance | **(2026.75)** | **(2975.50)** | **(3482.14)** | **(3373.34)** | **(2830.21)** |
| **Total (A+B)** | **1833.00** | **714.25** | **207.61** | **316.41** | **859.54** |

**Notes:**

1. The figures disclosed above are based on the Unconsolidated restated summary statement of assets and liabilities of the Company
2. The above statement should be read with the notes to Unconsolidated restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure I,II and III.
3. Pursuant to the Enactment of the Companies Act, 2013, the Company has applied the estimated useful lives as specified in the Schedule II. The Written Down Value of the Fixed Assets ehose lives have expired as at 01st April, 2015 have been adjusted, in the Opening balance of Profit and Loss Account.

**DETAILS OF LONG TERM BORROWINGS AS RESTATED** **ANNEXUREVII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **A1. From Banks (Secured)** | | | | | |
| Oriantel Bank Of Commerce | 992.00 | 992.00 | 992.00 | 992.00 | 928.83 |
| Car Loan - Axis Bank | 51.75 | - | - | 0.84 | 2.00 |
| HDFC Car Loan-19230443-BMW | - | - | - | - | 2.42 |
| Oriantel Bank Of Commerce-Car Loan-Skoda | - | - | - | - | 3.56 |
| **A2. From NBFC(Secured)** | | | | | |
| **Total(A1+A2)** | **1043.75** | **992.00** | **992.00** | **992.84** | **936.80** |
| **B. From Other Parties (Unsecured)** | | | | | |
| **B1. From Promoter Group** | | | | | |
| **Loan From Promoters** | | | | | |
| Speciality Research & Life Sciencies | 11.26 | 338.11 | 487.55 | 296.35 | 337.24 |
| Minto Gupta | 12.50 | 54.24 | 57.43 | 52.80 | 72.56 |
| **Loan From Others** | | | | | |
| SP Drugs-Haydrabad | - | - | - | - | 10.00 |
| Gulati Pharmaceuticals-Delhi | - | - | - | 5.00 | 5.00 |
| City Medical & General Store-Mumbai | - | - | - | 5.00 | 5.00 |
| Dr. Divya Prakash | - | 10.00 | - | - | - |
| **B2. From Financial Institutions** | - | - | - | - | - |
| **B3. From Others** | - | - | - | - | - |
| **Total(B)** | **23.76** | **402.35** | **544.98** | **359.14** | **429.79** |

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Total A+B** | **1067.51** | **1394.35** | **1536.98** | **1351.98** | **1366.59** |

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM BORROWINGS INCLUDING CURRENT MATURITIES**

**ANNEXURE VIII**

| Sr. No. | Lender | Nature of facility | Amount outstanding as at March 31, 2017 | Rate of interest (%) | Repayment terms | Security/Principal terms and conditions |
|---|---|---|---|---|---|---|
| 1 | Oriental Bank of Commerce | Term Loan | Rs. 992.00 Lacs | 13% | Repayable in 132 Monthly Installment OF Rs.24,79,725/- Each | (i)Equitable mortgage of factory land & Building having Realizable value of Rs.421.20 Lacs as per Valuation report dates 02.02.2010 & Proposed Construction of Rs. 104.11 Lacs (ii)Hypothication of domestic & imported machinery proposed to purchase as per perfoma invoice submitted by the company |
| 2 | Axis Bank | Car Loan of Rs.69.00/- Lacs | Rs.69.00/- Lacs | 9.15% | Rapayable In 60 Monthly Installments OF Rs. 1,43,735 /- Each | Hypothication of BMW Car Purchased Through Loan |

| Meenakshi Gupta | | | |
|---|---|---|---|
| **Particulars** | **As at** | | |
| | **31st March, 2017** | **31st March, 2016** | **31st March, 2015** |
| **Rate of Interest** | **15.00%** | **NIL** | **NIL** |
| Opening Balance Cr/(Dr) | 155.02 | 204.78 | - |
| Amount Received / Credited | 348.48 | - | 209.06 |
| Interest on Loan | 24.27 | - | - |
| Amount Repaid / Adjusted | 516.52 | 49.76 | 4.28 |
| Outstanding Amount | 11.26 | 155.02 | 204.78 |

| **Terms of Repayment:** Repayable On Demand |
|---|

**(Amount in Lakhs)**

| **Minto P Gupta** | | | |
|---|---|---|---|
| **Particulars** | **As at** | | |
| | **31st March, 2017** | **31st March, 2016** | **31st March, 2015** |
| **Rate of Interest** | **23.00%** | **NIL** | **NIL** |
| Opening Balance Cr/(Dr) | 54.24 | 79.77 | 72.75 |
| Amount Received / Credited | 10.19 | 6.28 | 37.07 |
| Interest on Loan | 12.68 | - | - |
| Amount Repaid / Adjusted | 64.60 | 31.81 | 30.05 |
| Outstanding Amount | 12.50 | 54.24 | 79.77 |
| **Terms of Repayment:** Repayable On Demand | | | |

**DETAILS OF DEFERRED TAX LIABILITIES (NET) AS RESTATED** **ANNEXURE IX**

**(Amount in Lakhs)**

| **Particlaurs** | **As at March 31, 2017** | **As at March 31, 2016** | **As at March 31, 2015** | **As at March 31, 2014** | **As at March 31, 2013** |
|---|---|---|---|---|---|
| Total Timing Difference | (6.13) | 2.23 | 17.39 | 43.15 | 65.47 |
| Tax Rate as per Income Tax | 33.06% | 33.06% | 30.90% | 30.90% | 30.90% |
| (DTA) / DTL | (2.03) | 0.74 | 5.37 | 13.25 | 20.89 |
| **Net deferred tax liability** | **(2.03)** | 0.74 | 5.37 | 13.25 | 20.89 |

**Deffered Tax Assets & Liabilities Summary**

| **Particlaurs** | **As at March 31, 2017** | **As at March 31, 2016** | **As at March 31, 2015** | **As at March 31, 2014** | **As at March 31, 2013** |
|---|---|---|---|---|---|
| Opening Balance of (DTA) / DTL | 172.18 | 171.44 | 166.07 | 152.82 | 131.92 |
| Add: Provision for the Year | (2.03) | 0.74 | 5.37 | 13.25 | 20.89 |
| **Closing Balance of (DTA) / DTL** | **170.15** | **172.18** | **171.44** | **166.07** | **152.82** |

**DETAILS OF SHORT TERM BORROWINGS AS RESTATED** **ANNEXURE X**

**(Amount in Lakhs)**

| **Particlaurs** | **As at March 31, 2017** | **As at March 31, 2016** | **As at March 31, 2015** | **As at March 31, 2014** | **As at March 31, 2013** |
|---|---|---|---|---|---|
| **A.Repayable On Demand** | - | - | - | - | - |
| **From Bank** | - | - | - | - | - |
| **Total (A)** | - | - | - | - | - |
| **B. Loans and advances from related parties** | - | - | - | - | - |
| **Total (B)** | - | - | - | - | - |
| **Total A+B** | - | - | - | - | - |

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SHORT TERM BORROWINGS** **ANNEXURE XI**

| Sr. No. | Lender | Nature of facility | Loan | Amount outstanding as at March 31, 2017 | Rate of interest (%) | Repayment Terms | Security / Principal terms and conditions |
|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | - | - |

**DETAILS OF TRADE PAYABLES AS RESTATED** **ANNEXURE XII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **From Micro, Small & Midium** | | | | | |
| Sundry Creditors for Goods | 916.11 | 294.53 | 80.65 | 189.61 | 276.84 |
| Sundry Creditors for Expenses | 89.66 | 35.23 | 34.93 | 144.05 | 240.18 |
| Sundry Creditors for Capital Goods/Fixed Assets | 2.10 | - | 2.42 | 1.13 | 3.52 |
| **Others** | 1007.86 | 329.76 | 118.01 | 334.79 | 520.54 |

**Notes**

- Outstanding against Purchase / Acquisition of Capital Goods / Assets have been shown under "Sundry Creditors for Capital Goods / Fixed Assets"
- Trade Payables as on March 31, 2017 has been taken as certified by the management of the company

**DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED** **ANNEXURE XIII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Current Maturities of Term Liabilities** | | | | | |
| Axis Car Loan | 17.25 | - | - | - | - |
| HDFC Car Loan-17640744-Concorde | - | - | 0.84 | 1.16 | 0.98 |
| HDFC Car Loan-19230443-BMW | - | - | - | 2.42 | 7.33 |
| Oriantel Bank Of Commerce-Car Loan-Skoda | - | - | - | 3.56 | 3.28 |
| Oriantel Bank Of Commerce-Car Loan-000766 | - | - | - | - | 1.10 |
| Oriantel Bank Of | - | - | - | - | 1.51 |

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Commerce-Car Loan-Tavera | | | | | |
| **Other Payables** | | | | | |
| Advance received from customers | 189.36 | - | - | - | - |
| Other Current Lianilities | | | | | |
| **Total** | **206.61** | **-** | **0.84** | **7.13** | **14.20** |

**Notes:**

-Advances Received from Customers have been taken as certified by the management of the company and no security has been offered by the company against the same.

**DETAILS OF SHORT TERM PROVISIONS AS RESTATED** **ANNEXURE XIV**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Provision for Direct Taxation | 168.98 | 18.60 | 18.60 | 18.94 | 22.25 |
| Provision for Indirect Taxation | 5.93 | 8.69 | 0.88 | 0.69 | 4.35 |
| Other Short Term Provisions | 89.72 | 150.99 | 110.03 | 48.34 | 24.09 |
| **Total** | **264.64** | **178.28** | **129.51** | **67.97** | **50.70** |

**Notes**:

- Provision for Direct Tax have been adjusted against the Advance Tax and TDS Receivables, if any

**DETAILS OF FIXED ASSETS AS RESTATED** **ANNEXURE XV**

**(Amount in Lakhs)**

| Particlaurs | Building | Land | Capital WIP | Plant & Machinery | Furniture & Fixtures | Motor Vehicles | Computer | Intangible | Total |
|---|---|---|---|---|---|---|---|---|---|
| Gross Block : | | | | | | | | | |
| As at April 1, 2012 | 889.20 | 28.41 | - | 1168.51 | 139.06 | 106.77 | 79.82 | | **2411.78** |
| Additions / (Deletion) | | | - | - | 2.08 | - | 1.44 | - | **3.52** |
| **As at March 31, 2013** | 889.20 | 28.41 | - | 1168.51 | 141.14 | 106.77 | 81.25 | - | **2415.30** |
| As at April 1, 2013 | 889.20 | 28.41 | - | 1168.51 | 141.14 | 106.77 | 81.25 | - | **2415.30** |
| Additions / (Deletion) | - | - | - | - | 2.52 | - | - | - | **2.52** |
| **As at** | 889.20 | 28.4 | - | **1168.51** | **143.66** | **106.77** | **81.25** | - | **2417.** |

| Particlaurs | Building | Land | Capital WIP | Plant & Machinery | Furniture & Fixtures | Motor Vehicles | Computer | Intangible | Total |
|---|---|---|---|---|---|---|---|---|---|
| **March 31, 2014** | | 1 | | | | | | | **81** |
| As at April 1, 2014 | 889.20 | 28.41 | - | **1168.51** | **143.66** | **106.77** | **81.25** | - | **2417.81** |
| Additions / (Deletion) | | | - | 2.42 | - | - | - | - | **2.42** |
| **As at March 31, 2015** | 889.20 | 28.41 | - | **1170.94** | **143.66** | **106.77** | **81.25** | - | **2420.24** |
| As at April 1, 2015 | 889.20 | 28.41 | - | **1170.94** | **143.66** | **106.77** | **81.25** | - | **2420.24** |
| Additions / (Deletion) | - | - | - | - | 0.32 | - | - | - | - |
| **As at March 31, 2016** | 889.20 | 28.41 | - | **1170.94** | **143.98** | **106.77** | **81.25** | - | **2420.56** |
| As at April 1, 2016 | 889.20 | 28.41 | - | **1170.94** | **143.98** | **106.77** | **81.25** | - | **2420.56** |
| Additions / (Deletion) | 0.57 | - | - | 61.55 | 1.03 | 70.68 | 5.74 | - | **139.57** |
| **As at March 31, 2017** | 889.78 | 28.41 | - | **1232.48** | **145.01** | **177.45** | **87.00** | - | **2560.13** |
| **Accumlated Depreciation :** | | | | | | | | | |
| As at April 1, 2012 | **48.35** | - | - | **134.70** | **21.23** | **25.38** | **19.43** | - | **249.09** |
| Charge for the year | **29.70** | - | - | **55.50** | **8.83** | **7.55** | **13.05** | - | **114.64** |
| **As at March 31, 2013** | **78.05** | - | - | **190.20** | **30.07** | **32.93** | **32.48** | - | **363.73** |
| As at April 1, 2013 | **78.05** | - | - | **190.20** | **30.07** | **32.93** | **32.48** | - | **363.73** |
| Charge for the year | 29.70 | - | - | 55.50 | 9.06 | 7.55 | 13.17 | - | 114.98 |
| **As at March 31, 2014** | **107.75** | - | - | **245.71** | **39.13** | **40.47** | **45.65** | - | **478.71** |
| As at April 1, 2014 | **107.75** | - | - | **245.71** | **39.13** | **40.47** | **45.65** | - | **478.71** |
| Charge for the year | 29.70 | - | - | 55.62 | 9.06 | 7.55 | 13.17 | - | 115.10 |

| Particlaurs | Building | Land | Capital WIP | Plant & Machinery | Furniture & Fixtures | Motor Vehicles | Computer | Intangible | Total |
|---|---|---|---|---|---|---|---|---|---|
| **As at March 31, 2015** | **137.45** | **-** | **-** | **301.33** | **48.18** | **48.02** | **58.82** | **-** | **593.81** |
| As at April 1, 2015 | **137.45** | **-** | **-** | **301.33** | **48.18** | **48.02** | **58.82** | **-** | **593.81** |
| Charge for the year | **29.70** | **-** | **-** | **55.62** | **9.08** | **7.55** | **13.17** | **-** | **115.12** |
| **Adjustments in Depreciation under the Companies Act ' 2013** | | | | | | | | | |
| **As at March 31, 2016** | **167.15** | **-** | **-** | **356.94** | **57.26** | **55.57** | **72.00** | **-** | **708.93** |
| As at April 1, 2016 | **167.15** | **-** | **-** | **356.94** | **57.26** | **55.57** | **72.00** | **-** | **708.93** |
| Charge for the period | 29.72 | - | - | 59.48 | 8.21 | 7.55 | 14.10 | - | **119.06** |
| Additions / (Deletion) | - | - | - | -- | - | - | - | - | **-** |
| **As at March 31, 2017** | 196.87 | - | - | 416.42 | 65.47 | 63.12 | 86.10 | - | **827.98** |
| Net Block : | | | | | | | | | |
| **As at March 31, 2013** | 811.15 | 28.41 | - | 978.31 | 111.08 | 73.85 | 48.77 | - | **2051.57** |
| **As at March 31, 2014** | 781.45 | 28.41 | - | 922.81 | 104.54 | 66.30 | 35.60 | - | **1939.10** |
| **As at March 31, 2015** | 751.75 | 28.41 | - | 869.61 | 95.48 | 58.75 | 22.43 | - | **1826.43** |
| **As at March 31, 2016** | 722.05 | 28.41 | - | 813.99 | 86.72 | 51.20 | 9.26 | - | **1711.63** |
| **As at March 31, 2017** | 692.91 | 28.41 | - | 816.06 | 79.54 | 114.33 | 0.90 | - | **1732.15** |

**DETAILS OF NON-CURRENT INVESTMENTS AS RESTATED** **ANNEXURE XVI**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| (a) Investment in Equity instruments | - | - | - | - | - |
| (b) Investments in preference shares | - | - | - | - | - |
| (c) Investments in Government or Trust securities | - | - | - | - | - |
| (d) Investments in Debentures or Bonds | - | - | - | - | - |
| (e) Investments in Mutual Funds | - | - | - | - | - |
| (f) Investments in partnership firms* | - | - | - | - | - |
| (g) Other non-current investments | - | - | - | - | - |
| - Bank FDs | - | 6.61 | 1.51 | 1.39 | 25.56 |
| - Others | - | - | - | - | - |
| **Aggregate Amount of Unquoted Investments** | - | 6.61 | 1.51 | 1.39 | 25.56 |
| **Aggregate Cost of Quoted Investments** | - | - | - | - | - |
| **Aggregate Market Value of Quoted Investments** | - | - | - | - | - |

**DETAILS OF OTHER NON CURRENT ASSETS** **ANNEXURE XVII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Preliminary Expense (To the extend not Written Off) | - | - | - | - | - |
| Trade Receivable | 828.00 | 435.00 | - | - | - |
| R & D Expenses (To the extend not Written Off) | 33.57 | 44.76 | - | 0.98 | 0.98 |
| **Total** | **861.57** | **479.76** | **-** | **0.98** | **0.98** |

**DETAILS OF LONG TERM LOANS & ADVANCES AS RESTATED** **ANNEXURE XVII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Unsecured & Considered Good** | - | - | - | - | - |
| **Security Deposits** | - | - | - | - | - |
| **Loans & Advances To Other Parties** | - | - | - | - | |
| **Total** | - | - | - | - | - |

**DETAILS OF INVENTORIES AS RESTATED** **ANNEXURE XIII**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| a. Raw Materials and components (Valued at Cost or NRV unless otherwise stated) | 790.82 | 197.73 | 137.66 | 160.10 | 242.46 |
| Goods-in transit | | | | | |
| | **790.82** | **197.73** | **137.66** | **160.10** | **242.46** |
| b. Work-in-progress (Valued at Cost or NRV unless otherwise stated) | 158.15 | 42.53 | 31.40 | 36.52 | 55.31 |
| Goods-in transit | | | | | |
| | **158.15** | **42.53** | **31.40** | **36.52** | **55.31** |
| c. Finished goods (Valued at Cost or NRV unless otherwise stated) | 77.74 | 119.06 | 94.21 | 109.57 | 165.93 |
| Goods-in transit | | | | | |
| | **77.74** | **119.06** | **94.21** | **109.57** | **165.93** |
| **Total** | **1026.70** | **359.31** | **263.28** | **306.19** | **463.71** |

**Notes**: Value of Inventories as on 31st March, 2017 has been taken as certified by the management of the company

**DETAILS OF TRADE RECEIVABLES AS RESTATED** **ANNEXURE XIX**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Unsecured & Considered Good** | | | | | |
| **a. From Director / Promoters / Promoter Group / Associates / Relatives of Directors / Group Companies** | | | | | |
| Over Six Months | - | - | - | - | - |

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Less than Six Months | - | - | - | - | - |
| **b. From Others** | | | | | |
| Over Six Months | 174.67 | 266.34 | 368.13 | 280.96 | - |
| Less than Six Months | 1150.61 | 403.39 | 128.35 | 41.43 | 665.37 |
| **Total** | **1325.27** | **669.74** | **496.48** | **322.38** | **665.37** |

**Notes:**

- Trade Receivables as on 31st March, 2017 has been taken as certified by the management of the company
- As per the view of the management of the company there is no doubtful debt and hence provision for doubtful debts has not been made

**DETAILS OF CASH AND CASH EQUIVALENTS AS RESTATED** **ANNEXURE XX**

**(Amount in Lakhs)**

| Particlaurs | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Balances with banks | 6.49 | 7.82 | 0.76 | 7.81 | 13.87 |
| Cash on hand | 0.48 | 6.82 | 0.85 | 0.03 | 1.73 |
| Other Cash Equivalents | 1.93 | - | - | - | - |
| **Total** | **8.91** | **14.64** | **1.61** | **7.84** | **15.60** |

**DETAILS OF SHORT TERM LOANS & ADVANCES AS RESTATED** **ANNEXURE XXI**

**(Amount in Lakhs)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| A. Capital Advances | | | | | |
| Secured, Considered Good | - | - | - | - | - |
| Unsecured, Considered Good | 570.26 | 570.26 | 604.56 | 711.22 | 782.70 |
| | **570.26** | **570.26** | **604.56** | **716.80** | **782.70** |
| B To Related Parties | | | | | |
| Mintankshi FMCH Products India (OPC) Pvt Ltd | 0.17 | - | - | - | - |
| Hitesh M. Patel | 35.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| | **35.17** | **25.00** | **25.00** | **25.00** | **25.00** |
| C. Security Deposits | | | | | |
| Secured, Considered Good | 12.16 | 5.22 | 4.83 | 4.86 | - |
| Unsecured, Considered Good | - | - | - | - | - |
| | **12.16** | **5.22** | **4.83** | **4.86** | **-** |
| D. Balance With Government Authorities | | | | | |
| VAT / CENVAT Credit Receivable | - | 5.75 | - | - | - |
| TDS / TCS Receivables | - | - | - | 0.45 | 3.19 |
| Service Tax | - | 0.92 | - | - | - |

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| MAT Credit Entitlement | 149.82 | - | - | - | - |
| | **149.82** | **6.66** | **-** | **0.45** | **3.19** |
| D. Others (specify nature) | | | | | |
| - Advance to Staff | 143.69 | - | - | - | 4.16 |
| - Other Prepaid Exp | - | - | - | - | 1.86 |
| | **143.69** | **-** | **-** | **-** | **6.02** |
| **Total A+B+C+D** | **911.11** | **607.15** | **634.39** | **741.53** | **816.90** |

**Notes:**

Advances Given to Suppliers have been taken as certified by the management of the company.

No Securities have been taken by the company against the advances given to the suppliers

Advance Tax and TDS Receivables have been adjusted against the Provision for Direct Tax

**DETAILS OF REVENUE FROM OPERATIONS AS RESTATED** **ANNEXURE XXII**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| **Sale of products** | | | | | |
| Export Sales * | 5.39 | 108.99 | 2.22 | - | - |
| Domestic Sales | 2325.30 | 1169.81 | 911.76 | 704.14 | 940.80 |
| **Revenue from sale of products** | **2330.69** | **1277.80** | **913.98** | **704.14** | **940.80** |
| **Other operating revenues** | | | | | |
| Research & Development Income | 600.00 | 435.00 | - | - | - |
| Product Development & Approval Charges | 9.33 | 9.35 | 0.90 | - | - |
| | **609.33** | **444.35** | **0.90** | **-** | **-** |
| **Revenue from operations** | **2940.02** | **1722.15** | **914.88** | **704.14** | **940.80** |

*** Export Sales comprises of Deemed Export Sales made by the company.**

**DETAILS OF OTHER INCOME AS RESTATED** **ANNEXURE XXIII**

**(Amount in Lakhs)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 | Naturre of Income |
|---|---|---|---|---|---|---|
| Interest On Deposits | 0.80 | - | - | 0.43 | 0.02 | Non Recurring & Not Related to Business Activity |
| Interest On FDR | 0.36 | 0.13 | 0.12 | 0.11 | 0.17 | Recurring & not Related to Business Activities |

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 | Naturre of Income |
|---|---|---|---|---|---|---|
| Engine Charges(DWC) | - | - | - | - | 0.90 | Non Recurring & Related to Business Activity |
| Outward Freight | 2.51 | - | - | - | - | Non Recurring &Not Related to Business Activity |
| Rate Difference | - | - | 3.88 | - | - | Non Recurring and Not Related to Business Activitie |
| **Other non-operating income** | | | | | | |
| Sale OF Scrap | - | 1.07 | - | - | - | Non Recurring & Related to Business Activities |
| Misc. Income | 1.14 | 0.59 | 0.78 | - | 0.55 | Non Recurring & Not Related to Business Activities |
| **Total** | **4.81** | **1.78** | **4.77** | **0.54** | **1.64** | |

**DETAILS OF RELATED PARTIES TRANSACTIONS AS RESTATED** **ANNEXURE XXIV**

**(Amount in Lakhs)**

| Name of the Party | Nature Of Relation | Nature of Transaction | Amount Outstanding as on 31.03.12(Payable) / Receivable | Amount of Transaction Debited in 2012-13 | Amount of Transaction in Credited in 2012-13 | Amount Outstanding as on 31.03.13(Payable) / Receivable | Amount of Transaction Debited in 2013-14 | Amount of Transaction Credited in 2013-14 | Amount Outstanding as on 31.03.14 (Payable)/ Receivable | Amount of Transaction Debited in 2014-15 | Amount of Transaction Credited in 2014-15 | Amount Outstanding as on 31.03.15 (Payable)/ Receivable | Amount of Transaction Debited in 2015-16 | Amount of Transaction Credited in 2015-16 | Amount Outstanding as on 31.03.16 (Payable)/ Receivable | Amount of Transaction Debited in 2016-17 | Amount of Transaction Credited in 2016-17 | Amount Outstanding as on 31.03.17(Payable) / Receivable |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Minto Purushotam Gupta | Director | Director Remenuration | - | 1.68 | 17.40 | (15.72) | 10.78 | 17.40 | (22.34) | 3.00 | 3.00 | (22.34) | 28.34 | 6.00 | - | 36.00 | 36.00 | - |
| Minto Purushotam Gupta | Director | Unsecured Loan | (50.64) | 19.86 | 41.78 | (72.56) | 66.02 | 46.27 | (52.80) | 29.44 | 34.07 | (57.43) | 3.47 | 0.28 | (54.24) | 89.03 | 62.71 | (27.92) |
| Minto Purushotam Gupta | Director | Remission For Accomodation | - | 7.04 | 7.04 | - | 6.60 | 6.60 | - | - | - | - | - | - | - | - | - | - |
| Hitesh Mohanbhai Patel | Director | Director Remenuration | - | - | - | - | - | -- | - | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hitesh Mohanbhai Patel | Director | Loans & Advances | 20.00 | 5.00 | - | 25.00 | - | - | 25.00 | - | - | 25.00 | - | - | 25.00 | 10.00 | - | 35.00 |
| Meenakshi Gupta | Director | Director Remenuration | - | - | - | - | - | - | - | - | - | - | - | 3.00 | (3.00) | 27.00 | 24.00 | - |
| Speciality Research & Life Sciences | Properitorship of Director | Unsecured Loan | (213.79) | 14.74 | 138.20 | (337.24) | 294.77 | 253.88 | (296.35) | 305.78 | 496.99 | (487.55) | 162.18 | 22.74 | (348.11) | 753.82 | 410.54 | (4.83) |
| Speciality Research & Life Sciences | Properitorship of director | Sales | - | 0.04 | 0.04 | - | 44.85 | 44.85 | - | 54.65 | 54.65 | - | 19.17 | 19.17 | - | - | - | - |
| Mintakashi Fmch Products India (Opc) Private Limited | Common Director | Loans & Advances | - | - | - | - | - | - | -- | - | - | - | - | - | - | 0.17 | - | 0.17 |

**DETAILS OF SUMMARY OF ACCOUNTING RATIOS AS RESTATED ANNEXURE XXV**

**(Amount in Lakhs)**

| Ratio | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Restated PAT as per statement of profit and loss **(A)** | 948.75 | 506.65 | (108.80) | (543.13) | (648.33) |
| Weighted average number of equity shares at the end of the year/ period **(B)** | 1,05,28,354 | 64,59,234 | 53,30,000 | 53,30,000 | 53,30,000 |
| No. of Equity Shares at the end of the year / period for Dilued EPS **(C)** | 1,05,28,354 | 64,59,234 | 1,04,32,464 | 1,06,32,464 | 1,06,32,464 |
| No. of Equity Shares at the end of the year / period **(D)** | 1,29,32,464 | 1,04,32,464 | 53,30,000 | 53,30,000 | 53,30,000 |
| Total No. Of Shares (Equity + Prefernce) **(E)** | 1,29,32,464 | 1,04,32,464 | 1,04,32,464 | 1,04,32,464 | 1,04,32,464 |
| Net Worth , including Prefernce Share Capital **(F)** | 3126.25 | 1757.50 | 1250.86 | 1359.65 | 1902.79 |
| Net Worth , Excluding Prefernce Share Capital **(G)** | 3126.25 | 1757.50 | 740.609 | 849.41 | 1392.54 |
| **Earnings Per Share** | | | | | |
| Basic EPS (Rs) **(A/B)** | **9.01** | **7.84** | **(2.04)** | **(10.19)** | **(12.16)** |
| Diluted EPS (Rs) **(A/C)** | **9.01** | **7.84** | **(1.04)** | **(5.11)** | **(6.10)** |
| Return on net worth (%) **(A/F)** | **30.35%** | **28.83%** | **(8.70)** | **(39.95)** | **(34.07)** |
| Net Asset value per Equity Share **(G/D)** | **24.17** | **16.85** | **13.90** | **15.94** | **26.13** |
| Net Asset value per Share including Preference Shares **(F/E)** | **24.17** | **16.85** | **11.99** | **13.03** | **18.24** |
| Nominal value per equity share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |

**Notes:**

**2.** The ratios have been Computed as per the following formulas

a) **Basic Earning per Share**

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Weighted average number of equity shares outstanding at the end of the year / period}}$$

b) **Net Asset Value (NAV) per Equity Share**

$$\frac{\text{Restated Networth of Equity Share Holders}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

c) **Return on Net Worth (%)**

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Restated Networth of Equity Share Holders}}$$

3. Net Profit as restated, as appearing in the statement of profit and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial information of the Company.
4. Earning per share calculations are done in accordance with Accounting Standard 20 "Earning Per Share", issued by the Institute of Chartered Accountants of India.
5. Prior to March 31, 2017, the company has made the following changes in its capital structure, the effects of which have been considered in computing the above accounting ratios

   (i) During the Financial Year 2015-16 the Company has converted its existing 51,50,0,000 convertible preference shares into equity shares of Rs. 10 each by passing a special resolution in extraordinary General Meeting held on 17th November 2015

   (ii) During the Financial Year 2016-17 the Company increased its authorised share capital from 1,15,50,000 to 1,35,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on 01st March 2017

   (iii) During the Financial Year 2016-17 the Company has issued and allotted 25,00,000 Equity Shares of Rs. 10 each by passing special resolution at extra ordinary general meeting held on 17th March 2017 on preferential basis by conversion of unsecured loan.

**CAPITALIZATION STATEMENT AS RESTATED AS AT 31st March 2017**

**ANNEXURE XXVI**

**(Amount in Lakhs)**

| Particulars | Pre Issue | Post Issue |
|---|---|---|
| **Borrowings:** | | |
| Short-term Debt (A) | - | - |
| Long-term Debt (B) | 1084.76 | 1084.76 |
| **Total debts (C)** | **1084.76** | **1084.76** |
| | | |
| **Shareholders' funds** | | |
| Share capital | 1293.25 | **[●]** |
| Reserve and surplus | 1833.00 | **[●]** |
| **Total shareholders' funds (D)** | **3126.25** | **[●]** |
| **Long term debt / shareholders' funds (B/D)** | **0.35** | **[●]** |
| **Total debt / shareholders' funds (C/D)** | **0.35** | **[●]** |

1. Short term debts represent debts which are due within 12 months from March 31, 2017.
2. Long term debts represent debts other than short term debts, as defined above but includes current maturities of long term debt.
3. The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at March 31, 2017

**STATEMENT OF TAX SHELTERS AS RESTATED** **ANNEXURE XXVII**

**(Amount in Lakhs)**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 |
|---|---|---|---|---|---|
| Profit before tax, as restated (A) | 946.72 | 507.38 | (103.43) | (529.88) | (627.43) |
| Normat Corporate Tax Rate (%) | 33.06 | 33.06 | 30.90 | 30.90 | 30.90 |
| Minimum Alternativve Tax Rate (%) | 20.39 | 20.39 | 19.06 | 19.06 | 19.06 |
| **Adjustments :** | | | | | |
| **Permanent differences** | | | | | |
| Expenses disallowed under Income Tax Act, 1961 | - | 35.05 | 123.49 | - | - |
| **Total permanent differences(B)** | **-** | **35.05** | **123.49** | **-** | **-** |
| **Income considered separately (C.)** | | | | | |
| **Timing differences** | | | | | |
| Depreciation as per Books | 119.06 | 115.12 | 115.10 | 114.98 | 114.64 |
| Depreciation as per IT Act | 118.85 | 118.05 | 136.73 | 157.87 | 182.25 |
| Disallowance u/s 43B | - | - | - | - | - |
| Gratuity | 5.93 | 0.71 | 4.24 | (0.25) | 2.15 |
| **Total timing differences (D)** | **6.13** | **(2.23)** | **(17.39)** | **(43.15)** | **(65.47)** |
| **Net adjustments E = (B+C+D)** | **6.13** | **32.82** | **106.10** | **(43.15)** | **(43.15)** |
| **Tax expense / (saving) thereonTax expense / (saving) thereon** | **(2.03)** | **10.85** | **32.79** | **35.45** | **36.09** |
| **Income from other sources (F)** | - | - | - | - | - |
| **Exempt Income (G)** | - | - | - | - | - |
| **Taxable income/(loss) (A+E+F-G)** | **952.85** | **540.21** | **2.68** | **(415.15)** | **(510.65)** |
| **Braught Forward Loss Set Off** | | | | | |
| Ordinary Business Loss | - | 540.21 | 2.68 | - | - |
| Unabsorbed Depreciation | - | - | - | - | - |
| **Total** | **-** | **540.21** | **2.68** | **-** | **-** |
| **Deduction u/s 80IC** | 952.85 | - | - | - | - |
| **Taxable income/(loss)** | **-** | **-** | **-** | **(415.15)** | **(510.65)** |
| **Tax as per Normal Provision** | **-** | **-** | **-** | **-** | **-** |
| **Income/(loss) as per MAT** | **946.72** | **541.68** | **19.55** | **(529.88)** | **(627.43)** |
| **Braught Forward Loss Set Off /Depreciation** | 211.79 | 541.68 | 19.55 | - | - |
| **Taxable income/(loss) as per MAT** | **734.93** | **-** | **-** | **(529.88)** | **(627.43)** |
| **Income tax as per MAT** | **149.84** | **-** | **-** | **-** | **-** |
| Tax paid as per "MAT" or "Normal Provisions" | MAT Provision | MAT Provision | MAT Provision | Normal Provision | Normal Provision |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled *"Financial Statements"* on page 228 of this Draft Red Herring Prospectus.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in *"Risk Factors"* and *"Forward-Looking Statements"* beginning on pages 20 and 19 respectively, of this Draft Red Herring Prospectus.

Our Company was incorporated on June 14, 1996 and has completed twenty one years since incorporation. The Management's Discussion and Analysis of Financial Condition and Results of Operations, reflects the analysis and discussion of our financial condition and results of operations for the financial years ended March 31, 2017, 2016 and 2015.

### OVERVIEW

Incorporated in the year 1996, our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. With an operating history of more than two decades, we are primarily known for our premium range of nutraceutical, and cosmeceutical products. In the present competitive era of medicines and food supplements, we aim to distinguish our identity by focusing on ways to bridge the nutrition gap which is a recognised cause of many diseases. Our Company has identified over 50 consumer wellness goals and over 200 diseases, disorders, disabilities which can be prevented by meeting RDA of micronutrients and we have innovated and developed cost effective products that are unique and differentiated to combat such diseases.

In 2010, we set up our own manufacturing facility at SIDCUL Pantnagar Rudrapur, Uttarakhand. The quality of our products is evidenced by the number of quality certifications that our Company has obtained from various local and international accredition agencies. Our facility complies with GMP and WHO GMP for its health / diet supplements and ayurvedic products. We have also obtained FSSAI license (currently under renewal) for our products. Our Company is also an ISO-9001:2015 and ISO 9001:2008 certified for Quality management System for manufacturing and supply of Nutraceutical & Pharmaceutical Products. Spread over 3,536 Sq. mts., our manufacturing facility is equipped with the requisite plant and machineries including Effluent Treatment Plant and other resources required for our manufacturing process. Our R&D capabilities enable us to support our growth strategy by developing new products and process which enhance our range of products and services. We have a diversified product portfolio with our product basket consisting of more than 1,500 products used for various purposes such as hair care, skin care, heart care, immunity building, etc. We have the ability to supply products in various forms such as tablets, capsules, gel, liquids, ointments, powder, pastes, etc.

We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales. We have a training centre for our marketing agents wherein we train them about our business model and offer them various schemes and incentives

to market our products. As on date of this Draft Red Herring Prospectus, we have more than 140 distributors and around 5,000 marketing agents. We have also set up our own portal for commercialisation of our products and their distribution through e-commerce. Our Company has been receiving encouraging response in this direction from consumers. We have a PAN India presence in domestic markets. To expand our reach, we have also entered into 2 distributorship agreements with foreign distributors situated in Kenya and Tanzania respectively.

Promoted by Minto Gupta and Hitesh Patel, our Promoters have played an instrumental role in the growth of our Company. Our promoter Minto Gupta has been associated with our Company since incorporation and our Company may be rightly called the brainchild of Minto Gupta. He is the guiding force behind the research and development capabilities of our Company and under his guidance we have been able to successfully execute our business strategies over the years. With his expertise and knowledge, our Company has been able to generate a new source of revenue i.e.R&D development or transfer as per requirements of our customers. Our other promoter Hitesh Patel joined hands with our Company in 2008 and has since then headed the Company for organic and strategic growth by tapping the expansion opportunities available at different phases of our business cycle. With our experienced and dedicated management, we have recorded an annual turnover of Rs. 2,944.83 lakhs Lakhs in 2017 from Rs. 942.44 in the year 2013. The said growth was achieved despite our manufacturing unit facing a natural calamity in 2013 which took a span of time for revival.

We believe that one of our USP is we are dealing in FMCH products, which is a fast growing sector. The emerging consumer habits and exposure through digital media and internet is disrupting the healthcare sector. The consumers are deeply concerned with management of diseases, which has raised the need of awareness for wellness and prevention and alternative healthcare solutions at an infliction point and we aim to serve the emerging health care consumer with innovative preventive healthcare wellness solutions.

**The salient features of our business model are as follows:**

- Comprises wide range of Nutraceutical products
- Possess market hold in nutraceutical space
- A strong quality control over the products

## SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. The shareholders approved the proposal to increase in authorized capital from Rs. 13,50,00,000 to Rs. 18,00,00,000 in the Extraordinary General Meeting held on August 4, 2017.
2. The shareholders approved and passed resolution on August 12, 2017 to increase the borrowing limits of the company upto Rs. 50000.00 lakhs.
3. The shareholders approved and passed resolution on August 12, 2017 for conversion of the company from Private Limited to Public Limited.
4. The shareholders approved and passed resolution on September 01, 2017 to authorize the Board of Directors to raise funds by making Initial Public Offering.

## SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" beginning on page 20 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Supply and availability of raw material/traded goods
- Competition and price cutting from existing and new entrants
- Performance of our distribution channel
- Brand image
- Rate of interest policies
- Economic and Demographic conditions
- Changes in laws and regulations that apply to Healthcare Industry in domestic and overseas market.

## DISCUSSION ON RESULT OF OPERATIONS

The following discussion on results of operations should be read in conjunction with the audited and restated financial results of our Company for the financial years ended March 31, 2017, 2016 and 2015.

### OVERVIEW OF REVENUE & EXPENDITURE

**Revenues**

***Income from operations:***

Our principal component of revenue from operations is from sale of manufactured nutraceutical, cosmeceutical & health care products. Further, we also derive income from Research & Development activities and Product Development for clients.

***Other Income:***

Our other income mainly includes interest from Bank on term deposits, outward freight income, miscellaneous income, etc.

*Amount* (*Rs. In Lakhs*)

| Particulars | Till March 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| **Income** | | | |
| Revenue from Operations | 2940.02 | 1722.15 | 914.88 |
| As a % of Total Revenue | 99.84% | 99.90% | 99.48% |
| Other Income | 4.81 | 1.78 | 4.77 |
| As a % of Total Revenue | 0.16% | 0.10% | 0.52% |
| **Total Revenue** | **2944.83** | **1723.93** | **919.65** |

**Expenditure**

Our total expenditure primarily consists of cost of materials consumed, purchase of stock in trade, changes in inventories of finished goods, work in Progress and Stock in Trade, employee benefit expenses, finance cost, depreciation and other expenses.

**Costs of materials consumed**

Costs of materials consumed include purchase of raw materials such as flax seeds, milk proteins, kinnova, phytonutrients, vitamins and minerals, herbal extracts, fibre extracts and packaging materials, etc.

**Employee benefit expenses**

Our employee benefit expenses mainly includes salaries & wages expense, directors' remuneration, employee incentives, contribution to provident and other funds, gratuity expense, staff welfare expenses, etc.

**Finance Costs**

Our finance costs mainly include interest on secured and unsecured borrowings, interest on delayed payment of taxes, bank charges, other borrowing costs etc.

**Depreciation**

Depreciation includes depreciation on tangible assets.

**Other Expenses**

Other expenses mainly include manufacturing and direct expenses such as power & fuel expenses, consumables, transportation expenses, etc. It also includes administration and selling expenses such as advertisements & publicity, selling & distribution, trade discounts & promotional expenses, rent, postage & courier charges, consultancy charges, printing, & stationery, etc..

**Statement of profits and loss**

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:

*Amount* (*Rs. In Lakhs*)

| Particulars | For the Year Ended March 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| **INCOME** | | | |
| Revenue from operations | 2940.02 | 1722.15 | 914.88 |
| As a % of Total Revenue | 99.84% | 99.90% | 99.48% |
| Other income | 4.81 | 1.78 | 4.77 |
| As a % of Total Revenue | 0.16% | 0.10% | 0.52% |
| **Total Revenue (A)** | **2944.83** | **1723.93** | **919.65** |
| **Growth %** | **70.82%** | **87.45%** | **30.51%** |
| **EXPENDITURE** | | | |
| Costs of Raw Material Consumed | 941.08 | 522.11 | 344.08 |
| As a % of Total Revenue | 31.96% | 30.29% | 37.42% |
| Changes in inventories of finished goods and W.I.P. | (74.30) | (667.39) | (42.91) |
| As a % of Total Revenue | 2.52% | 2.09% | 2.23% |
| Employee benefit expenses | 333.76 | 171.34 | 132.11 |
| As a % of Total Revenue | 11.33% | 9.94% | 14.37% |
| Finance costs | 214.35 | 147.81 | 151.64 |
| As a % of Total Revenue | 7.28% | 8.57% | 16.49% |
| Depreciation expense | 119.06 | 115.12 | 115.10 |
| As a % of Total Revenue | 4.04% | 6.68% | 12.52% |
| Other expenses | 464.16 | 277.30 | 235.81 |

| Particulars | For the Year Ended March 31, | | |
|---|---|---|---|
| | 2017 | 2016 | 2015 |
| As a % of Total Revenue | 15.76% | 16.09% | 25.64% |
| **Total Expenses (B)** | **1998.11** | **1197.70** | **999.21** |
| As a % of Total Revenue | 67.85% | 69.48% | 108.65% |
| Profit before exceptional, extraordinary items and tax | **946.72** | **526.23** | **(79.56)** |
| As a % of Total Revenue | 32.15%` | 30.52% | (8.65%) |
| Exceptional items | - | - | - |
| Profit before extraordinary items and tax | **946.72** | **526.23** | **(79.56)** |
| As a % of Total Revenue | 32.15%` | 30.52% | (8.65%) |
| Extraordinary items | - | 18.85 | 23.86 |
| Profit before tax | **946.72** | **507.38** | **(103.43)** |
| **PBT Margin** | 32.15% | 29.43% | (11.25%) |
| Tax expense : | | | |
| (i) Current tax | 149.84 | - | - |
| (ii) MAT Credit | (149.84) | - | - |
| (ii) Deferred tax | (2.03) | 0.74 | 5.37 |
| (iii) Income Tax created short | - | - | - |
| Total Tax Expense | **(2.03)** | **0.74** | **5.37** |
| Profit (Loss) for the year/ period | **948.75** | **506.65** | **(108.80)** |
| **PAT Margin** | **32.22%** | **29.39%** | **(11.83%)** |

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016**

***INCOME***

***Income from Operations***

| Particulars | 2016-17 | 2015-16 | Variance |
|---|---|---|---|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Revenue from the operations | 2940.02 | 1722.15 | 70.72% |

The operating income of the Company for the year ending March 31, 2017 is Rs. 2940.02 lakhs as compared to Rs. 1722.15 lakhs for the year ending March 31, 2016, showing increase of 70.72%. The increase was due to increase in our business operations as well as increase in R&D Income of Rs. 165.00 lakhs.

***Other income***

Our other income stood at Rs. 4.81 lakhs for the FY 2016-17 as compared to Rs. 1.78 lakhs in FY 2015-16. The increase was mainly due to receipt of outward freight income and miscellaneous income in the FY 2016-17.

***Direct expenditure***

| Particulars | 2016-17 (Rs. Lacs) | 2015-16 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Cost of materials consumed | 941.09 | 522.11 | 80.25% |
| Changes in inventories of finished goods and WIP | (74.30) | (35.97) | 106.58% |
| **Total** | **866.78** | **486.14** | **78.30%** |

The direct expenditure has increased from Rs. 486.14 lakhs in Financial Year 2015-16 to Rs. 866.78 lakhs in Financial Year 2016-17 showing an increase of 78.30% over the previous year. The increase was in line with increase in our operating revenue and business operations.

***Administrative and employee costs***

| Particulars | 2016-17 (Rs. Lacs) | 2015-16 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Employee benefit expenses | 333.76 | 171.34 | 94.80% |
| Other expenses | 464.16 | 277.30 | 67.38% |

There is an increase in employee benefit expenses from Rs. 171.34 lakhs in FY 2015-16 to Rs. 333.76 lakhs in FY 2016-17 mainly due to increase in Directors' Remuneration from Rs. 9.00 lakhs in FY 2015-16 to Rs. 60.00 lakhs in FY 2016-17 and increase in Staff Welfare expenses from Rs. 4.50 lakhs in FY 2015-16 to Rs. 41.81 lakhs in FY 2016-17.

Our other expenses have increased by 67.38% from Rs. 277.30 lakhs in FY 2015-16 to Rs. 464.16 lakhs in FY 2016-17. The increase was mainly due to increase in consumables expense, general & administration expenses, power & fuel expenses, travelling expenses and selling & distribution expenses.

***Finance costs***

Finance Costs in FY 2016-17 were Rs. 214.35 lakhs as compared to Rs. 147.81 lakhs in FY 2015-16 showing an increase of 45.03% from previous financial year. The increase was mainly due to increase in interest on unsecured loans and bank charges and other borrowing costs during the FY 2016-17.

***Depreciation***

Depreciation expense for the Financial Year 2016-17 has increased slightly to Rs. 119.06 lakhs from Rs. 115.12 lakhs for the Financial Year 2015-16.

***Profit before tax***

| Particulars | 2016-17 (Rs. Lacs) | 2015-16 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Profit Before Tax | 946.72 | 507.38 | 86.59% |

Profit before tax increased from Rs. 507.38 lakhs to Rs.946.72 lakhs showing an increase of 86.59%. The increase was due to increase in our business operations.

***Provision for tax and net profit***

| Particulars | 2016-17 (Rs. Lacs) | 2015-16 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Taxation Expenses | (2.03) | 0.74 | (374.32%) |
| Profit after Tax | 948.75 | 506.65 | 87.26% |

Taxation expense comprises of Deferred Tax only. Deferred Tax expenditure decreased from Rs 0.74 lakhs in Financial Year 2015-16 to benefit of Rs. 2.03 lakhs in Financial Year 2016-17.

Profit after tax increased from Rs. 506.65 lakhs in Financial Year 2015-16 to Rs. 948.75 lakhs in Financial Year 2016-17. This was due to increase in our business operations.

**COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015**

***INCOME***

***Income from Operations***

| Particulars | 2015-16 (Rs. Lacs) | 2014-15 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Revenue from Operations | 1722.15 | 914.88 | 88.24% |

The operating income of the Company for the year ending March 31, 2016 was Rs. 1722.15 lakhs as compared to Rs. 914.88 lakhs for the year ending March 31, 2015, showing an increase of 88.24%. This was due to increase in our business operations and accrual of R&D income to the tune of Rs. 435.00 lakhs in the FY 2015-16.

***Other income***

Our other income showed a decrease of 62.62% to Rs. 1.78 lakhs in FY 2015-16 from Rs. 4.77 lakhs in FY 2014-15. The decrease was mainly due to receipt of one time rate difference income of Rs. 3.88 lakhs in FY 2014-15.

***Direct expenditure***

| Particulars | 2015-16 (Rs. Lacs) | 2014-15 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Costs of materials consumed | 522.11 | 344.09 | 51.74% |
| Changes in inventories of finished goods and WIP | (35.97) | 20.47 | (275.67%) |
| **Total** | **486.14** | **364.56** | **33.35%** |

The direct expenditure has increased from Rs. 364.56 lakhs in Financial Year 2014-15 to Rs. 486.14 lakhs in Financial Year 2015-16 showing an increase of 33.35%. The increase was due to increase in our operations.

***Administrative and employee costs***

| Particulars | 2015-16 (Rs. Lacs) | 2014-15 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Employee benefit expenses | 171.34 | 132.11 | 29.69% |
| Other expenses | 277.30 | 235.81 | 17.60% |

There is an increase in employee benefit expenses from Rs. 132.11 lakhs to Rs. 171.34 lakhs due to increase in number of employees as well as salary levels.

Our other expenses increased by 17.60% from Rs.235.81 lakhs in Financial Year 2014-15 to Rs. 277.30 lakhs in Financial Year 2015-16. This increase was mainly due to increase in Advertisement expenses, power & fuel expenses, testing expenses, Research & Development expenses and was partially offset by decrease in legal & professional expenses, travelling & conveyance expenses and postage & courier expenses.

***Finance costs***

Finance cost for the Financial Year 2015-16 have decreased slightly to Rs. 147.81 lakhs from Rs. 151.64 lakhs in Financial Year 2014-15 due to decrease bank charges and other borrowing costs.

***Depreciation***

Depreciation expense for the Financial Year 2015-16 has increased slightly to Rs. 115.12 lakhs from Rs.115.10 lakhs for the Financial Year 2014-15.

***Profit before tax***

| Particulars | 2015-16 (Rs. Lacs) | 2014-15 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Profit Before Tax | 507.38 | (103.43) | 590.58% |

Profit before tax increased to Rs. 507.38 lakhs in the FY 2015-16 from loss of Rs. 103.43 lakhs in the FY 2014-15. This was mainly due to increase in efficiency of our operations and accrual of the R&D income during FY 2015-16.

***Provision for tax and net profit***

| Particulars | 2015-16 (Rs. Lacs) | 2014-15 (Rs. Lacs) | Variance (%) |
|---|---|---|---|
| Taxation Expenses | **0.74** | **5.37** | (86.29%) |
| Profit after Tax | **506.65** | **(108.80)** | 565.67% |

Taxation expense in both the financial years comprised of deferred tax expense only. The deferred tax expense in FY 2015-16 decreased due to lower depreciation as per the Companies Act as compared to FY 2014-15.

Profit after tax increased to Rs. 506.65 lakhs in the FY 2015-16 from loss of Rs. 108.80 lakhs in the FY 2014-15.

***OTHER MATTERS***

1. **Unusual or infrequent events or transactions**

   During the FY 2013-14, a major flood happened in the state of Uttarakhand due to which the manufacturing activity at our sole facility at Rudrapur was affected adversely. Except this and as described in this Draft Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

2. **Significant economic changes that materially affected or are likely to affect income from continuing operations**

   Other than as described in the section titled *"Risk Factors"* beginning on page 20 of this Draft Red Herring Prospectus to our knowledge there are no significant economic changes that materially affected or are likely to affect income of our Company from continuing operations.

3. **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

   Other than as disclosed in the section titled *"Risk Factors"* beginning on page 20 of this Draft Red Herring Prospectus to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

4. **Future relationship between Costs and Income**

   Our Company's future costs and revenues will be determined by demand/supply situation, government policies, global market situation and prices of our materials.

5. **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices**

   Increase in revenue is by and large linked to increases in volume of business activity and introduction of new products by the Company.

6. **Total turnover of each major industry segment in which the issuer company operates.**

   The Company is involved in manufacturing of nutraceutical and health care products. Relevant industry data, as available, has been included in the chapter titled *"Our Industry"* beginning on page 132 of this Draft Red Herring Prospectus.

7. **Status of any publicly announced new products/projects or business segments**

   Our Company has not announced any new projects or business segments, other than disclosed in the Draft Red Herring Prospectus. For details of the products our Company deals in, please refer to the chapter titled "Our Business" beginning on page 163 of this Draft Red Herring Prospectus.

8. **The extent to which the business is seasonal**

   Our Company business is not seasonal in nature.

9. **Any significant dependence on a single or few suppliers or customers**

   The % of Contribution of our Company's customers and suppliers Vis a Vis the total revenue from operations and purchase of raw materials respectively as on March 31, 2017.

| Particulars | Customers | Suppliers |
|---|---|---|
| Top 5 (%) | 50.69% | 44.11% |
| Top 10 (%) | 62.69% | 59.39% |

**10. Competitive Conditions**

We face competition from existing and potential organized and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in chapter titled *"Our Business"* on page 163 of this Draft Red Herring Prospectus.

## FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from banks and others for conducting its business. Set forth is a brief summary of our Company's secured and unsecured borrowings as on March 31, 2017 together with a brief description of certain significant terms of such financing arrangements.

**SECURED BORROWINGS**

1. **Loan of Rs. 992.00 Lakhs from Oriental Bank Of Commerce as per Sanction letter dated February 19, 2010**

**(Rs. in Lakhs)**

| **Particulars** | | | | | | |
|---|---|---|---|---|---|---|
| **Nature of facility** | **Sanctioned Amount** | **Rate Of Interest** | **Repayment** | **Margin** | **Security** | **Outstanding as on March 31,2017** |
| **A) Fund based limits :** | | | | | | |
| Term Loan | 992.00 | 13.00% with Monthly rests | 72 EMI | 25% | • Equitable mortgage of factory land & building situated at Plot No. 13, Sector – 3, Industrial Estate, I.I.E. Pantnagar, Vill. Kalyanpur, Teh. Kichha, Dist. U.S.Nagar<br>• Hypothecation of domestic and imported machineries proposed to purchase as per performa invoice submitted by the party | 992.00 |
| Letter of Credit (Sub Limit of Term Loan) | (100.00) | | | | | |
| **Sub Total** | **992.00** | | | | | |
| **B) Non Fund based limits : NA** | | | | | | |
| **Sub Total** | **NA** | | | | | |
| **TOTAL** | **992.00** | | | | | |

| **Collateral Security** | |
|---|---|
| ➢ **Personal Guarantee** | Shri Minto Purshotam Gupta<br>Smt. Meenakshi Gupta |
| ➢ | Hypothecation of all other fixed assets (excluding land & building) of the firm present & future. |

**Key Restrictive Covenants:**

During the currency of the Bank's credit facilities, the firm will not, without the Bank's prior permission in writing:

1) Effect any change in the firm's capital structure.

2) Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except under such schemes which have already been approved by the Bank.
3) Formulate any scheme of amalgamation or reconstruction.
4) Invest by way of share capital or lend or advance funds to or place deposits with any other concern except normal trade credit or security deposits in the normal course of business or advances to employees.
5) Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
6) Undertake guarantee obligations on behalf of any other company, firm or person.
7) Effect any drastic change in their management setup without the bank's prior permission.
8) Pay guarantee commission to the guarantors whose guarantees have been stipulated /furnished for the credit limits sanctioned by the Bank.
9) Create any further charge, lien or encumbrance over the assets and properties of the firm to be charged to the Bank in favour of any other bank, Financial Institution, firm or person.

**2. Loan of Rs. 69.00 Lakhs from Axis Bank Limited as per Sanction letter dated March 17, 2017**

| Nature of Facility | Auto Loan |
|---|---|
| Loan Amount | Rs. 69.00 Lakhs |
| Rate of Interest | 9.15% |
| EMI Amount | Rs.1,43,735.00 |
| Security | Secured by hypothecation of Vehicle under Loan |
| Tenor | 60 Monthly Installments |
| Amount Outstanding as on March 31, 2017 | Rs. 69.00 Lakhs |

**UNSECURED BORROWING FROM OTHERS**

1. The details of unsecured loan outstanding as on March 31, 2017 are as follows:

| Sr.No. | Name of Lender | Loan Amount |
|---|---|---|
| 1. | Mr. Minto Purshotam. Gupta | 12,50,399.32 |
| 2. | Mrs. Meenakshi Gupta | 11,25,549.38 |

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated in this section and mentioned elsewhere in this Draft Red Herring Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters, Subsidiaries or Group Companies.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries including fines imposed or compounding of offences done in those five years; or (vi) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on September 01, 2017 determined that outstanding dues to creditors in excess of Rs. 5.00 lakhs as per last audited financial statements shall be considered as material dues ("Material Dues").

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies, would be considered 'material' for the purposes of disclosure if the monetary amount of claim by or against the entity or person in any such pending matter exceeds Rs.5.00 lakhs as determined by our Board, in its meeting held on September 01, 2017.

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company.

Unless otherwise stated to contrary, the information provided is as of date of this Draft Red Herring Prospectus.

### LITIGATIONS INVOLVING OUR COMPANY

### LITIGATIONS AGAINST OUR COMPANY

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

**INCOME TAX PROCEEDINGS**

**AY 2001-02**

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on December 10, 2007 under Section 143(3) of the "Act" vide notice under Section 245 of the Act against the Assessee Company for an outstanding demand amounting to **Rs. 4,06,518/-.** The amount is currently outstanding.

**AY 2002-03**

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on October 11, 2006 under Section 143(3) of the "Act" vide notice under Section 245 of the Act against the Assessee Company for an outstanding demand amounting to **Rs. 7,557/-.** The amount is currently outstanding.

**AY 2009-10**

Deccan Health Care Limited (hereinafter referred to as the "**Assessee Company**") has filed its e-return of Income for AY 2009-10 on September 28, 2009 declaring total loss of Rs. 1,29,708/- book profits at Rs. 86,35,518/-. The same was processed under Section 143 (1) of the Income Tax Act, 1961 (hereinafter referred to as "the Act"). The case was selected for scrutiny under CASS and a notice under section 142(1) of the act has been issued. The Assistant Commissioner of Income Tax, Circle - 1(2), Hyderabad (hereinafter referred to as the "**Assessing Authority**") has passed an assessment order dated December 30, 2012 restricting the total income of the Assessee Company at Rs. 70,86,747/- and ordering penalty proceedings under Section 271(1)(c) to be initiated separately. A Demand Notice dated December 30, 2012 under Section 156 of the Act was issued to the Assessee Company containing demand payable of Rs. 11,83,430/-. Another Notice under Section 274 of the Act read with Section 271 of the Act was issued by the Assessing Authority to the Assessee Company dated December 30, 2012 for appearing before him and show cause why penalty shall not be imposed under Section 271(1)(c) of the Act. An Appeal bearing reference no. **ITA No. 0099/CIT(A)-II, Hyd/2012-13** was filed by the Assessee Company before the Commissioner of Income Tax, Appeals-II, Hyderabad (hereinafter referred to as "the Appellate Authority") against the impugned order dated December 30, 2012. An order dated September 06, 2013 was passed wherein the appeal was partly allowed by the Appellate Authority. Subsequently consequential order dated October 15, 2013 was passed by the Assessing Authority declaring the amount of Rs. 2,08,349/- to be payable by the Assessee Company. An Appeal bearing reference no. **ITA no. 1470/HYD/2013** was filed by the Assessee Company before the Income Tax Appellate Tribunal (hereinafter referred to as "the Tribunal") against the order dated September 06, 2013. The said Appeal was allowed by the Tribunal vide order dated August 24, 2016.

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on July 17, 2013 under Section 154 of the "Act" vide notice under Section 245 of the Act against the Assessee Company for an outstanding demand amounting to **Rs. 12,37,430/-** and an outstanding demand raised on March 23, 2011 under Section 115_WE of the "Act" vide notice under Section 245 of the Act against the Assessee Company for an outstanding demand amounting to **Rs. 28,119/-.** Both the amounts are currently outstanding.

**AY 2010-11**

Deccan Health Care Limited (hereinafter referred to as the "Assessee Company") filed its e-return of Income for AY 2010-11 on October 14, 2010 declaring total loss of Rs. 66,89,888/- and declared book profits u/s 115JB at Rs. 75,23,600/-. The same was processed under Section 143 (1) of the Income Tax Act, 1961 (hereinafter referred to as "the Act"). The case was selected for scrutiny under CASS. The Deputy Commissioner of Income Tax (hereinafter referred to as the "Assessing

Authority") passed an order dated March 30, 2013 assessing the income of the Assessee Company at Rs. 36,80,977/- by adding back Rs. 1,03,70,865/- and by ordering penalty proceedings under Section 271(1)(c) to be initiated separately. A Demand Notice under Section 156 of the Act dated March 30, 2013 was issued by the Assessing Authority to the Assessee Company containing demand payable of Rs. 15,117/-. Another Notice under Section 274 of the Act was issued by the Assessing Authority to the Assessee Company dated March 30, 2013 for appearing before him and show cause why penalty shall not be imposed under Section 271(1)(c) of the Act. An appeal was filed bearing reference no. **0294/2014-15/CIT (A) - 5** by the Assessee Company before the Commissioner of Income Tax Appeals-5 (hereinafter referred to as "the Appellate Authority") against the impugned order dated March 30, 2015, however the same was dismissed by the Appellate Authority vide order dated December 31, 2015. Subsequently, the Principle Commissioner of Income Tax, Hyderabad, passed an order under Section 263 of the Act dated March 25, 2015 setting aside the Assessment Order dated March 30, 2013 and directed the Assessing Authority to redo the assessment. Meanwhile, the Assessee preferred an appeal bearing reference no. ITA no. **477/Hyd./2015** against the impugned order passed by the Principal Commissioner of Income Tax, before the Income Tax Appellate Tribunal, Hyderabad (hereinafter referred to as "the Tribunal"). The Tribunal passed an order dated July 15, 2015 wherein it partly allowed the Appeal. Hence, the income was finally assessed to Rs. 57,14,437/- by the Assessing Authority and ordered penalty proceedings under Section 271(1)(c) to be initiated separately. A Demand Notice under Section 156 of the Act dated November 30, 2015 was issued by the Assessing Authority to the Assessee Company containing demand payable of Rs. 10,64,710/-. Another Notice was issued by the Assessing Authority to the Assessee Company requiring it to appear and show cause as to why penalty shall not be imposed under Section 271(1)(c) of the Act. Another notice under Section 245 read with Section 263 of the Act was issued to the Assessee Company dated December 02, 2015 for payment of the demand of Rs. 10,64,710/-. An appeal was filed bearing reference no. **0032/2016-17/CIT (A) - 5** by the Assessee Company before the Commissioner of Income Tax Appeals-5 (hereinafter referred to as "the Appellate Authority") against the impugned order dated November 30, 2015, however the same was dismissed by the Appellate Authority vide order dated May 24, 2017. The amount is currently outstanding.

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Proceedings against Our Company for economic offences/securities laws/ or any other law**

Nil

**Penalties in Last Five Years**

Nil

**Pending Notices against our Company**

Nil

**Past Notices to our Company**

Nil

**Disciplinary Actions taken by SEBI or stock exchanges against Our Company**

Nil

**Defaults including non-payment or statutory dues to banks or financial institutions**

Nil

**Details of material frauds against the Company in last five years and action taken by the Companies.**

Nil

**LITIGATIONS FILED BY OUR COMPANY**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law**

Nil

**LITIGATIONS INVOLVING DIRECTOR/S OF OUR COMPANY**

**LITIGATIONS AGAINST DIRECTOR/S OF OUR COMPANY**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

**INCOME TAX PROCEEDINGS AGAINST MEENAKSHI GUPTA**

1. **FOR AY 2007-08**

   The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on March 09, 2009 under Section 143(1) of the Income Tax Act, 1961 (hereinafter referred to as the "**Act**") under Section 245 of the Act against Meenakshi Gupta ((hereinafter referred to as the "**Assessee**) for an outstanding demand amounting to **Rs. 749 /-.** The amount is currently outstanding.

2. **FOR AY 2011-12**

   The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on March 08, 2012 under Section 143(1)(a) of the Income Tax Act, 1961 (hereinafter referred to as the "**Act**") under Section 245 of the Act against Meenakshi Gupta ((hereinafter referred to as the "**Assessee**) for an outstanding demand amounting to **Rs. 1,30,890 /-.** The amount is currently outstanding.

**3. FOR AY 2012-13**

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' displays an outstanding demand raised on October 01, 2015 under Section 220(2) of the Income Tax Act, 1961 (hereinafter referred to as the "**Act**") under Section 245 of the Act against Meenakshi Gupta ((hereinafter referred to as the "**Assessee**) for an outstanding demand amounting to **Rs. 11,590 /-.** The amount is currently outstanding.

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Past Penalties imposed on our Directors**

Nil

**Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law**

Nil

**Directors on list of wilful defaulters of RBI**

Nil

**LITIGATIONSFILED BY DIRECTOR/S OF OUR COMPANY**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**LITIGATIONS INVOLVING PROMOTER/S OF OUR COMPANY**

**LITIGATIONS AGAINST OUR PROMOTER/S**

**Criminal Litigations**

**HITESH PATEL VS SRI G SATYANARAYANA**

A First Information Report bearing reference no. 75/2016 was filed by M/s Quantum Buildtech Ltd. and G. Satyanarayana (hereinafter referred to as "**the Complainants**") against the Hitesh Patel (hereinafter referred to as "**the Accused**") and few others dated March 19, 2016 under Sections 420, 406,267, 468, 471 read with Section 120(B) of Indian Penal Code before the Hyderabad Central Crime Station. The Complainants claimed that the Accused acted in collusion with certain other persons and illegally traded in their accounts and made false claims with help of forged documents. The Complainants urged to the Hon'ble Court to forward the aforesaid mentioned complaint to the Central Crime Station, Detective Department, for investigation and report under Section 156(3) of the Criminal Procedure Code. Subsequently, the Central Crime Station, Detective Department (hereinafter referred to as "**the Department**") conducted an investigation and the Accused had

admitted his guilt of committing the offence. The confessional statement of the Accused was recorded on May 24, 2016. On May 25, 2016, the Department established that the Accused had committed an offence punishable under Section 420, 406, 467, 468, 471 read with Section 120(B) of Indian Penal Code and was produced before the Court with a prayer to remand to Judicial Custody for a period of 14 days to enable the Investigating Officer to complete investigation. Hence, the Accused had filed Crl. M.P. No. 2203 of 2016 in Crime No. 75 of 2016 against the State, through P.S. CCS, Hyderabad (hereinafter referred to as "**the Respondent**") dated May 25, 2016 under Section 437 of the Criminal Procedure Code before the Court of Hon'ble XII Additional Chief Metropolitan Magistrate at Hyderabad (hereinafter referred to as "**the Court**"). The Accused submitted that it was his first bail application and claimed that the Respondent had falsely implicated him and got him arrested and produced before Court and was remanded to judicial custody. A second bail application was made by the Accused under the same matter dated May 30, 3016. The Court passed an order dated May 30, 2016, granting bail to the accused on executing a personal bond of Rs. 50,000/-. The matter is currently pending.

Meanwhile, the wife of the Accused, Ms. Bhavna Patel filed a Writ Petition before the Hon'ble High Court of Bombay bearing reference no.1953 of 2016 dated May 30, 2016 against Mr. P. Harinath Babu; Sr. Inspector of Police and State of Maharashtra. It was urged by her that Mr. P. Harinath Babu in connivance with Sr. Inspector of Police had acted unconstitutionally and illegally and forcibly took her husband, the Accused to Hyderabad without following the due process of law. Ms. Bhavna Patel sought compensation from Mr. P. Harinath Babu; Sr. Inspector of Police and State of Maharashtra as relief. The matter is currently pending.

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Past Penalties imposed on our Promoters**

Nil

**Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past.**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

## LITIGATIONSFILED BY OUR PROMOTER/S

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Taxation Matters**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

## LITIGATIONS INVOLVING OUR GROUP COMPANIES

As on date of this Draft Red Herring prospectus, our company does not have any group company.

## LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANIES

As on date of this Draft Red Herring prospectus, our company does not have any subsidiary.

## OTHER MATTERS

Nil

## DETAILS OF ANY INQUIRY, INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANIES LAWS IN LAST FIVE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES

Nil

## OUTSTANDING LITIGATION AGAINST OTHER COMPANIES OR ANY OTHER PERSON WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY

Nil

## MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET

Except as mentioned under the chapter — "Management Discussion and Analysis of Financial Condition and Result of Operation" on page 259 of this Draft Red Herring Prospectus, there have been no material developments, since the date of the last audited balance sheet.

## OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As of March 31, 2017, our Company had 187 creditors, to whom a total amount of Rs. 1007.86 lakhs was outstanding. As per the requirements of SEBI Regulations, our Company, pursuant to a resolution of our Board dated September 01, 2017, considered creditors to whom the amount due exceeds Rs. 5.00 lakhs as per our Company's restated financials for the purpose of identification of material creditors. Based on the above, the following are the material creditors of our Company.

| Name of the Creditor | Amount (Rs) in Lakhs |
|---|---|
| Darbari Enterprises | 325.76 |
| Doshi Pharmaceutical | 68.49 |
| Akhil Health Care Pvt .Ltd.-Baroda | 68.17 |
| Nutricircle Limited | 47.75 |

| Name of the Creditor | Amount (Rs) in Lakhs |
|---|---|
| Mittal Industries | 29.99 |
| Dhara Chemicals | 25.56 |
| Batra Traders | 25.00 |
| ASJ Trading | 24.48 |
| Pharma Solutions | 22.66 |
| ABCO India | 18.90 |
| Graphix Arts | 17.03 |
| Indo Pack Ltd. | 15.70 |
| N.S Packaging | 14.56 |
| North India Pharma Pvt Ltd | 12.35 |
| Primus Pharmaceuticals | 11.67 |
| Everest Sales | 11.32 |
| Shiv Shakti Print Pack | 11.02 |
| Motto Systems Pvt.Ltd | 10.57 |
| Herbal Creation | 9.49 |
| Bhopal Glues & Chemical P Ltd. | 8.49 |
| Batra Enterprises | 8.25 |
| Doshi Trading Co. | 8.03 |
| Fedex Express Transpotation & Supply Chain Services | 7.98 |
| G S Trading Co. | 7.68 |
| Seven Star Satellite Pvt Ltd | 7.51 |
| Sonia Organics Banglore | 7.32 |
| Shivam Print Packaging | 7.29 |
| Nav Foils Pak | 7.23 |
| Mundra Enterprises Banglore Jan 2012 | 6.73 |
| Polyfab Technologies | 6.57 |
| Shreedha Phyto Extracts, | 6.40 |
| Shri Krishna Packaging | 6.06 |
| ShreeJi Pharma Chem | 5.67 |
| Alutech Packaging Pvt Ltd | 5.40 |

Further, none of our creditors have been identified as micro enterprises and small scale undertakings by our Company based on available information. For complete details about outstanding dues to creditors of our Company, please see website of our Company www.deccanhealthcare.co.in

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.deccanhealthcare.co.in would be doing so at their own risk.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Red Herring Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our business developing, manufacturing and marketing wellness products, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer chapter "Key Industry Regulations and Policies" on page 180 of this Draft Red Herring Prospectus.

The Company has its business located at:

**Registered Office:** 247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad - 500 082, Telangana.

**Manufacturing Unit:** Plot No. 13, Sector-3, IIE-Sidcul Pantnagar, U.S.Nagar- 263 153, Uttarakand.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

### APPROVALS FOR THE ISSUE

#### Corporate Approvals:

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on August 31, 2017, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Extra-Ordinary General Meeting held on September 01, 2017 authorized the Issue.

#### Approval from Selling Shareholder:

The selling shareholder has consented to participate in the offer in the following manner:

Hitesh Patel has consented to participate in the Offer for Sale by offering 14,00,000 Equity Shares vide authorization letter dated August 31, 2017.

#### In- principle approval from the Stock Exchange

We have received in-principle approvals from the stock exchange for the listing of our Equity Shares pursuant to letter dated [●] bearing reference no. [●].

#### Agreements with NSDL and CDSL

1. The Company has entered into an agreement dated August 11, 2017 with the Central Depository Services (India) Limited ("CDSL") and the Registrar and Transfer Agent, who in this case is, Bigshare Services Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated January 10, 2017 with the National Securities Depository Limited ("NSDL") and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number ("ISIN") is INE452W01019.

## INCORPORATION AND OTHER DETAILS

1. The Certificate of Incorporation dated June 14, 1996 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad, in the name of DECCAN HEALTH CARE LIMITED".
2. Fresh Certificate of Incorporation Consequent upon Conversion from Public Company to Private Company issued on June 12, 2009 by the Registrar of Companies, Andhra Pradesh in the name of "DECCAN HEALTH CARE PRIVATE LIMITED".
3. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company issued on August 31, 2017 by the Registrar of Companies, Hyderabad in the name of "DECCAN HEALTH CARE LIMITED".
4. The Corporate Identification Number (CIN) of the Company is U72200TG1996PLC024351

## APPROVALS/LICENSES RELATED TO OUR BUSINESS ACTIVITIES

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

| Sr. No. | Description | Authority | Registration No./ Reference No./ License No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 1 | Certificate of Importer-Exporter Code (IEC) | Foreign Trade Development Officer, Office of Jt. Director General of foreign Trade, Government of India | IEC Number: 0998001520 | Date of issue of IEC no.: May 28, 1998<br>Date of issue of Certificate: September 27, 2011 | In case of name change or address change, IEC holder shall cease to be eligible to Import or Export after expiry of 90 days from the date such a change happens unless changes notified to Licensing Authority. |
| 2 | Entrepreneurs Memorandum for setting micro, small and medium Enterprises Unit | General Manager, District Industries Centre | Entrepreneurs Memorandum Number: 050120000955 | January 06, 2010 | NA |
| 3 | Entrepreneurs Memorandum for setting micro, | General Manager, District Industries Centre | Entrepreneurs Memorandum Number: | May 11, 2010 | NA |

| Sr. No. | Description | Authority | Registration No./ Reference No./ License No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| | small and medium Enterprises Unit | | 050120001177 | | |
| 4 | License to work a factory (under Factories Act, 1948 and Rules made thereunder) | Deputy Director of Factories, Uttarakhand | Registration Number: USN-1466 | January 01, 2017 | December 31, 2017 |
| 5 | Establishment Registration Certificate under Uttarakhand Shops and Establishment Act, 1962 and rules made thereunder | Labour Department, Government of Uttarakhand | Registration Number: R-4118 | May 15, 2013 | March 31, 2018 |
| 6 | Certificate of Renewal of License to manufacture for sale of drugs other than those specified in Schedule-X | Drug Controlling & Licensing Authority, Kumaon Division Uttarakhand | License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28) | March 18, 2015 | March 17, 2020 |
| 7 | Grant of Neutral Code no. for export | Drug Controller, Directorate General of Medical Health & Family Welfare, Dehradun | 24/UA/2010(on form 25) & 24/UA/SC/P-2010 (on form 28) | November 27, 2015 | NA |
| 8 | Free Sale Certificate | Office of Drug Controlling & Licensing Authority, Directorate General of Medical Health & Family Welfare, Dehradun (Uttarakhand) | F No.- 17P/1/51/2010/6727<br>License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28) | May 17, 2017 | May 17, 2018 |
| 9 | GMP Certificate | Office of Drug | F No.- | May 17, | March 17, |

| Sr. No. | Description | Authority | Registration No./ Reference No./ License No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| | | Controlling & Licensing Authority, Directorate General of Medical Health & Family Welfare, Dehradun (Uttarakhand) | 17P/1/51/2010/6728<br>License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28) | 2017 | 2020 |
| 10 | License to manufacture for sale of Ayurvedic (Including Siddha) or Unani Drugs under the Drugs and Cosmetics Act, 1940 | Licensing Authority, Ayurvedic & Unani Services Uttarakhand, Dehradun | License Number: UK.AY- 319/2015 | August 10, 2015 | August 09, 2020 |
| 11 | Certificate of Good Manufacturing Practices to Manufacturer of Ayurveda, Siddha or Unani Drugs | Office of the Director, Ayurvedic and Unani services, Uttarakhand, Dehradun | Letter No. 746061/D-502/2015-16<br>UK.AY- 319/2015 | August 10, 2015 | August 09, 2020 |
| 12 | Certificate of Registration WHO-GMP<br>Scope: Manufacture & Exporters of Pharmaceutical, Nutraceutical & Dietary Supplements related products | Authorised Signatory, UK Certification & Inspection Limited | UQ-4687 | February 26, 2016 | February 25, 2018 |

**TAX RELATED APPROVALS/LICENSES/REGISTRATIONS**

| Sr. No. | Authorisation granted | Issuing Authority | Registration No./Reference No./License No. | Date of Issue | Validity |
|---|---|---|---|---|---|
| 1 | Permanent Account Number (PAN) | Income Tax Department, Government of India | AABCD0352N | April 01, 2010 | Perpetual |
| 2 | Tax Deduction Account Number (TAN) | Income Tax Department, Government of India | HYDD04113E | April 02, 2008 | Perpetual |
| 3 | Certificate of Registration for VAT act and CST (under Uttarakhand Value Added Tax Act, 2005 and rules made thereunder) | Government of Uttarakhand, Department of Commercial Tax | 05009594877 | January 23, 2010 | Perpetual |
| 4 | Certificate of Registration of VAT (under Andhra Pradesh Value Added Tax Act, 2005 read with Rule 10(a) of the Andhra Pradesh Value Added Tax Rules, 2005) | Government of Telangana, Commercial Taxes Department | 36180297655 | VAT effective from: June 18, 2014 | Perpetual |
| 5 | Certificate of Registration under Central Sales Tax Act 1956 (Under Rule 5(1) of Central Sales Tax (Registration and Turnover Rules 1957) | Government of Telangana, Commercial Taxes Department | 36180297655 (Central) | CST Effective from: June 02, 2014 | Perpetual |
| 6 | Certificate of Registration of Service Tax (under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994) | Ministry of Finance- Department of Revenue | AABCD0352NSD001 | Date of issue of original: September 10, 2010 Date of last amendment: October 03, 2016 | Until cancelled |

| Sr. No. | Authorisation granted | Issuing Authority | Registration No./Reference No./License No. | Date of Issue | Validity |
|---|---|---|---|---|---|
| 7 | Professional Tax Registration Certificate (PTRC) (under section 6(1) of Andhra Pradesh Tax on Professions, Trades, Callings And Employments Act, 1987) | Profession Tax Officer, Government of Andhra Pradesh | 28629881227 | Date of Registration: April 22, 2009 | Until cancelled |
| 8 | GSTIN – Uttarakhand | Government of India and Government of Uttarakhand | 05AABCD0352N1ZU | June 28, 2017 | Certificate of Provisional Registration |
| 9 | GSTIN – Telangana | Government of India and Government of Telangana | 36AABCD0352N1ZP | March 15, 2017 | Certificate of Provisional Registration |

**LABOUR RELATED APPROVALS/REGISTRATIONS**

| Sr. No. | Description | Authority | Registration No./ Reference No./ License No. | Date of Issue |
|---|---|---|---|---|
| 1 | Registration for Employees State Insurance (under Employees State Insurance Act, 1948 ) | Employee State Insurance Corporation, Uttarakhand | Establishment Code: 61-00-005039-000-00305 | August 12, 2010 |

Our Company has obtained Employees Provident Fund Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation, Uttarakhand vide communication reference number 5007/EPF/Ksho.k/Pravartan/UK/35621 dated August 4, 2010

**OTHER QUALITY RELATED CERTIFICATES**

| Sr No. | Description | Authority | Registration Number | Date of Certificate | Date of Expiry |
|---|---|---|---|---|---|
| 1 | Certificate of Registration ISO 9001:2008 Quality management System for manufacturing | SGI Management Private Limited | Certificate Number: 10QZZA1052 | Date of Issue: May 13, 2015 | May 12, 2018 |

| Sr No. | Description | Authority | Registration Number | Date of Certificate | Date of Expiry |
|---|---|---|---|---|---|
| | and supply of Nutraceutical & Pharmaceutical Products | | | | |
| 2 | Certificate of Registration<br>ISO 9001:2015<br>Quality management System for manufacturing and supply of Nutraceutical & Pharmaceutical Products | ICM Certification Private Limited | Certificate Number:<br>QMS141002 | Date of Issue: November 18, 2014 | November 17, 2017 |

**INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS**

**TRADEMARKS**

| Sr. No. | Trademark | Trade mark Type | Class | Applicant | Application No. | Date of Application | Validity/ Renewal | Registration status |
|---|---|---|---|---|---|---|---|---|
| 1. | OXY FLAX | Word | 30 | Deccan Health Care Limited | 1681462 | April 29, 2008 | April 29, 2018 | Registered |
| 2. | NUTRI DECC | Word | 30 | Deccan Health Care Private Limited | 2016229 | August 30, 2010 | August 30, 2020 | Registered |
| 3. | NEUROVIT MC | Word | 30 | Deccan Health Care Limited | 1708312 | July 09, 2008 | July 09, 2018 | Registered |
| 4. | LYCO CARE | Word | 30 | Deccan Health Care Limited | 1708310 | July 09, 2008 | July 09, 2018 | Registered |
| 5 | | Device | 30 | Deccan Health Care Private Limited | 2148494 | May 23, 2011 | May 23, 2021 | Registered |

| Sr. No. | Trademark | Trade mark Type | Class | Applicant | Application No. | Date of Application | Validity/ Renewal | Registration status |
|---|---|---|---|---|---|---|---|---|
| 6 | | Device | 5 | Deccan Health Care Limited | 1939011 | March 19, 2010 | March 19, 2020 | Registered |
| 7 | | Device | 30 | Deccan Health Care Private Limited | 2178651 | July 21, 2011 | July 21, 2021 | Registered |
| 8 | | Device | 5 | Deccan Health Care Private Limited | 2148495 | May 23, 2011 | May 23, 2021 | Registered |
| 9 | OXY FLAX | Word | 5 | Deccan Health Care Limited | 1674942 | April 11, 2008 | April 11, 2018 | Registered |
| 10 | | Device | 99 | Deccan Health Care Private Limited | 3595626 | - | - | Objected |

**Company has confirmed that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.**

**PENDING APPROVALS:**

1. Application dated April 05, 2017 is made for renewal of License under the Food Safety and Standards Act, 2006
2. Application dated June 13, 2017 made to Uttarakhand Environment Protection & Pollution Control Board for renewal of Consent to Operate issued by State Pollution Control Board Under section 25 of the Water (Prevention &Control of Pollution) Act, 1974 & Under section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management, handling & Transboundary movement) Rules 2008

**MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY**

1. Registration of Establishment under Shops and Establishments Act for registered office
2. Renewal of Certificate of Registration with the U.S Food and Drug Administration
3. Registration for Professional Tax Enrollment Certificate (PTEC) (under section 6(2) of Andhra Pradesh Tax on Professions, Trades, Callings And Employments Act, 1987)

4. Application for renewal of License for Contract Labour under the Contract Labour (regulation and abolition) Act, 1970.
5. Renewal of Certificate for Efficiency of Fire Extinguishing Equipments
6. Registration of Logo of the Company i.e. with the Registrar of Trademarks, Trademark Registry, Government of India
7. Certain Approvals are to be transferred in the name from "Deccan Health Care Private Limited" to "Deccan Health Care Limited"

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE OFFER

The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on August 31, 2017 and by the shareholders of our Company vide a special resolution pursuant to Section 62(1)(c) of the Companies Act, 2013 passed at the Extra General Meeting of our Company held on September 01, 2017 at the Registered Office of the Company.

### PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoter, our Directors, our Promoter Group and natural persons behind our promoters, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

The companies with which our Promoter, our Directors or persons in control of our Company are / were associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or Governmental Authority.

None of our Directors are in any manner associated with the securities market. There has been no action taken by SEBI against any of our Directors or any entity our Directors are associated with as directors.

### PROHIBITION BY RBI

Neither our Company, nor our Promoter, or the relatives (as defined under the Companies Act) of our Promoters have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or no proceedings thereof are pending against them.

### ELIGIBITY FOR THIS OFFER

Our Company is eligible for the Offer in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post offer face value capital exceeds Rs. 1,000 lakhs but does not exceed Rs 2,500 lakhs. Our Company also complies with the eligibility conditions laid by the EMERGE Platform of NSE for listing of our Equity Shares.

**We confirm that:**

1. In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, this offer will be hundred percent underwritten and that the BRLM will underwrite at least 15 per cent of the total Offer size. For further details pertaining to underwriting please refer to chapter titled "General Information" beginning on page 81 of this Draft Red Herring Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Book Running Lead Manager submits the copy of Draft Red Herring Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Draft Red herring Prospectus with Stock Exchange and the Registrar of Companies.

4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the BRLM will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the offer. For further details of the market making arrangement see chapter titled "General Information" beginning on page 81 of this Draft Red Herring Prospectus.
5. The Company has track record of 3 Years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application.
6. Net-worth of the company is positive.
7. The Company has not been referred to Board for Industrial and Financial Reconstruction.
8. No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
9. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
10. The Company has a website: www.deccanhealthcare.co.in

We further confirm that we shall be complying with all the other requirements as laid down for such an offer under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this offer.

## DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE AND WHICH SHALL ALSO BE SUBMITTED TO SEBI AFTER REGISTERING THE DRAFT RED HERRING PROSPECTUS WITH ROC AND BEFORE OPENING OF THE OFFER IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992**

**"WE, THE UNDER NOTED BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER;**
2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
   A. **THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
   C. **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS COMPANIES ACT, 1956, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE**
5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. - DULY COMPLIED**
6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY**

**COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. –COMPLIED WITH AND NOTED FOR COMPLIANCE**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH TO THE EXTENT APPLICABLE.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE, AS IN TERMS OF THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013, THE SHARES ISSUED IN THE PUBLIC OFFER SHALL BE IN DEMAT FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    A. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**

    B. **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM**

**TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY (CHECKLIST ENCLOSED)**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER' AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN "ANNEXURE A"**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS." COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS**

**ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE**

**(1) "WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

**(2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN DRAFT RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE OFFER UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE- OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.**

**(3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. - NOTED FOR COMPLIANCE**

**(4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE**

**ISSUER.**

**(5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT RED HERRING PROSPECTUS.**

**(6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

**Note:**

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 and 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Draft Red Herring Prospectus with the Registrar of Companies, Andhra Pradesh & Telangana, Hyderabad in terms of Section 26 and 32 of the Companies Act, 2013.

## DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, www.deccanhealthcare.co.in would be doing so at his or her own risk.

**Caution**

The Book Running Lead Managers accepts no responsibility, save to the limited extent as provided in the Agreement for offer management entered into among the Book Running Lead Managers and our Company and the Selling Shareholders dated September 01, 2017, the Underwriting Agreement dated September 01, 2017 entered into among the Underwriter and our Company and the Market Making Agreement dated September 01, 2017 entered into among the Market Maker(s), Book Running Lead Managers and our Company.

Our Company, the Selling Shareholders and the Book Running Lead Managers shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres, *etc.*

The Book Running Lead Managers and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company, Selling Shareholders and their associates in the ordinary course of business and may in future engage in the provision of services for which they may in future receive compensation. Pantomath Capital Advisors Private Limited and Indian Overseas Bank are not 'associates' of the Company and are eligible as Book Running Lead Managers to this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

**Investors who apply in this Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all**

**applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company, the Selling Shareholders and the Book Running Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.**

## PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER

For details regarding the price information and track record of the past issue handled by Pantomath Capital Advisors Private Limited, as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by SEBI, please refer "Annexure A" to this Draft Red Herring Prospectus and the website of Book Running Lead Manager at www.pantomathgroup.com

## DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act

and in compliance with applicable laws, legislations and Draft Red Herring Prospectus in each jurisdiction, including India.

## DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: [●] dated [●] permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that thie Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever".

## FILING

The Draft Red Herring Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 106(M) (3). However, a copy of the Red Herring Prospectus and Prospectus shall be filed with SEBI at the SEBI Southern Regional Office, D'Monte Building, 3rd Floor, No. 32, D'Monte Colony, TTK Road, Alwarpet, Chennai – 600 018. A copy of the Red Herring Prospectus along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at 2ND Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda Hyderabad - 500 068

## LISTING

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in-principle approval from EMERGE Platform of National Stock Exchange of India Limited. However application will be made to the EMERGE Platform of National Stock Exchange of India Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. National Stock Exchange of India Limited will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The EMERGE Platform of National Stock Exchange of India Limited has given its in-principal approval for using its name in our Prospectus vide its letter No. [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the EMERGE Platform of National Stock Exchange of India Limited, our Company will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Offer Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of the National Stock Exchange of India Limited mentioned above are taken within six Working Days from the Offer Closing Date.

## CONSENTS

Consents in writing of: (a) the Directors, the Promoters, the Selling Shareholder, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Peer Reviewed Auditor, Banker to the Company and (b) Book Running Lead Manager, Underwriter, Market Maker, Registrar to the Offer, Public Issue Bank / Banker to the Offer and Refund Banker to the Offer, Legal Advisor to the Offer, Syndicate Member to the Offer to act in their respective capacities have been obtained and is filed along with a copy of the Red Herring Prospectus/ Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for registration with the RoC. Our Peer Reviewed Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for filing with the RoC.

## EXPERT TO THE OFFER

Except as stated below, Our Company has not obtained any expert opinions:

- Report of the Peer Reviewed Auditor on Statement of Tax Benefits
- Report of the Peer Reviewed Auditor on Restated Financial Statements

## EXPENSES OF THE OFFER

The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Offer, refer to chapter "Objects of the Offer" beginning on page 116 of this Draft Red Herring Prospectus.

## DETAILS OF FEES PAYABLE

### Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Mandate Letter issued by our Company to the Book Running Lead Manager, the copy of which is available for inspection at our Registered Office.

### Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Agreement signed by our Company and the Registrar to the Offer dated September 01, 2017 a copy of which is available for inspection at our Registered Office. The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Offer to enable them to send allotment advice by registered post/ speed post/ under certificate of posting.

### Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor and Advertiser, *etc.* will be as per the terms of their respective engagement letters if any.

## UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for this Offer is as set out in the Underwriting Agreement entered into between our Company and the Book Running Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

## PREVIOUS RIGHTS AND PUBLIC ISSUES SINCE THE INCORPORATION

We have not made any previous rights and/or public issues since Incorporation, and are an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations and this Offer is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations.

## PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the chapter titled *"Capital Structure"* beginning on page 93 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

## COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

## PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

None of the equity shares of our Group Companies are listed on any recognised stock exchange. None of the above companies have raised any capital during the past 3 years.

## PROMISE VERSUS PERFORMANCE FOR OUR COMPANY

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Offer is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

## OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

## STOCK MARKET DATA FOR OUR EQUITY SHARES

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Offer is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

## MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Offer for redressal of their grievances. All grievances relating to this Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants / bidders.

## DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on August 31, 2017 For further details, please refer to the chapter titled "*Our Management*" beginning on page 202 of this Draft Red Herring Prospectus.

Our Company has appointed Narahari Bellamkonda as Company Secretary and Compliance Officer and she may be contacted at the following address:

**Narahari Bellamkonda**
**Deccan Health Care Limited**
247, 2nd floor, Dwarakapuri Colony,
Punjagutta, Hyderabad,
Telangana – 500082, India
**Tel**: +91 040 40144508
**Fax**: NA
**Email***:* cs@deccanhealthcare.co.in
**Website:** www.deccanhealthcare.co.in
**Corporate Identification Number:** U72200TG1996PLC024351

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre- Offer or post- Offer related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or unblocking of funds, *etc*.

## CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS

Except as stated below, there have been no changes in Auditors of our Company in during the last three years preceding the date of this Draft Red Herring Prospectus.

M/s. K Surendernath & Co, Chartered Accountants has completed his term pursuant to Section 139 of the Companies Act, 2013 as Statutory Auditor of our Company in place of whom M/s.Manisha Sharma & Co, Chartered Accountants was appointed as Statutory Auditor for Financial Year 2016-2017.

## CAPITALISATION OF RESERVES OR PROFITS

Save and except as stated in the chapter titled "*Capital Structure*" beginning on page 93 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits during the last five years.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since incorporation.

## PURCHASE OF PROPERTY

Except as disclosed in this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not purchased any property in which the Promoters and / or Directors have any direct or indirect interest in any payment made there under.

## SERVICING BEHAVIOR

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## SECTION VII – OFFER INFORMATION

## TERMS OF THE OFFER

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the FIPB, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Offer. SEBI has notified the SEBI Listing Regulations on September 2, 2015, which among other things governs the obligations applicable to a listed company which were earlier prescribed under the Equity Listing Agreement. The Listing Regulations have become effective from December 1, 2015.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015. All the investors applying in a public offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Offer and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Offer and DPs as and when the same is made available.

### OFFER FOR SALE

The Offer comprises of a fresh issue and Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agree that they will reimburse our Company all such expenses.

### RANKING OF EQUITY SHARES:

The Equity Shares being offered and transferred in the Offer shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees upon receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled "*Main Provisions of Articles of Association*" beginning on page 372 of this Draft Red herring Prospectus.

**MODE OF PAYMENT OF DIVIDEND:**

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled *"Dividend Policy"* on page 227 of this Draft Red herring Prospectus.

**FACE VALUE AND OFFER PRICE PER SHARE:**

The face value of the Equity Shares is Rs. 10 each and the Offer Price at the lower end of Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLM and advertised in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and the Regional newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be prefilled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

**COMPLIANCE WITH SEBI ICDR REGULATIONS:**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**RIGHTS OF THE EQUITY SHAREHOLDERS:**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled

"*Main Provisions of Articles of Association*" beginning on page number 372 of this Draft Red herring Prospectus.

**MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT:**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 10, 2017 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated August 11, 2017 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is [●] Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of [●] Equity Share subject to a minimum allotment of [●] Equity Shares to the successful applicants.

**MINIMUM NUMBER OF ALLOTTEES:**

Further in accordance with the Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of offer.

**JURISDICTION:**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts / authorities in Mumbai, Maharashtra, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**JOINT HOLDER:**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

**NOMINATION FACILITY TO BIDDERS**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a. to register himself or herself as the holder of the Equity Shares; or

b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

**WITHDRAWAL OF THE OFFER**

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would Offer a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Manager through, the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue/Offer for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with Stock Exchange.

## BID/ OFFER OPENING DATE

| | |
|---|---|
| Bid / Offer Opening Date | [●] |
| Bid / Offer Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●] |
| Initiation of Refunds | [●] |
| Credit of Equity Shares to demat accounts of Allottees | [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | [●] |

The above timetable is indicative and does not constitute any obligation on our Company, and the BRLM. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Bid/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bids and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/ Offer Period. On the Bid/ Offer Closing Date, the Bids and any revision to the same shall be accepted between **10.00 a.m. and 5.00 p.m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Bid/ Offer Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offer, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the offer. Bids will be accepted only on Business Days. Neither our Company nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price

Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision of the Price Band, the Bid/ Offer Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Member.**

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form, for a particular Bidder, the Registrar to the Offer shall ask for rectified data

**MINIMUM SUBSCRIPTION**

This Offer is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the offer, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our offer shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Draft Red Herring Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106( R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty)

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

**MIGRATION TO MAIN BOARD**

Our company may migrate to the Main board of National Stock Exchange of India Limited from SME Exchange on a later date subject to the following:

- If the Paid up Capital of our Company is likely to increase above Rs. 2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to National Stock Exchange of India Limited for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

*OR*

- If the Paid up Capital of our company is more than Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

**MARKET MAKING**

The shares issued and transferred through this Offer are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited (SME Exchange) with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on EMERGE Platform of National Stock Exchange of India Limited. For further details of the market making arrangement please refer to chapter titled *"General Information"* beginning on page 81 of this Draft Red herring Prospectus.

**ARRANGEMENT FOR DISPOSAL OF ODD LOT**

The trading of the equity shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on EMERGE Platform of National Stock Exchange of India Limited.

**AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS Offer**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. However, such investments would be subject to other investment

restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India / RBI while granting such approvals.

**OPTION TO RECEIVE SECURITIES IN DEMATERIALISED FORM**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

**APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S**

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

**RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES**

Except for lock-in of the pre-Offer Equity Shares and Promoter's minimum contribution in the Offer as detailed in the chapter "*Capital Structure*" beginning on page 93 of this Draft Red herring Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page 372 of this Draft Red herring Prospectus.

*The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.*

## OFFER STRUCUTRE

This Offer is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, our post offer face value capital is more than ten crore rupees and upto twenty five crores. The Company shall offer specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform on National Stock Exchange of India Limited). For further details regarding the salient features and terms of such an offer please refer chapter titled "*Terms of the Offer*" and "Offer *Procedure*" on page 300 and 312 of this Draft Red Herring Prospectus.

**Following is the Offer structure:**

Initial Public Offer of up to 50,00,000 Equity Shares for cash at price of Rs. [•] (including a premium of Rs. [●]) aggregating to Rs. [●] comprising of Fresh Issue of up to 36,00,000 Equity Shares aggregating up to Rs. [●] Lakhs by our Company, Offer of Sale of up to 14,00,000 Equity Shares aggregating up to Rs. [●] by the Selling Shareholders. The Offer comprises a net offer to the public of up to [●] Equity Shares (the ―Net Offer‖). The Offer will constitute [●] % of the post-Offer paid-up Equity Share capital of our Company and the Net Offer will constitute [●] % of the post-Offer paidup Equity Share capital of our Company.

The offer comprises a reservation of up to [●] Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

| **Particulars** | **Qualified Institutional Bidders** | **Market Maker Reservation Portion** | **Non –Institutional Bidders** | **Retail Individual Bidders** |
|---|---|---|---|---|
| **Number of Equity Shares** | Up to [●]Equity Shares | Up to [●] Equity Shares | Up to [●] Equity Shares | Up to [●] Equity Shares |
| **Percentage of offer Size available for allocation** | [●]% of Net offer shall be allocated to QIBs. However, up to [●] Equity shares consisting of [●]% the QIB Portion shall be available for allocation proportionately to Mutual fund | [●] % of offer Size | [●] % of the net offer shall be available for allocation | [●] % of offer Size |
| **Basis of Allotment / Allocation if respective category is oversubscribed** | Proportionate subject to minimum allotment of [●] equity shares and further allotment in multiples of [●] equity shares each as follows:-<br>a) [●] Equity Shares, consisting [●]% of the QIB portion, shall be Firm allotment Proportionate | Firm allotment | Proportionate | Proportionate subject to minimum allotment of [●] equity shares and further allotment in multiples of [●] equity shares each. For further details please refer to |

| Particulars | Qualified Institutional Bidders | Market Maker Reservation Portion | Non –Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | available for allocation on proportionate basis to Mutual Funds;<br>b) [●] Equity shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above For further details please refer to the section titled "*Offer Procedure"* beginning *on* page 312 of the Draft Red Herring Prospectus | | | the section titled *"offer Procedure"* beginning *on* page 312 of the Draft Red Herring |
| **Mode of Bid cum Application** | All Applicants/Bidders shall make the application (Online or Physical through ASBA Process only) | Through ASBA Process only | All Applicants/Bidders shall make the application (Online or Physical through ASBA Process only) | Through ASBA Process only |
| **Minimum Bid Size** | Such number of Equity Shares in multiples of [●] Equity Shares such that the Application size exceeds Rs 2,00,000 | Up to [●] Equity Shares of Face Value of Rs. 10.00 each | Such number of Equity shares in multiple of [●] Equity shares such that Application size exceeds Rs. 2,00,000 | Up to [●] Equity Shares of Face Value of Rs. 10.00 each |
| **Maximum Bid Size** | Not exceeding the size of the Offer subject to regulations as applicable to the Bidder | Up to [●] Equity Shares of Face Value of Rs 10 each | Not exceeding the size of the Offer | Up to [●] Equity Shares of Face Value of Rs 10 each |
| **Mode of Allotment** | Compulsorily in Dematerialised mode | Compulsorily in Dematerialised mode | Compulsorily in Dematerialised mode | Compulsorily in Dematerialised mode |
| **Trading Lot** | [●] Equity Shares | [●] Equity Shares, however the Market Maker may | [●] Equity Shares | [●] Equity Shares, however the Market Maker |

| Particulars | Qualified Institutional Bidders | Market Maker Reservation Portion | Non –Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | accept odd lots if any in the market as required under the SEBI ICDR Regulations | | may accept odd lots if any in the market as required under the SEBI ICDR Regulations |
| **Terms of payment** | The entire Bid Amount will be payable at the time of submission of the Bid Form | | | |

1) **In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price;*
2) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non- Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation*
3) *with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.*
4) *Such number of Equity Shares representing [●]% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Offer Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Offer Price.*

In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

**WITHDRAWAL OF THE OFFER**

Our Company in consultation with the BRLM, reserves the right to not to proceed with the Offer after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre- Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer.

The Book Running Lead Manager through, the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an Offer for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with Stock Exchange. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Offer Closing Date.

**BID/ Offer OPENING DATE**

| | |
|---|---|
| Bid / Offer Opening Date | [●] |
| Bid / Offer Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●] |
| Initiation of Refunds | [●] |
| Credit of Equity Shares to demat accounts of Allottees | [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | [●] |

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Offer Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Offer Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., all trading days of stock exchanges excluding Sundays and bank holidays.

## OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document"), and including SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the* Offer.

*Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and is not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.*

*Please note that all the Bidders can participate in the Offer only through the ASBA process. All Bidders shall ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.*

*Bidders are required to submit Bids to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Offer and Share Transfer Agent ("RTA") that have been notified by National Stock Exchange of India Limited to act as intermediaries for submitting Bid cum Application Forms are provided on* www.nseindia.com *For details on their designated branches for submitting Bid cum Application Forms, please see the above mentioned National Stock Exchange of India Limited website.*

*Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Application Forms.*

**BOOK BUILDING PROCEDURE**

The Issue is being made through the Book Building Process wherein 30% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Out of the QIB Portion [●]% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price.

Further, [●]% of the Issue would be available for allocation to Non-Institutional Bidders and [●]% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

All Bidders applying through cheques or demand drafts are required to submit their Bids through the Syndicate.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Investors are not allowed to withdraw or lower the size of their Bids (both in terms of number of Equity Shares Bid for and Bid Amount) at any stage. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis.

**BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the National Stock Exchange of India Limited (www.nseindia.com), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/ Offer Opening Date.

All Bidders shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

| **Category** | **Colour of Bid cum Application Form*** |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis | Blue |

**excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms to respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB Bank.

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Draft Red Herring Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. ASBA Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

*i)* an SCSB, with whom the bank account to be blocked, is maintained

*ii)* a syndicate member (or sub-syndicate member)

*iii)* a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')

*iv)* a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

*v)* a registrar to an offer and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

| | |
|---|---|
| For applications submitted by investors to SCSB: | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer. |

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus, without prior or subsequent notice of such changes to the Applicants.

**WHO CAN BID?**

In addition to the category of Bidders set forth under "***General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue***", the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;

- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and / or industrial research organisations authorised in India to invest in the Equity Shares.

**MAXIMUM AND MINIMUM APPLICATION SIZE**

***a) For Retail Individual Bidders:***

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 2,00,000. In case of revision of Bid, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000.

***b) For Other Bidders (Non-Institutional Bidders and QIBs):***

The Bid cum Application must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Bidder cannot withdraw or lower the size of their Bid at any stage and are required to pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs applying in the Net Offer shall not be made public during the Offer Period. In case of revision in Bid, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**INFORMATION FOR THE BIDDERS**

a. Our Company shall file the Red Herring Prospectus with the RoC at least three working days before the Bid / Offer Opening Date.

b. Our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre- Offer advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre- Offer advertisement, our Company and the Book Running Lead Manager shall advertise the Offer Opening Date, the Offer Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.

c. The Price Band as decided by our Company in consultation with the Book Running Lead Manager is Rs. [●] per Equity Share. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share and the minimum bid lot is of [●] Equity Shares. Our Company shall also announce the Price Band at least five Working Days before the Offer Opening Date in English and Hindi national newspapers and one regional newspaper with wide circulation.

d. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band. Further, this announcement shall be disclosed on the websites of the Stock Exchanges where the Equity Shares are proposed to be listed and shall also be pre-filled in the Bid cum Application Forms available on the websites of the stock exchanges.

e. The Offer Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Offer Period shall be extended, by an additional three Working Days, subject to the total Offer Period not exceeding ten Working Days. The revised Price Band and Offer Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in English and

Hindi national newspapers and one regional newspaper with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.

**The Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Member does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected**.

**OPTION TO SUBSCRIBE IN THE OFFER**

a. As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.

A single Bid cum application from any investor shall not exceed the investment limit / minimum number of specified securities that can be held by him/her/it under the relevant regulations / statutory guidelines and applicable law

**AVAILABILITY OF RED HERRING PROSPECTUS AND BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and National Stock Exchange of India Limited (www.nseindia.com) at least one day prior to the Bid/ Offer Opening Date.

**PARTICIPATION BY ASSOCIATED/AFFILIATES OF LEAD MANAGER AND SYNDICATE MEMBERS**

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

**APPLICATIONS BY ELIGIBLE NRI'S**

NRIs may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour)

**BIDS BY FPI INCLUDING FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post- Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client‘ norms. An FPI is also required to ensure that no

further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

**BIDS BY SEBI REGISTERED VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation**.

**BIDS BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

**BIDS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

**BIDS BY INSURANCE COMPANIES**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, (the "IRDA Investment Regulations") are broadly set forth below:

1) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
3) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be. Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

**BIDS UNDER POWER OF ATTORNEY**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.

b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.

c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form

e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

**The above information is given for the benefit of the Bidders. Our Company, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus**.

**BIDS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Bids made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid Cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

**BIDS BY BANKING COMPANY**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company‘s investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “Banking Regulation Act”), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks’ own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks’ interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company

would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a) (v) (c) (i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

**BIDS BY SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

**ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE OFFER**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the offer shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Offer.

2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

**TERMS OF PAYMENT**

**Terms of Payment**

The entire offer Price of Rs. [●] per share is payable on Bid cum application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar to the offer shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public offer Bank Account, post finalisation of basis of Allotment. The balance amount after transfer to the Public offer Account shall be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the offer and the Registrar to the offer to facilitate collections from the Bidders.

Payment mechanism for Bidders

The Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid cum Application Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Bidders shall neither withdraw nor lower the size of their bid cum applications at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Application Forms, the Registrar to the offer shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the offer and consequent transfer

of the Application Amount to the Public offer Account, or until withdrawal/ failure of the offer or until rejection of the bid cum application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this offer shall mandatorily make use of ASBA facility.

**SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

a) Our Company has entered into an Underwriting agreement dated September 01, 2017

b) A copy of the Red Herring Prospectus and Prospectus will be filed with the RoC in terms of Section 32 of the Companies Act, 2013 and section 26 of the Companies Act, 2013.

**PRE- OFFER ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre- offer advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation. In the pre- offer advertisement, we shall state the Bid Opening Date and the Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

**ADVERTISEMENT REGARDING OFFER PRICE AND PROSPECTUS**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

**GENERAL INSTRUCTIONS**

***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
11. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
18. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in

the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

19. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;

20. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

21. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

22. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Dont's:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

16. Do not submit more than five Bid cum Application Forms per ASBA Account;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

a) Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.

b) Our Company in consultation with the BRLM, will finalize the offer Price within the Price Band, without the prior approval of, or intimation, to the Bidders

c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

d) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

**COMMUNICATIONS**

All future communications in connection with Bids made in this offer should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Bidders can contact the Compliance Officer or the Registrar in case of any pre offer or post offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

**IMPERSONATION**

*Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:*

***"****Any person who—*

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447."***

**UNDERTAKINGS BY THE COMPANY**

Our Company undertake as follows:

1. That the complaints received in respect of the offer shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at EMERGE Platform of National Stock Exchange of India Limited where the Equity Shares are proposed to be listed within six working days from offer Closure date.
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the offer by our Company;
4. That our Promoter's contribution in full has already been brought in;
5. That no further issue of Equity Shares shall be made till the Equity Shares offer through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.; and
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment.
7. If our Company does not proceed with the offer after the Bid/ offer Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/ offer Closing Date. The public notice shall be issued in the same newspapers where the Pre- offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
8. If our Company withdraw the offer after the Bid/ offer Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the offer;

Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period.

**UNDERTAKING BY THE SELLING SHAREHOLDER**

Each Selling Shareholder severally undertakes that:

1) it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the [●] at least one Working Day prior to the Bid/Offer Opening Date;
2) it shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;
3) it shall take all steps and provide all assistance to our Company and the BRLMSs, as may be required for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within six Working Days from the Bid/Offer Closing Date of the Offer, failing which it shall forthwith repay without interest all monies received from Bidders to the extent of the Offered Shares. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder;
4) it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Equity Shares held by it except the Equity Shares being offered in the Offer for Sale until such time that the lock-in remains effective save and except as may be permitted under the SEBI Regulations;
5) it shall ensure that the Equity Shares being offered by it in the Offer, shall be transferred to the successful Bidders within the time specified under applicable law; and
6) it shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.
7) It is the legal and beneficial owner of, and has full title to their respective portion of the Offered Shares in the Offer;

**UTILIZATION OF THE OFFER PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the Fresh issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Fresh issue referred above shall be disclosed and continue to be disclosed till the time any part of the Offer Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Fresh issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the issue.
5. Our Company shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.
6. The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactory.

## EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

a. Agreement dated January 10, 2017 among NSDL, the Company and the Registrar to the Offer;
b. Agreement dated August 11, 2017 among CDSL, the Company and the Registrar to the Offer;

The Company's shares bear ISIN no INE452W01019.

## PART B

## GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders should rely on their own examination of the Issue and the Issuer, and should carefully read the Draft Red Herring prospectus before investing in the Offer.*

### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders in IPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **("SEBI ICDR Regulations, 2009").**

Bidders should note that investment in equity and equity related securities involves risk and Bidder should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders may refer to the section "Glossary and Abbreviations".

### SECTION 2: BRIEF INTRODUCTION TO IPOs ON EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (SME PLATFORM)

### 2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer,

Bidders/Applicants may refer to the DRHP.

## 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer. For undertaking an FPO, the Issuer is inter-alia required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post- offer face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post offer face value capital, is more than ten crore rupees and up to twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present offer being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation.

## 2.3 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 (the "Companies Act"), The Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

(a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, issue has to be 100% underwritten and the BRLM has to underwrite at least 15% of the total offer size.

(b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.

(c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issue any observations on the Offer Document. The Book Running Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.

(d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the BRLM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the issue.

(e) The company should have track record of at least 3 years

(f) The company should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive

(g) The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.

(h) The issuer shall mandatorily facilitate trading in demat securities.

(i) The issuer should not been referred to Board for Industrial and Financial Reconstruction.

(j) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company

(k) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the issuer

(l) The Company should have a website. Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this offer.

Thus Company is eligible for the offer in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post offer face value capital is more than 1000 Lakhs but does not exceed Rs. 2500 Lakhs. Company also complies with the eligibility conditions laid by the EMERGE Platform of National Stock Exchange of India Limited for listing of our Equity Shares.

## 2.4 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Offer Price through the Book Building Process **("Book Built issues")** or undertake a Fixed Price Issue **("Fixed Price Issues")**. An issuer may mention Price or Price Band in the Draft Red Herring Prospectus (in case of a fixed price Issue) and Floor price or price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before registering the prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-offer advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Offer Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders should refer to the RHP/ Prospectus or offer advertisements to check whether the offer is a Book Built offer or a Fixed Price offer.

## 2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM and the advertisement in the newspaper(s) issued in this regard

## 2.6 MIGRATION TO MAIN BOARD

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

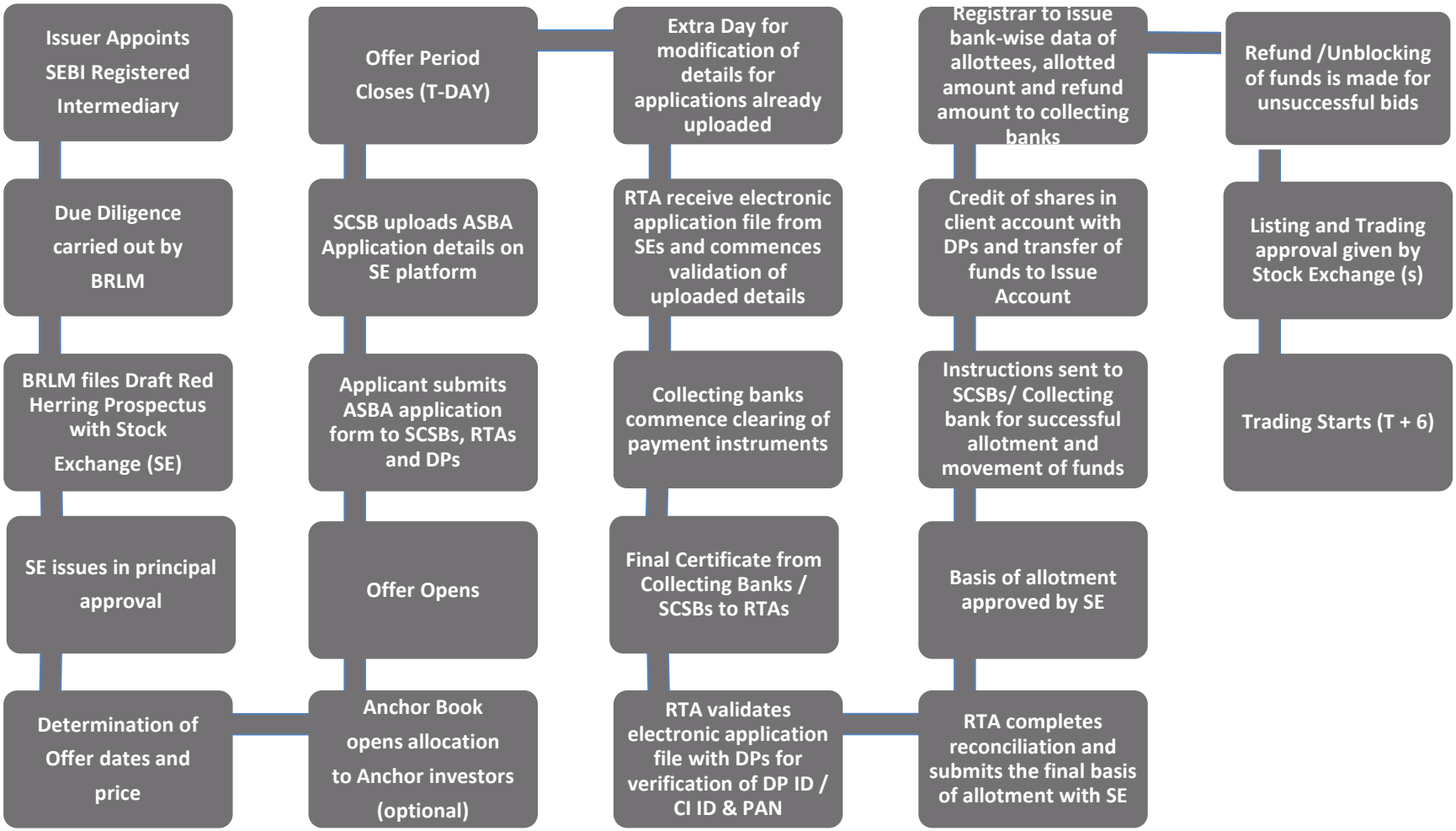
(a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

(b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

## 2.7 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows


Issuer Appoints SEBI Registered Intermediary
Due Diligence carried out by BRLM
BRLM files Draft Red Herring Prospectus with Stock Exchange (SE)
SE issues in principal approval
Determination of Offer dates and price
Anchor Book opens allocation to Anchor investors (optional)
Offer Opens
Applicant submits ASBA application form to SCSBs, RTAs and DPs
SCSB uploads ASBA Application details on SE platform
Offer Period Closes (T-DAY)
Extra Day for modification of details for applications already uploaded
RTA receive electronic application file from SEs and commences validation of uploaded details
Collecting banks commence clearing of payment instruments
Final Certificate from Collecting Banks / SCSBs to RTAs
RTA validates electronic application file with DPs for verification of DP ID / CI ID & PAN
RTA completes reconciliation and submits the final basis of allotment with SE
Basis of allotment approved by SE
Instructions sent to SCSBs/ Collecting bank for successful allotment and movement of funds
Credit of shares in client account with DPs and transfer of funds to Issue Account
Registrar to issue bank-wise data of allottees, allotted amount and refund amount to collecting banks
Refund /Unblocking of funds is made for unsuccessful bids
Listing and Trading approval given by Stock Exchange (s)
Trading Starts (T + 6)

## SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN OFFER

***Each Bidder should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by

Department of Posts, India;

17. Any other person eligible to apply in this offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this offer.

**SECTION 4: APPLYING IN THE OFFER**

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of a member of the Syndicate or any other Designated Intermediary, bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the book running lead manager, members of the Syndicate, Registered Brokers, Designated Intermediaries at Branches of the Bidding Centres, SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the DRHP/RHP.

**Fixed Price Issue**: Applicants should only use the specified cum Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

| **Category** | **Colour of the Bid cum Application Form (Excluding downloaded forms from SE website)** |
|---|---|
| Resident Indian, Eligible NRIs applying on a non repatriation basis | White |
| Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis | Blue |
| Anchor Investors (where applicable) & Bidders applying in the reserved category | Not Applicable |

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

## 4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ ASBA FORM

Bidders may note that forms not filled completely or correctly as per instructions provided in this GID, the DRHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non- resident Bidders are reproduced below:

## R Bid cum Application Form

| COMMON BID CUM APPLICATION FORM | **DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R**<br>Registered Office: 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India<br>CIN: U72200TG1996PLC024351;<br>Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in | FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS |
|---|---|---|

To,
The Board of Directors
DECCAN HEALTH CARE LIMITED

**BOOK BUILT OFFER**
**ISIN - INE452W01019**

Bid Cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / CDP / RTA STAMP & CODE |
|---|---|
| | |
| **SUB-BROKER'S / SUB-AGENT'S STAMP & CODE** | **ESCROW BANK / SCSB BRANCH STAMP & CODE** |
| | |
| **BANK BRANCH SERIAL NO.** | **SCSB SERIAL NO.** |
| | |

**1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER**

Mr./Ms./M/s.

Address

Email

Tel. No (with STD code) / Moblie

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

**4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off"). Price band Rs. [●]**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares) | Price per Equity Share (₹) / "Cut-off" | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-Off" (Please (✓)tick) |
| | 8 7 6 5 4 3 2 1 | 3 2 1 | 3 2 1 | 3 2 1 | |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

**5. CATEGORY**

☐ Retail Individual Bidder

☐ Non Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

| | |
|---|---|
| ☐ Individual(s) | - IND |
| ☐ Hindu Undivided Family* | - HUF |
| ☐ Non-Resident Indians (Non-Repatriation basis) | - NRI |
| ☐ Bodies Corporate | - CO |
| ☐ Banks & Financial Institutions | - FI |
| ☐ Mutual Funds | - MF |
| ☐ National Investment Funds | - NIF |
| ☐ Insurance Funds | - IF |
| ☐ Insurance Companies | - IC |
| ☐ Venture Capital Funds | - VCF |
| ☐ Alternate Investment Funds | - AIF |
| ☐ Others (Please Specify) | - OTH |

*HUF Should apply only through Karta
*(Application by HUF would be treated on par with individual)*

**7. PAYMENT DETAILS** | **PAYMENT OPTION : Full Payment** ☐

Amount Blocked (₹ in Figures) | (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 8A. SIGNATURE OF SOLE / FIRST BIDDER | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)<br>I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer | SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| Date: ....., 2017 | 1)<br>2)<br>3) | |

TEAR HERE

**DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R** | **Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA**

Bid Cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

| Amount Blocked (₹ in figures) | ASBA A/c. No. | Stamp & Signature of SCSB Branch |
|---|---|---|
| Bank & Branch | | |
| Received from Mr./Ms./M/s. | | |
| Telephone / Mobile | Email | |

TEAR HERE

DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No.of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

**Acknowledgment Slip for Bidder**

ASBA Bank A/c No.:

Bank & Branch:

Bid Cum Application Form No.

**DECCAN HEALTH CARE LIMITED** 1

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PLEASE FILL IN BLOCK LETTERS

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Deccan Healthcare
for wellness Since 1996
Delays Ageing & Disease

# NR Bid cum Application ASBA Form

| COMMON BID CUM APPLICATION FORM | **DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - NR**<br>Registered Office: 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India<br>CIN: U72200TG1996PLC024351;<br>Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in | FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS |
|---|---|---|

To,
The Board of Directors
DECCAN HEALTH CARE LIMITED

**BOOK BUILT OFFER**
**ISIN - INE452W01019**

Bid Cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / CDP / RTA STAMP & CODE |
|---|---|
| SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK / SCSB BRANCH STAMP & CODE |
| BANK BRANCH SERIAL NO. | SCSB SERIAL NO. |

**1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER**

Mr./Ms./M/s.

Address

Email

Tel. No (with STD code) / Mobile

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

**4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off"). Price band Rs. [•]**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares) | Price per Equity Share (₹) / "Cut-off" | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount | Net Price | "Cut-Off" (Please (✓)tick) |
| | 8 7 6 5 4 3 2 1 | 3 2 1 | 3 2 1 | 3 2 1 | |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

**5. CATEGORY**

☐ Retail Individual Bidder
☐ Non Institutional Bidder
☐ QIB

**6. INVESTOR STATUS**

NRI Non-Resident Indian(s) (Repatriation basis)
FII FII or Sub Account not a Corporate/ Foreign Individual
FIISA FII Sub Account Corporate/Individual
FVCI Foreign Venture Capital Investor
FPI Foreign Portfolio Investor
OTH Others (Please Specify) _____

**7. PAYMENT DETAILS** | **PAYMENT OPTION : Full Payment** ☐

Amount Blocked (₹ in Figures) | (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

PLEASE FILL IN BLOCK LETTERS

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 8A. SIGNATURE OF SOLE / FIRST BIDDER | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)<br>I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer | SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| Date: ....., 2017 | 1)<br>2)<br>3) | |

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DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - NR

**Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA**

Bid Cum Application Form No.

DPID / CLID | PAN of Sole / First Bidder

| Amount Blocked (₹ in figures) | ASBA A/c. No. | Stamp & Signature of SCSB Branch |
|---|---|---|
| Bank & Branch | | |
| Received from Mr./Ms./M/s. | | |
| Telephone / Mobile | Email | |

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DECCAN HEALTH CARE LIMITED - BID REVISION FORM - INITIAL PUBLIC OFFER - NR

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No.of Equity Shares | | | |
| Bid Price | | | |
| Amount Blocked (₹) | | | |

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

**Acknowledgment Slip for Bidder**

ASBA Bank A/c No.: _____
Bank & Branch: _____

Bid Cum Application Form No.

**DECCAN HEALTH CARE LIMITED** 1

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### 4.1.1 : NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER

Bidders should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(a) **Mandatory Fields:** Bidders should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Bidders should note that the contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the offer only for correspondence(s) related to an offer and for no other purposes.

(b) **Joint Bids:** In the case of Joint Bids, the Bids should be made in the name of the Bidder whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder would be required in the Bid cum Application Form/ Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form/ Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(c) **Impersonation:** Attention of the Bidders is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who:

- makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or
- makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,

***Shall be liable for action under section 447 of the said Act.***

(d) **Nomination Facility to Bidder:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

### 4.1.2 PAN NUMBER OF SOLE /FIRST BIDDER

a) PAN (of the sole/first Bidder) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids on behalf of the Central or State Government, Bids by officials appointed by the courts and Bids by Bidders residing in Sikkim ("PAN Exempted Bidders"). Consequently, all Bidders, other than the PAN Exempted Bidders, are required to disclose their PAN in the Bid cum Application Form, irrespective of the Bid Amount. Bids by the Bidders whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

c) The exemption for the PAN Exempted Bidders is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

e) Bids by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

### 4.1.3 BIDDERS DEPOSITORY ACCOUNT DETAILS

a) Bidder should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the **Bid cum Application Form is liable to be rejected.**

b) Bidder should ensure that the beneficiary account provided in the Bid cum Application Form is active.

c) Bidder should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorized the Depositories to provide to the Registrar to the offer, any requested Demographic Details of the as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to the offer.

d) Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders' sole risk.

### 4.1.4 : BID OPTIONS

a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the DRHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working

Day before Bid/Offer Opening Date in case of an FPO.

b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs undertaken through the Book Building Process. Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

d) **Minimum Bid Value and Bid Lot**: The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum Bid value is within the range of above Rs.1,00,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum Bid value.

e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the DRHP or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.

b) In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.

c) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut off Price.

e) RII may revise or withdraw their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.

f) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

g) For Anchor Investors, if applicable, the Bid Amount shall be least Rs 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

h) A Bid cannot be submitted for more than the Offer size.

i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process.

**4.1.4.2 Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

**4.1.5 CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the offer are RIIs, NIIs and QIBs.

(b) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the offer, Bidders may refer to the RHP.

(c) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For offer specific details in relation to allocation Bidder may refer to the DRHP.

**4.1.6 INVESTOR STATUS**

(a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidder, such as NRIs, FPIs and FVCIs may not be allowed to Bid/apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the Draft Red Herring Prospectus for more details.

(c) Bidders should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders should ensure that their investor status is updated in the Depository records.

**4.1.7 PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA

Account based on the authorisation provided in the Bid cum Application Form. If discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bid Amount cannot be paid in cash, through money order or through postal order or through stock invest.

(c) Bidders who Bid at Cut-off Price shall DEPOSIT the Bid Amount based on the Cap Price.

(d) All Bidders can participate in the Offer only through the ASBA mechanism.

(e) Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

**4.1.7.1. Payment instructions for Bidders**

a) Bidders may submit the Bid cum Application Form either
   i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
   ii. in physical mode to any Designated Intermediary.

b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.

f) Bidders should submit the Bid cum Application Form only at the Bidding Centre i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations

g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that Bid cum Application Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit Bid cum Application Forms.

h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs
m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.
n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

**4.1.8. Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful Bids transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.
(d) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bidders, the Registrar to the offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/ Offer Closing Date.

**4.1.8.1. Discount (if applicable)**

(a) The Discount is stated in absolute rupee terms.
(b) Bidders applying under RII category, Retail Individual Shareholder and employees are

only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Bids for allocation under Non-Institutional Category. These Bids are neither eligible for Discount nor fall under RII category.

#### 4.1.8.2. Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to block funds through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

### 4.1.9. SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the Bids, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid/ amount mentioned in the Bid cum Application Form.

(d) Bidders must note that Bid cum Application Form without signature of Bidder and /or ASBA Account holder is liable to be rejected.

### 4.1.10. ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by Bid Collecting Intermediary or SCSB, as applicable, for submission of the Bid cum Application Form.

(b) All communications in connection with Bid made in the Offer should be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Bidders should contact the Registrar to the Offer.
ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated Branch of the SCSB.
iii. Bidders may contact the Company Secretary and Compliance Officer or BRLM in case of any other complaints in relation to the Offer.
iv. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders

should contact the relevant Syndicate Member.

v. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker
vi. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
vii. In case of Bids submitted to the DP, the Bidders should contact the relevant DP.

(c) The following details (as applicable) should be quoted while making any queries -
   i. Full name of the sole or First Bidder, Bid cum Application Form number, Bidder' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on Bid.
   ii. name and address of the Designated Intermediary, where the Bid was submitted; or

For further details, Bidder may refer to the Draft Red Herring Prospectus and the Bid cum Application Form.

## 4.2. INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder (other than QIBs and NIIs, who can only revise their Bid amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
(b) RII may revise / withdraw their Bid till closure of the Bid/Offer period.
(c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
(d) The Bidder can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the SCSB through which such Bidder had placed the original Bid.

A sample Revision form is reproduced below:

## Revision Form – R

| COMMON BID REVISION FORM | DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R<br>Registered Office: 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India<br>CIN: U72200TG1996PLC024351;<br>Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in | FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS |
|---|---|---|

To,
The Board of Directors
DECCAN HEALTH CARE LIMITED

**BOOK BUILT OFFER**
**ISIN - INE452W01019**

**Bid Cum Application Form No.**

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / DP / RTA STAMP & CODE |
|---|---|
| | |
| **SUB-BROKER'S/SUB-AGENT'S STAMP & CODE** | **ESCROW BANK / SCSB BRANCH STAMP & CODE** |
| | |
| **BANK BRANCH SERIAL NO.** | **SCSB SERIAL NO.** |
| | |

**1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER**
Mr./Ms./M/s.
Address
Email
Tel. No (with STD code) / Moblie

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDERS DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL
For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

**PLEASE CHANGE MY BID**

**4. FROM (AS PER LAST BID OR REVISION)**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares) | Price per Equity Share (₹)/ "Cut-off" (In Figures) | | | "Cut-off" (Please ✓ tick) |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount, if any | Net Price | |
| | 8 7 6 5 4 3 2 1 | 4 3 2 1 | 3 2 1 | 4 3 2 1 | |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

OLD BID

**5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares) | Price per Equity Share (₹)/ "Cut-off" (In Figures) | | | "Cut-off" (Please ✓ tick) |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount, if any | Net Price | |
| | 8 7 6 5 4 3 2 1 | 4 3 2 1 | 3 2 1 | 4 3 2 1 | |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

REVISED BID

**6. PAYMENT DETAILS** | **PAYMENT OPTION : Full Payment** ☐

Additional Amount Blocked (₹ in Figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 7A. SIGNATURE OF SOLE / FIRST BIDDER | 7 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)<br>I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer | SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| Date: ....., 2017 | 1)<br>2)<br>3) | |

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R

**Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA**

**Bid Cum Application Form No.**

PAN of Sole / First Bidder

DPID / CLID

| Additional Amount Blocked (₹ in figures) | ASBA A/c. No. | Stamp & Signature of SCSB Branch |
|---|---|---|
| Bank & Branch | | |
| Received from Mr./Ms. | | |
| Telephone / Mobile | Email | |

REVISED BID

TEAR HERE

DECCAN HEALTH CARE LIMITED - BID REVISION FORM - INITIAL PUBLIC OFFER - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No.of Equity Shares | | | |
| Bid Price | | | |
| Additional Amount Blocked (₹) | | | |

REVISED BID

**Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA**

**Name of Sole / First Bidder**

ASBA Bank A/c No.:
Bank & Branch:

**Acknowledgment Slip for Bidder**

**Bid Cum Application Form No.**

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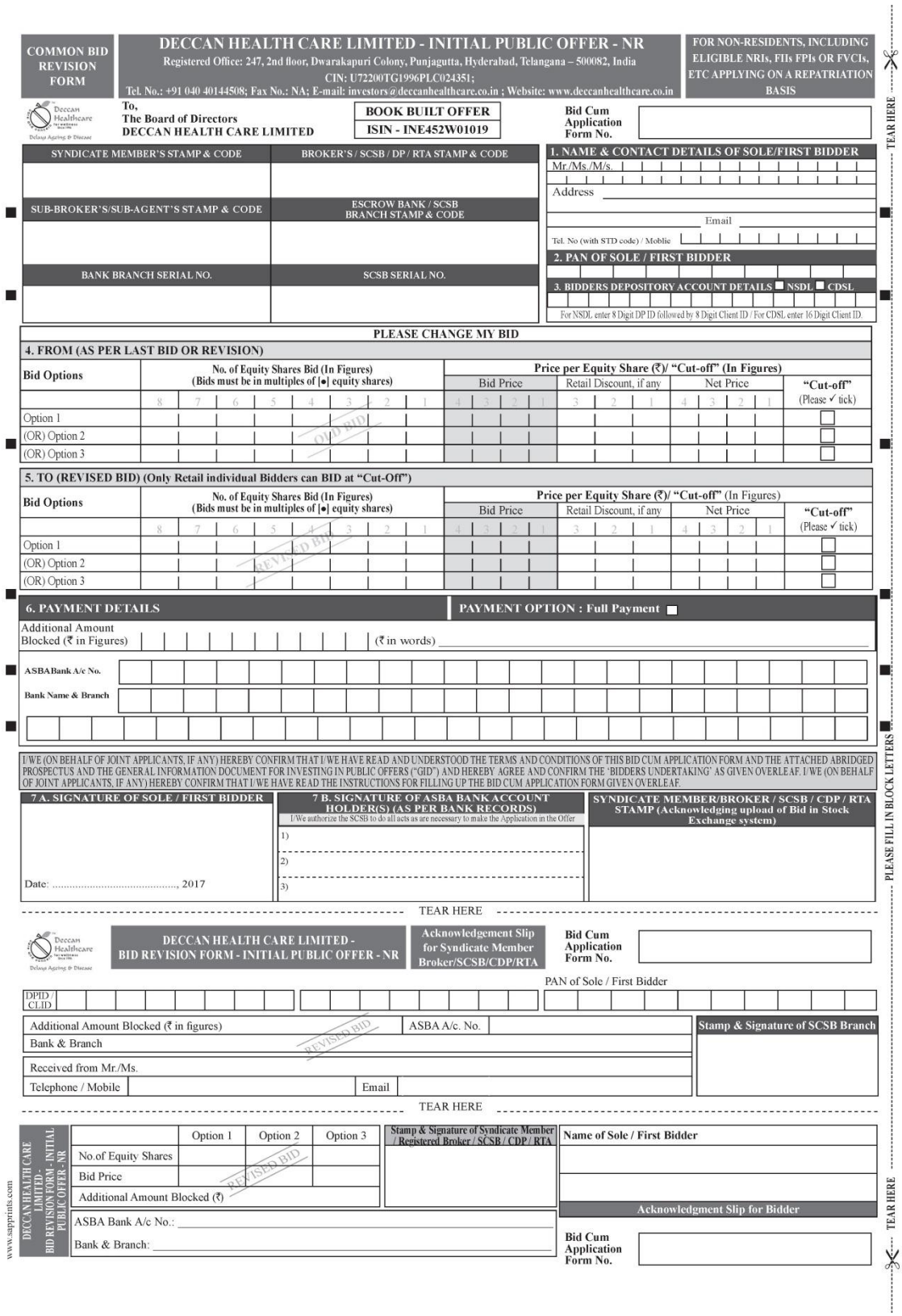
## Revision Form – NR



COMMON BID REVISION FORM

**DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - NR**

Registered Office: 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India
CIN: U72200TG1996PLC024351;
Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS

To,
The Board of Directors
DECCAN HEALTH CARE LIMITED

BOOK BUILT OFFER
ISIN - INE452W01019

Bid Cum Application Form No.

TEAR HERE

| SYNDICATE MEMBER'S STAMP & CODE | BROKER'S / SCSB / DP / RTA STAMP & CODE |
|---|---|
| | |
| SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | ESCROW BANK / SCSB BRANCH STAMP & CODE |
| | |
| BANK BRANCH SERIAL NO. | SCSB SERIAL NO. |
| | |

1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER
Mr./Ms./M/s.
Address
Email
Tel. No (with STD code) / Moblie

2. PAN OF SOLE / FIRST BIDDER

3. BIDDERS DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL
For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares) | Price per Equity Share (₹)/ "Cut-off" (In Figures) | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount, if any | Net Price | "Cut-off" (Please ✓ tick) |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

OPD BID

5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [●] equity shares) | Price per Equity Share (₹)/ "Cut-off" (In Figures) | | | |
|---|---|---|---|---|---|
| | | Bid Price | Retail Discount, if any | Net Price | "Cut-off" (Please ✓ tick) |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

REVISED BID

6. PAYMENT DETAILS — PAYMENT OPTION : Full Payment ☐

Additional Amount Blocked (₹ in Figures) (₹ in words)
ASBA Bank A/c No.
Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 7 A. SIGNATURE OF SOLE / FIRST BIDDER | 7 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) | SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| Date: ....., 2017 | I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer<br>1)<br>2)<br>3) | |

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

DECCAN HEALTH CARE LIMITED - BID REVISION FORM - INITIAL PUBLIC OFFER - NR

Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA

Bid Cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

| Additional Amount Blocked (₹ in figures) | ASBA A/c. No. | Stamp & Signature of SCSB Branch |
|---|---|---|
| Bank & Branch | | |
| Received from Mr./Ms. | | |
| Telephone / Mobile | Email | |

REVISED BID

TEAR HERE

DECCAN HEALTH CARE LIMITED - BID REVISION FORM - INITIAL PUBLIC OFFER - NR

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No.of Equity Shares | | | |
| Bid Price | | | |
| Additional Amount Blocked (₹) | | | |

REVISED BID

Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA

Name of Sole / First Bidder

Acknowledgment Slip for Bidder

ASBA Bank A/c No.:
Bank & Branch:

Bid Cum Application Form No.

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### 4.2.1. NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OFSOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 4.2.2. BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised number of shares in the Revision Form, the Bidder must also mention the details of shares applied/bid for given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Form.

(b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

### 4.2.3. PAYMENT DETAILS

a) All Bidders are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

b) Bidder may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the DRHP. If, however, the Bidder does not either revise the Bid or make additional payment and the offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

#### 4.2.4. SIGNATURES AND ACKNOWLEDGEMENTS

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3. SUBMISSION OF REVISION FORM/ BID CUM APPLICATION FORM /APPLICATION FORM

#### 4.3.1. Bidders may submit completed Bid cum Application form / Revision Form in the following manner:-

| Mode of Bid | Submission of Bid cum Application Form |
|---|---|
| All investors Bids | To the Bid cum Application Collecting Intermediaries as mentioned in the Draft Red herring Prospectus/ Bid cum Application Form |

Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidders had placed the original Bid.

## SECTION 5: INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

This being book built issue procedure for fixed price issue is not applicable.

## SECTION 6- ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Offer Price is finalised after the Bid/ Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

### 6.1 SUBMISSION OF BIDS

a) During the Bid/ Offer Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.

b) In case of Bidders (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).

c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the DRHP.

## 6.2 ELECTRONIC REGISTRATION OF BIDS

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the offer for further processing.

## 6.3 BUILD UP OF THE BOOK

a. Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/ Offer Period.

b. Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/ Offer Period.

## 6.4 WITHDRAWAL OF BIDS

a) RIIs can withdraw their Bids until Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## 6.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

1) the Bids accepted by the Designated Intermediaries,

2) the Bids uploaded by the Designated Intermediaries, and

3) the Bid cum Application Forms accepted but not uploaded by the Designated Intermediaries.

b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

**GROUNDS OF REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;

- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Where no confirmation is received from SCSB for blocking of funds
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Details of ASBA Account not provided in the Bid cum Application Form

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS**

**COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

**BASIS OF ALLOCATION**

a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.
b) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.
c) In case of under subscription in the offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.
d) Illustration of the Book Building and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

| Bid Quantity | Bid Amount (Rs.) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE**

This being Book Built Issue, this section is not applicable for this Issue.

**SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may

refer to DRHP. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

**7.1 BASIS OF ALLOTMENT**

Allotment will be made in consultation with the EMERGE Platform of National Stock Exchange of India Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

(a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category x number of Shares applied for).

(b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

(c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:

- Each successful Bidder shall be allotted [●] equity shares; and
- The successful Bidder out of the total bidders for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.

(d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.

(e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this DRHP.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-.Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with National Stock Exchange of India Limited.

The Executive Director / Managing Director of National Stock Exchange of India Limited - the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

## 7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Offer Account with the Bankers to the Offer.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer**.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account will be completed within 4 Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Offer Account on the Designated Date.

# SECTION 8: INTEREST AND REFUNDS

## 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Bid/ Offer Closing Date. The Registrar to the offer may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Bid/ Offer Closing Date.

## 8.2 GROUNDS FOR REFUND

### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Red Herring Prospectus/ Prospectus. The Designated Stock Exchange may be as disclosed in the Red Herring Prospectus/ Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders in pursuance of the DRHP/Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 2013 and as disclosed in the DRHP.

### 8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the "stated minimum amount" has not be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the offer through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Offer, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

### 8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

## 8.3 MODE OF REFUND

Within 6 Working Days of the Bid/ Offer Closing Date, the Registrar to the offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids and also for any excess amount blocked on Bids.

### 8.3.1 Mode of making refunds

The Registrar to the Offer may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Offer.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Bidders or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Bid/ Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Bid/ Offer Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| Allotment/ Allot/ Allotted | Issue and allotment of Equity shares of our Company pursuant to the Issue of the Equity Shares to successful bidders |
| Allottee(s) | Successful Bidders(s) to whom Equity Shares have been allotted/transferred. |
| Application Supported by Blocked Amount Form/ASBA Form | An application from, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus. |
| ASBA / Application Supported by Blocked Amount | An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account |
| ASBA Account | An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form |
| ASBA Application Location(s) / Specified Cities | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Ahmedabad |
| ASBA form | An application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of this Draft Red Herring Prospectus. |
| Banker(s) to the Offer | The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being ICICI Bank Limited and IndusInd Bank Limited |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to the successful Bidders under the Offer and which is described under chapter titled "*Issue Procedure*" beginning on page 312 of this Draft Red Herring Prospectus. |
| Bid | An indication to make an offer during the Bid/Offer Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Draft Red Herring Prospectus and Bid cum Application Form |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the |

| Term | Description |
|---|---|
| | ASBA Account upon submission of the Bid in the Issue |
| Bid cum Application Form | An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Bid/ Offer Opening Date | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Offer Period | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the [●] newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Offer Period | The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. |
| Bidder | Any prospective investor who makes a Bid/Application pursuant to the terms of the DRHP/RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant |
| Book Building Process | Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLM | The book running lead managers to the Offer namely Pantomath capital Advisors Private Limited |
| Broker Centres | Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of National Stock Exchange of India Limited. |
| Business Day | Monday to Saturday (except 2nd & 4th Saturday of a month and public holidays) |
| CAN or Confirmation of Allocation Note | The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/transferred, after approval of Basis of Allotment by the Designated Stock Exchange. |
| Cap Price | The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account. |

| Term | Description |
|---|---|
| Collecting Depository Participant or CDPs | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Controlling Branch/Designated Branch | Such branch of the SCSBs which coordinate Bid cum Applications under this Offer by the ASBA Applicants with the Registrar to the Offer and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time |
| Cut-off Price | Issue Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Demographic Details | The demographic details of the Bidders such as their address, PAN, occupation and bank account details |
| Depositories | Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (exc Anchor Investor) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Designated CDP Locations | Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Designated Date | The date on which the Collection Banks transfer funds from the public issue Accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the respective Offered Shares. |
| Designated Intermediary(ies) | Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Offer |
| Designated RTA Locations | Such centres of the RTAs where Bidder can submit the Bud cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) and updated from time to time |
| Designated Stock Exchange | The designated stock exchange as disclosed in the Draft Red herring prospectus/ Prospectus of the issuer |
| Discount | Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009. |

| Term | Description |
|---|---|
| DP | Depository Participant |
| DP ID | Depository Participant's Identification Number |
| Draft Red Herring Prospectus or DRHP | This Draft Red Herring Prospectus dated [●] issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Employees | Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the DRHP |
| Equity Shares | Equity Shares of the Issuer |
| FCNR Account | Foreign Currency Non-Resident Account |
| FII(s) | Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India |
| First/sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted |
| Foreign Venture Capital Investors or FVCIs | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000 |
| FPIs | Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPO | Further public offering |
| Fresh Issue | The fresh issue of up to 36,00,000 Equity Shares aggregating up to Rs. [●] by our Company. |
| Issuer/Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Issue Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus |
| Maximum RII Allottees | The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund(s) | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time |
| Mutual Funds Portion | 5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the DRHP/RHP/Prospectus and Bid cum Application Form |
| NEFT | National Electronic Fund Transfer |
| Net Offer | The Offer less reservation portion |

| Term | Description |
|---|---|
| Non-Institutional Category | The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the DRHP/RHP/Prospectus and the Bid cum Application Form |
| Non-Institutional Investors or NIIs | All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Resident | A person resident outside India, as defined under FEMA and includes FIIs and FPIs |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the DRHP/RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Other Investors | The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s) |
| Offer | The initial public offer of up to 50,00,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] comprising the Fresh Issue of 36,00,000 Equity Shares of face value of Rs.10 each for cash at a price of Rs. [●] each, aggregating up to Rs.[●] and the Offer for Sale of up to 14,00,000 Equity Shares by Hitesh Patel |
| Offer Agreement | The agreement dated September 01, 2017 between our Company, the Selling Shareholder and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 14,00,000 Equity Shares aggregating up to Rs.[●] by the Selling Shareholder at the Offer Price in terms of the Draft Red Herring Prospectus, consisting of Hitesh Patel Offered Shares. For further details in relation to Selling Shareholder, see "*The Offer*" on page 79 of this Draft Red Herring Prospectus. |
| Offer Price | The final price at which Equity Shares will be Allotted in terms of the Red Herring Prospectus The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLM on the Pricing Date in accordance with the Book-Building Process and the Red Herring Prospectus |

| Term | Description |
|---|---|
| Offer Proceeds | The proceeds of the Offer that is available to our Company and the Selling Shareholder For further information about use of Offer Proceeds, see *"Objects of the Offer"* on page 116 of this Draft Red Herring Prospectus. |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Price Band | Price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price) including revisions thereof.<br>The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Gujarati newspaper [●], each with wide circulation |
| Pricing date | The date on which our Company in consultation with the BRLM, will finalise the Issue Price |
| Prospectus | The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Issue Price, the size of the Offer and certain other information |
| Public Offer Account | Account opened with the Banker to the Offer i.e. ICICI Bank Limited and IndusInd Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date. |
| QIB Portion | The portion of the Issue being [●]% of the Net Issue consisting of [●] Equity Shares which shall be Allotted to QIBs subject to valid Bids being received at or above the Issue Price |
| Qualified Institutional Buyers or QIBs | Qualified Institutional Buyers as defined under Regulation 2(1) (zd) of the SEBI (ICDR) Regulations, 2009. |
| Red Herring Prospectus or RHP | The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.<br>The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date |
| Refund Account(s) | The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made. |
| Refund Bank(s) / Refund Banker(s) | Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited |
| Refund through electronic transfer of funds | Refunds through NECS, direct credit, RTGS or NEFT, as applicable |
| Registered Broker | Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of National Stock Exchange of India having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on |

| Term | Description |
|---|---|
| | http://www.nseindia.com/membership/dynaContent/find_a_broker.htm |
| Registrar /Registrar to the Offer | Registrar to the Offer, in this case being Bigshare Services Private Limited having registered office at Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra, India |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Bid cum Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Reservation Portion | The portion of the offer reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009 |
| Reserved Category / Categories | Categories of persons eligible for making Bids under reservation portion. |
| Revision Form | Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |
| RTGS | Real Time Gross Settlement |
| SCSB/ Self Certified Syndicate Banker | Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time |
| Stock Exchanges / SE | The stock exchanges as disclosed in the DRHP/RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed |
| Share Escrow Agreement | The Agreement to be entered into among the Selling Shareholder, our Company, BRLMs and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer For Sale by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allotees |
| Share Escrow Agent | Escrow agent appointed pursuant to the Share Escrow Agreement, namely September 01, 2017 |
| Syndicate Agreement | Agreement dated September 01, 2017 entered into amongst the BRLM, the Syndicate Members, our Company in relation to the procurement of Bid cum Application Forms by Syndicate |
| Syndicate Members | Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Pantomath Stock Brokers Private |

| Term | Description |
|---|---|
| | Limited |
| Syndicate or Members of the Syndicate | The BRLM and the Syndicate Members |
| Underwriter | Pantomath Capital Advisors Private Limited |
| Underwriting Agreement | The agreement dated September 01, 2017 entered into between the Underwriter and our Company |
| Working Days | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and for (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016. |

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITITES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 **("FEMA")**. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India ("**RBI**") and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India **("DIPP")**.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment **("FDI")** through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India **("DIPP"),** has issued consolidated FDI Policy Circular of 2017 **("FDI Policy 2017")**, which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India **("RBI")** also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present, FDI is permitted upto 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route and FDI beyond 74% in Brownfield projects requires Government Route.

In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained; and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time. ; (ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial

acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank and iv) where the investee company is in the financial sector provided that: a) Any 'fit and proper/due diligence' requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with.. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

**Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FII, FPI, NRI, FVCI, LLPs, DRs and Investment Vehicles under Schedule 1, 2, 2A, 3, 6, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49 % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

**i. Investment by FIIs under Portfolio Investment Scheme (PIS)**:

With regards to purchase/sale of share/s convertible debentures by a registered FII under PIS the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 % of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 % of paid-up equity capital or paid-up value of each series of convertible debentures However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro-Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

**ii. Investment by Registered Foreign Portfolio Investor (RFPI) under Foreign Portfolio Investment (FPI) Scheme**

With respect to purchase/sale of shares or convertible debentures or warrants, a RFPI registered in accordance with SEBI (FPI) Regulations, 2014 as amended in regular intervals may purchase shares or convertible debentures or warrants of an Indian company under FPI scheme. The total holding by each RFPI shall be below 10 % of the total paid-up equity capital or 10 % of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all RFPI put together shall not exceed 24 % of paid-up equity capital or paid up value of each series of convertible debentures. The said limit of 24 % will be called aggregate limit. However, the aggregate limit of 24 % may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body. For arriving at the ceiling on holdings of RFPI, shares or convertible debentures or warrants acquired both through primary as well as secondary market will be included. However, the ceiling will exclude investment made by RFPI through of off-shore Funds, Global Depository Receipts and Euro-Convertible Bonds but include holding of RFPI and deemed RFPI in the investee company for computation of 24 % or enhanced limit.

**iii. Investment by NRI on repatriation and non-repatriation basis under PIS:**

With respect to purchase/sale of shares and/or convertible debentures by a NRI on a stock exchange in India on repatriation and/or non-repatriation basis under PIS is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2000. Further, with regard to limits:

- the paid-up value of shares of an Indian company, purchased by each NRI both on repatriation and on non-repatriation basis, does not exceed 5 % of the paid-up value of shares issued by the company concerned;
- the paid-up value of each series of convertible debentures purchased by each NRI both on repatriation and non-repatriation basis does not exceed 5 % of the paid-up value of each series of convertible debentures issued by the company concerned;
- the aggregate paid-up value of shares of any company purchased by all NRIs does not exceed 10 % of the paid up capital of the company and in the case of purchase of convertible debentures
- the aggregate paid-up value of each series of debentures purchased by all NRIs does not exceed 10 % of the paid-up value of each series of convertible debentures;

  However, the aggregate ceiling of 10 % may be raised to 24 % if a special resolution to that effect is passed by the General Body of the Indian company concerned.

**iv. Investment by NRI on Non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase and sale of shares and convertible debentures or warrants by a NRI on Non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act), except**

**pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.**

**Further, no offer to the public (as defined under Directive 20003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.**

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Draft Red Herring Prospectus.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

**Pursuant to Schedule II TO THE Companies Act and the SEBI Regulations, the main pprovisions of our Articles relating, inter alia, to voting righyhts, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/ or on their consolidation/ splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized / defined terms herein have the same meaning given to them in our Articles.**

| Sr. No | Particulars | |
|---|---|---|
| **1.** | No regulation contained in Table "F" in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto. | **Table F Applicable.** |
| | **Interpretation Clause** | |
| **2.** | In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context: | |
| | (a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force. | **Act** |
| | (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution. | **Articles** |
| | (c) "Auditors" means and includes those persons appointed as such for the time being of the Company. | **Auditors** |
| | (d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company. | **Capital** |
| | (e) "The Company" shall mean "DECCAN HEALTH CARE LIMITED" | **Company** |
| | (f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator | **Executor or Administrator** |

| Sr. No | Particulars | |
|---|---|---|
| | General under section 31 of the Administrator General Act, 1963. | |
| | (g) "Legal Representative" means a person who in law represents the estate of a deceased Member. | **Legal Representative** |
| | (h) Words importing the masculine gender also include the feminine gender. | **Gender** |
| | (i) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form. | **In Writing and Written** |
| | (j) The marginal notes hereto shall not affect the construction thereof. | **Marginal notes** |
| | (k) "Meeting" or "General Meeting" means a meeting of members. | **Meeting or General Meeting** |
| | (l) "Month" means a calendar month. | **Month** |
| | (m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act. | **Annual General Meeting** |
| | (n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof. | **Extra-Ordinary General Meeting** |
| | (o) "National Holiday" means and includes a day declared as National Holiday by the Central Government. | **National Holiday** |
| | (p) "Non-retiring Directors" means a director not subject to retirement by rotation. | **Non-retiring Directors** |
| | (q) "Office" means the registered Office for the time being of the Company. | **Office** |
| | (r) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act. | **Ordinary and Special Resolution** |
| | (s) "Person" shall be deemed to include corporations and firms as well as individuals. | **Person** |
| | (t) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney. | **Proxy** |
| | (u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act. | **Register of Members** |
| | (v) "Seal" means the common seal for the time being of the Company. | **Seal** |
| | (w) Words importing the Singular number include where the context admits or requires the plural number and vice versa. | **Singular number** |
| | (x) "The Statutes" means the Companies Act, 2013and every other Act for the time being in force affecting the Company. | **Statutes** |
| | (y) "These presents" means the Memorandum of Association and the Articles of Association as | **These presents** |

| Sr. No | Particulars | |
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| | originally framed or as altered from time to time. | |
| | (z) "Variation" shall include abrogation; and "vary" shall include abrogate. | **Variation** |
| | (aa) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act. | **Year and Financial Year** |
| | Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force. | **Expressions in the Act to bear the same meaning in Articles** |
| | **CAPITAL** | |
| **3.** | The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time. | **Authorized Capital.** |
| **4.** | The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act. | **Increase of capital by the Company how carried into effect** |
| **5.** | Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. | **New Capital sameas existing capital** |
| **6.** | The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force. | **Non Voting Shares** |

| Sr. No | Particulars | |
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| **7.** | Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit. | **Redeemable Preference Shares** |
| **8.** | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares. | **Voting rights of preference shares** |
| **9.** | On the issue of redeemable preference shares under the provisions of Article 7 hereof , the following provisions-shall take effect:<br>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;<br>(b) No such Shares shall be redeemed unless they are fully paid;<br>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;<br>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and<br>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital | **Provisions to apply on issue of Redeemable Preference Shares** |
| **10.** | The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce<br>(a) the share capital; | **Reduction of capital** |

| Sr. No | Particulars | |
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| | (b) any capital redemption reserve account; or<br>(c) any security premium account<br>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted. | |
| **11.** | Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. | **Debentures** |
| **12.** | The Company may exercise the powers of issuing sweat equity shares conferred by Section 54of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder. | **Issue of Sweat Equity Shares** |
| **13.** | The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called. | **ESOP** |
| **14.** | Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities. | **Buy Back of shares** |
| **15.** | Subject to the provisions of Section 61of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. | **Consolidation, Sub-Division And Cancellation** |

| Sr. No | Particulars | |
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| **16.** | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country. | **Issue of Depository Receipts** |
| **17.** | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder. | **Issue of Securities** |
| | **MODIFICATION OF CLASS RIGHTS** | |
| **18.** | (a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.<br>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation. | **Modification of rights** |
| | (b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking paripassu therewith. | **New Issue of Shares not to affect rights attached to existing shares of that class.** |
| **19.** | Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and | **Shares at the disposal of the Directors.** |

| Sr. No | Particulars | |
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| | transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. | |
| **20.** | The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder. | **Power to issue shares on preferential basis.** |
| **21.** | The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. | **Shares should be Numbered progressively and no share to be subdivided.** |
| **22.** | An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member. | **Acceptance of Shares.** |
| **23.** | Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid. | **Directors may allot shares as full paid-up** |
| **24.** | The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly. | **Deposit and call etc. to be a debt payable immediately.** |
| **25.** | Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such | **Liability of Members.** |

| Sr. No | Particulars | |
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| | manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof. | |
| **26.** | Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind. | **Registration of Shares.** |
| | **RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT** | |
| **27.** | The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotmentscontained in Sections39of the Act | |
| | **CERTIFICATES** | |
| **28.** | (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or | **Share Certificates.** |

| Sr. No | Particulars | |
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| | whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.<br>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.<br>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. | |
| **29.** | If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.<br>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.<br>The provisions of this Article shall mutatis mutandis apply to debentures of the Company. | **Issue of new certificates in place of those defaced, lost or destroyed.** |
| **30.** | (a) If any share stands in the names of two or more persons, the person first named in the Register shall as | **The first named joint holder deemed Sole holder.** |

| Sr. No | Particulars | |
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| | regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations. | |
| | (b) The Company shall not be bound to register more than three persons as the joint holders of any share. | **Maximum number of joint holders.** |
| **31.** | Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them. | **Company not bound to recognise any interest in share other than that of registered holders.** |
| **32.** | If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative. | **Installment on shares to be duly paid.** |
| | **UNDERWRITING AND BROKERAGE** | |
| **33.** | Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. | **Commission** |
| **34.** | The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful. | **Brokerage** |
| | **CALLS** | |
| **35.** | (1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the | **Directors may make calls** |

| Sr. No | Particulars | |
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| | Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.<br>(2) A call may be revoked or postponed at the discretion of the Board.<br>(3) A call may be made payable by installments. | |
| **36.** | Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. | **Notice of Calls** |
| **37.** | A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors. | **Calls to date from resolution.** |
| **38.** | Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class. | **Calls on uniform basis.** |
| **39.** | The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour. | **Directors may extend time.** |
| **40.** | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member. | **Calls to carry interest.** |
| **41.** | If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein | **Sums deemed to be calls.** |

| Sr. No | Particulars | |
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| | contained in respect of calls shall apply to such amount or installment accordingly. | |
| **42.** | On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. | **Proof on trial of suit for money due on shares.** |
| **43.** | Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided. | **Judgment, decree, partial payment motto proceed for forfeiture.** |
| **44.** | (a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.<br>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the | **Payments in Anticipation of calls may carry interest** |

| Sr. No | Particulars | |
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| | moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company. | |
| | **LIEN** | |
| **45.** | The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause. | **Company to have Lien on shares.** |
| **46.** | For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned. | **As to enforcing lien by sale.** |
| **47.** | The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, | **Application of proceeds of sale.** |

| Sr. No | Particulars | |
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| | shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale. | |
| | **FORFEITURE AND SURRENDER OF SHARES** | |
| **48.** | If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force. | **If call or installment not paid, notice maybe given.** |
| **49.** | The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.<br>The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited. | **Terms of notice.** |
| **50.** | If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture. | **On default of payment, shares to be forfeited.** |
| **51.** | When any shares have been forfeited, notice of the | **Notice of forfeiture to a** |

| Sr. No | Particulars | |
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| | forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members. | **Member** |
| **52.** | Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit. | **Forfeited shares to be property of the Company and maybe sold etc.** |
| **53.** | Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so. | **Members still liable to pay money owing at time of forfeiture and interest.** |
| **54.** | The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved. | **Effect of forfeiture.** |
| **55.** | A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. | **Evidence of Forfeiture.** |
| **56.** | The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares. | **Title of purchaser and allottee of Forfeited shares.** |
| **57.** | Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the | **Cancellation of share certificate in respect of forfeited shares.** |

| Sr. No | Particulars | |
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| | defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto. | |
| **58.** | In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable. | **Forfeiture may be remitted.** |
| **59.** | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint someperson to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only andagainst the Company exclusively. | **Validity of sale** |
| **60.** | The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit. | **Surrender of shares.** |
| | **TRANSFER AND TRANSMISSION OF SHARES** | |
| **61.** | (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.<br>(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof. | **Execution of the instrument of shares.** |
| **62.** | The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.<br>The instrument of transfer shall be in a common form approved by the Exchange; | **Transfer Form.** |
| **63.** | The Company shall not register a transfer in the Company other than the transfer between persons both | **Transfer not to be registered except on production of** |

| Sr. No | Particulars | |
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| | of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. | **instrument of transfer.** |
| **64.** | Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—<br>(a) any transfer of shares on which the company has a lien.<br>That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever; | **Directors may refuse to register transfer.** |
| **65.** | If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply. | **Notice of refusal to be given to transferor and transferee.** |
| **66.** | No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company. | **No fee on transfer.** |
| **67.** | The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with | **Closure of Register of Members or debentureholder or other** |

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| | section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board. | **security holders..** |
| **68.** | The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine. | **Custody of transfer Deeds.** |
| **69.** | Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. | **Application for transfer of partly paid shares.** |
| **70.** | For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post. | **Notice to transferee.** |
| **71.** | (a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.<br>(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.<br>Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate | **Recognition of legal representative.** |

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| | (c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. | |
| **72.** | The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72of the Companies Act. | **Titles of Shares of deceased Member** |
| **73.** | Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act. | **Notice of application when to be given** |
| **74.** | Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he | **Registration of persons entitled to share otherwise than by transfer. (Transmission clause).** |

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| | shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'. | |
| **75.** | Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration. | **Refusal to register nominee.** |
| **76.** | Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity. | **Board may require evidence of transmission.** |
| **77.** | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit. | **Company not liable for disregard of a notice prohibiting registration of transfer.** |
| **78.** | In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit. | **Form of transfer Outside India.** |
| **79.** | No transfer shall be made to any minor, insolvent or person of unsound mind. | **No transfer to insolvent etc.** |
| | **NOMINATION** | |
| **80.** | i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the | **Nomination** |

| Sr. No | Particulars | |
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| | provisions of Section 72 of the Companies Act, 2013shall apply in respect of such nomination.<br>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014<br>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.<br>iv) lf the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked. | |
| **81.** | A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-<br>(i) to be registered himself as holder of the security, as the case may be; or<br>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;<br>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;<br>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.<br><br>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all | **Transmission of Securities by nominee** |

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| | dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with. | |
| | **DEMATERIALISATION OF SHARES** | |
| **82.** | Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form. | **Dematerialisation of Securities** |
| | **JOINT HOLDER** | |
| **83.** | Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles. | **Joint Holders** |
| **84.** | (a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share. | **Joint and several liabilities for all payments in respect of shares.** |
| | (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person; | **Title of survivors.** |
| | (c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and | **Receipts of one sufficient.** |
| | (d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders. | **Delivery of certificate and giving of notices to first named holders.** |
| | **SHARE WARRANTS** | |
| **85.** | The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant. | **Power to issue share warrants** |
| **86.** | (a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a | **Deposit of share warrants** |

| Sr. No | Particulars | |
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| | requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.<br>(b) Not more than one person shall be recognized as depositor of the Share warrant.<br>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor. | |
| **87.** | (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.<br>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company. | **Privileges and disabilities of the holders of share warrant** |
| **88.** | The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction. | **Issue of new share warrant coupons** |
| | **CONVERSION OF SHARES INTO STOCK** | |
| **89.** | The Company may, by ordinary resolution in General Meeting.<br>a) convert any fully paid-up shares into stock; and<br>b) re-convert any stock into fully paid-up shares of any denomination. | **Conversion of shares into stock or reconversion.** |
| **90.** | The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose. | **Transfer of stock.** |
| **91.** | The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock | **Rights of stockholders.** |

| Sr. No | Particulars | |
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| | arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. | |
| **92.** | Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively. | **Regulations.** |
| | **BORROWING POWERS** | |
| **93.** | Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit<br>or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. | **Power to borrow.** |
| **94.** | Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting. | **Issue of discount etc. or with special privileges.** |
| **95.** | The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between | **Securing payment or repayment of Moneys borrowed.** |

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| | the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be. | |
| **96.** | Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company. | **Bonds, Debentures etc. to be under the control of the Directors.** |
| **97.** | If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed. | **Mortgage of uncalled Capital.** |
| **98.** | Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability. | **Indemnity may be given.** |
| | **MEETINGS OF MEMBERS** | |
| **99.** | All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings. | **Distinction between AGM & EGM.** |
| **100.** | (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members | **Extra-Ordinary General Meeting by Board and by requisition** |
| | (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary | **When a Director or any two Members may call an Extra Ordinary General Meeting** |

| Sr. No | Particulars | |
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| | General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. | |
| **101.** | No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened. | **Meeting not to transact business not mentioned in notice.** |
| **102.** | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting. | **Chairman of General Meeting** |
| **103.** | No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant. | **Business confined to election of Chairman whilst chair is vacant.** |
| **104.** | a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.<br>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.<br>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.<br>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. | **Chairman with consent may adjourn meeting.** |
| **105.** | In the case of an equality of votes the Chairman shall both on a show of hands,on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member. | **Chairman's casting vote.** |
| **106.** | Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith. | **In what case poll taken without adjournment.** |
| **107.** | The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. | **Demand for poll not to prevent transaction of other business.** |
| | **VOTES OF MEMBERS** | |
| **108.** | No Member shall be entitled to vote either personally | **Members in arrears not to vote.** |

| Sr. No | Particulars | |
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| | or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands,upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien. | |
| **109.** | Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares. | **Number of votes each member entitled.** |
| **110.** | On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. | **Casting of votes by a member entitled to more than one vote.** |
| **111.** | A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. | **Vote of member of unsound mind and of minor** |
| **112.** | Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company. | **Postal Ballot** |
| **113.** | A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once. | **E-Voting** |
| **114.** | a) In the case of joint holders, the vote of the senior | **Votes of joint members.** |

| Sr. No | Particulars | |
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| | who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.<br>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members. | |
| **115.** | Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles | **Votes may be given by proxy or by representative** |
| **116.** | A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company. | **Representation of a body corporate.** |
| **117.** | (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable. | **Members paying money in advance.** |
| | (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken. | **Members not prohibited if share not held for any specified period.** |
| **118.** | Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to | **Votes in respect of shares of deceased or insolvent members.** |

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| | vote at such meeting in respect thereof. | |
| **119.** | No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment. | **No votes by proxy on show of hands.** |
| **120.** | The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time forholding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. | **Appointment of a Proxy.** |
| **121.** | An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105. | **Form of proxy.** |
| **122.** | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used. | **Validity of votes given by proxy notwithstanding death of a member.** |
| **123.** | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. | **Time for objections to votes.** |
| **124.** | Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive. | **Chairperson of the Meeting to be the judge of validity of any vote.** |
| | **DIRECTORS** | |

| Sr. No | Particulars | |
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| **125.** | Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution | **Number of Directors** |
| **126.** | A Director of the Company shall not be bound to hold any Qualification Shares in the Company. | **Qualification shares.** |
| **127.** | (a) Subject to the provisions of the Companies Act, 2013and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement<br>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.<br>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.<br>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s. | **Nominee Directors.** |
| **128.** | The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director. | **Appointment of alternate Director.** |

| Sr. No | Particulars | |
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| 129. | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting. | **Additional Director** |
| **130.** | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him. | **Directors power to fill casual vacancies.** |
| **131.** | Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof. | **Sitting Fees.** |
| **132.** | The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified. | **Travelling expenses Incurred by Director on Company's business.** |
| | **PROCEEDING OF THE BOARD OF DIRECTORS** | |
| **133.** | (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.<br>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board. | **Meetings of Directors.** |
| **134.** | a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.<br>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive | **Chairperson** |

| Sr. No | Particulars | |
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| | Officer at the same time. | |
| **135.** | Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote. | **Questions at Board meeting how decided.** |
| **136.** | The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose. | **Continuing directors may act notwithstanding any vacancy in the Board** |
| **137.** | Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. | **Directors may appoint committee.** |
| **138.** | The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article. | **Committee Meeting show to be governed.** |
| **139.** | a) A committee may elect a Chairperson of its meetings.<br>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting. | **Chairperson of Committee Meetings** |
| **140.** | a) A committee may meet and adjourn as it thinks fit.<br>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote. | **Meetings of the Committee** |
| **141.** | Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such | **Acts of Board or Committee shall be valid notwithstanding defect in appointment.** |

| Sr. No | Particulars | |
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| | Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. | |
| | **RETIREMENT AND ROTATION OF DIRECTORS** | |
| **142.** | Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid. | **Power to fill casual vacancy** |
| | **POWERS OF THE BOARD** | |
| **143.** | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. | **Powers of the Board** |
| **144.** | Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say | **Certain powers of the Board** |
| | (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India. | **To acquire any property , rights etc.** |
| | (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or | **To take on Lease.** |

| Sr. No | Particulars | |
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| | without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy. | |
| | (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company. | **To erect & construct.** |
| | (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. | **To pay for property.** |
| | (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. | **To insure properties of the Company.** |
| | (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit. | **To open Bank accounts.** |
| | (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they | **To secure contracts by way of mortgage.** |

| Sr. No | Particulars | |
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| | think fit. | |
| | (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon. | **To accept surrender of shares.** |
| | (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees. | **To appoint trustees for the Company.** |
| | (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon. | **To conduct legal proceedings.** |
| | (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency. | **Bankruptcy &Insolvency** |
| | (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company. | **To issue receipts &give discharge.** |
| | (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name. | **To invest and deal with money of the Company.** |
| | (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon; | **To give Security byway of indemnity.** |
| | (15) To determine from time to time persons who | **To determine signing powers.** |

| Sr. No | Particulars | |
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| | shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise. | |
| | (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company. | **Commission or share in profits.** |
| | (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company. | **Bonus etc. to employees.** |
| | (18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of | **Transfer to Reserve Funds.** |

| Sr. No | Particulars | |
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| | debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper. | |
| | (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause. | **To appoint and remove officers and other employees.** |
| | (20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may | **To appoint Attorneys.** |

| Sr. No | Particulars | |
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| | contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them. | |
| | (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. | **To enter into contracts.** |
| | (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees. | **To make rules.** |
| | (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company. | **To effect contracts etc.** |
| | (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests. | **To apply & obtain concessions licenses etc.** |
| | (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40of the Act and of the provisions contained in these presents. | **To pay commissionsor interest.** |
| | (26) To redeem preference shares. | **To redeem preference shares.** |
| | (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise. | **To assist charitable or benevolent institutions.** |
| | (28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.<br>(29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections | |

| Sr. No | Particulars | |
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| | 40 of the Act. | |
| | (30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. | |
| | (31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.<br>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.<br>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.<br>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or | |

| Sr. No | Particulars | |
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| | any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.<br>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.<br>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.<br>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.<br>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with. | |
| | **MANAGING AND WHOLE-TIME DIRECTORS** | |
| **145.** | a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.<br>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole- | **Powers to appoint Managing/ Whole time Directors.** |

| Sr. No | Particulars | |
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| | time Director. | |
| **146.** | The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes. | **Remuneration of Managing or Whole time Director.** |
| **147.** | (1) Subject to control, direction and supervision of the Board of Directors, the day-today management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.<br>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.<br>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.<br>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.<br>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director | **Powers and duties of Managing Director or Whole-time Director.** |

| Sr. No | Particulars | |
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| | and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company. | |
| | **Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer** | |
| **148.** | a) Subject to the provisions of the Act,—<br>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;<br>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.<br>**b)** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer. | **Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer** |
| | **THE SEAL** | |
| **149.** | (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.<br>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India. | **The seal, its custody and use.** |
| **150.** | The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence. | **Deeds how executed.** |
| | **Dividend and Reserves** | |
| **151.** | (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all | **Division of profits.** |

| Sr. No | Particulars | |
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| | dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.<br>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.<br>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. | |
| **152.** | The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting. | **The company in General Meeting may declare Dividends.** |
| **153.** | a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.<br>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve. | **Transfer to reserves** |
| **154.** | Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company. | **Interim Dividend.** |
| **155.** | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. | **Debts may be deducted.** |

| Sr. No | Particulars | |
|---|---|---|
| **156.** | No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share. | **Capital paid up in advance not to earn dividend.** |
| **157.** | All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly. | **Dividends in proportion to amount paid-up.** |
| **158.** | The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articleshas become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same. | **Retention of dividends until completion of transfer under Articles.** |
| **159.** | No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company. | **No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.** |
| **160.** | A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer. | **Effect of transfer of shares.** |
| **161.** | Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share. | **Dividend to joint holders.** |
| **162.** | a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.<br>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. | **Dividends how remitted.** |
| **163.** | Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act. | **Notice of dividend.** |
| **164.** | No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company. | **No interest on Dividends.** |
| | **CAPITALIZATION** | |

| Sr. No | Particulars | |
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| **165.** | (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:<br>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and<br>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.<br>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:<br>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;<br>(ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or<br>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).<br>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.<br>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation. | **Capitalization.** |
| **166.** | (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —<br>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and<br>(b) generally to do all acts and things required to give effect thereto.<br>(2) The Board shall have full power -<br>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also<br>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further | **Fractional Certificates.** |

| Sr. No | Particulars | |
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| | shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.<br>(3) Any agreement made under such authority shall be effective and binding on all such members.<br>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit. | |
| **167.** | 1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.<br>2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof. | **Inspection of Minutes Books of General Meetings.** |
| **168.** | a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.<br>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting. | **Inspection of Accounts** |
| | **FOREIGN REGISTER** | |
| **169.** | The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers. | **Foreign Register.** |
| | **DOCUMENTS AND SERVICE OF NOTICES** | |
| **170.** | Any document or notice to be served or given by the Company be signed by a Director or such person duly | **Signing of documents & notices to be served or given.** |

| Sr. No | Particulars | |
|---|---|---|
| | authorised by the Board for such purpose and the signature may be written or printed or lithographed. | |
| **171.** | Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company. | **Authentication of documents and proceedings.** |
| | **WINDING UP** | |
| **172.** | Subject to the provisions of Chapter XX of the Act and rules made thereunder—<br>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.<br>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.<br>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability. | |
| | **INDEMNITY** | |
| **173.** | Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is | **Directors' and others right to indemnity.** |

| Sr. No | Particulars | |
|---|---|---|
| | acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court. | |
| **174.** | Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any lossor damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty. | **Not responsible for acts of others** |
| | **SECRECY** | |
| **175.** | (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. | **Secrecy** |
| | (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and | **Access to property information etc.** |

| Sr. No | Particulars | |
|---|---|---|
| | which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate. | |

## SECTION IX – OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Draft Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 247 2nd floor Dwarakapuri Colony Punjagutta Hyderabad Telangana 500082 India from date of filing this Draft Red Herring Prospectus with RoC to Bid Closing Date on working days from 10.00 a.m. to 5.00 p.m.

**Material Contracts**

1. Offer Agreement dated September 01, 2017 between our Company, the Selling Shareholder and the BRLM.
2. Registrar Agreement dated September 01, 2017 between our Company, the Selling Shareholder and Bigshare Services Private Limited, Registrar to the Offer.
3. Underwriting Agreement dated September 01, 2017 between our Company and Underwriter viz. BRLM
4. Share Escrow Agreement dated [●] between our Company, the Selling Shareholder, the BRLM and the Share Escrow Agent.
5. Market Making Agreement dated September 01, 2017 between our Company, Market Maker and the BRLM
6. Bankers to the Offer Agreement dated September 01, 2017 amongst our Company, the BRLMS, Banker(s) to the offer and the Registrar to the offer.
7. Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated January 10, 2017
8. Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated August 11, 2017
9. Syndicate Agreement dated September 01, 2017 between our Company, the BRLMs and Syndicate Member viz. Pantomath Stock Brokers Private Limited..

**Material Documents**

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time.
2. Resolutions of the Board of Directors dated August 31, 2017 in relation to the Offer and other related matters.
3. Shareholders' resolution dated Serptember 01, 2017 in relation to the Offer and other related matters.
4. Authorisation letter dated August 31, 2017 issued by Hitesh Patel

5. Statement of Tax Benefits dated August 31, 2017 issued by our Peer Reviewed Auditor, N. K. Aswani & Co., Chartered Accountants.

6. Report of the Peer Reviewed Auditor, N. K. Aswani & Co., Chartered Accountants, dated September 03, 2017 on the Restated Financial Statements for the financial years ended as on March 31, 2017, 2016, 2015, 2014 & 2013 of our Company.

7. Consents of Promoters, Directors, Promoter Selling Shareholder, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Peer Reviewed Auditors, Banker to the Company, Legal Advisor to the offer, the Book Running Lead Manager, Registrar to the Offer, Underwriter, Market Maker, Bankers to the Offer, Refund Banker to the Offer to act in their respective capacities.

8. Copy of approval from NSE India Ltd. Limited *vide* letter dated [●], to use the name of NSE in this offer document for listing of Equity Shares on NSE Emerge (SME Platform) of NSE India Limited..

None of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes

## DECLARATION

## DECLARATION BY SELLING SHAREHOLDER

I, the under signed Selling Shareholder hereby certifies that all the statements made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself in connection with the Offer for Sale, and the Equity Shares offered by me in the Offer for Sale are true and correct.

**Signed by Selling Shareholders**

Sd/-

Signed by the Selling Shareholder
**Hitesh Patel**

Place: Hyderabad

Date: September 04, 2017

## DECLARATION BY THE COMPANY

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

**Signed by all the Directors of our Company**

| Name and Designation | Signature |
|---|---|
| Minto Purshotam Gupta<br>*Chairman and Managing Director* | Sd/- |
| Meenakshi Gupta<br>*Whole Time Director* | Sd/- |
| Hitesh Patel<br>*Additional Director(Non – Executive)* | Sd/- |
| Rani Venkata Satya Umamaheswara Rao<br>*Whole Time Director* | Sd/- |
| Suryakant Balkrishna Mainak<br>*Additional Director(Independent)* | Sd/- |
| Yezdi Jal Batliwala<br>*Additional Director(Independent)* | Sd/- |
| Anant Kumar Shriram Ganediwal<br>*Additional Director(Independent)* | Sd/- |

Signed by Chief Financial Officer and Company Secretary & Compliance Officer of the Company

**Sd/-**
Narahari Bellamkonda
*Company Secretary & Compliance Officer*

**Sd/-**
Mohita Gupta
*Chief Financial Officer*

Place: Hyderabad
Date:- September 04, 2017

**Annexure A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

| Sr. No | Issue Name | Issue Size (Cr) | Issue Price (Rs.) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Bohra Industries Limited | 25.14 | 55 | April 05, 2017 | 56.20 | -0.82% (1.02%) | -6.36% (3.78%) | Not Applicable |
| 2. | Creative Peripherals and Distribution Limited | 13.50 | 75 | April 12, 2017 | 75.75 | 72.67% (2.62%) | 78.13% (6.42%) | Not Applicable |
| 3. | Panache Digilife Limited | 14.58 | 81 | April 25, 2017 | 84.00 | 14.20% (0.58%) | 26.79% (7.09%) | Not Applicable |
| 4. | Zota Health Care Limited | 58.50 | 125 | May 10, 2017 | 140.40 | 6.64% (2.25%) | 5.84% (6.91%) | Not Applicable |
| 5. | Gautam Exim Limited | 3.32 | 40 | July 11, 2017 | 40.00 | 5.00% (-0.68%) | Not Applicable | Not Applicable |
| 6. | Bansal Multiflex Limited | 6.2 | 31 | July 12, 2017 | 34.00 | 50.00% (0.04%) | Not Applicable | Not Applicable |
| 7. | Shrenik Limited | 21.6 | 40 | July 18, 2017 | 41.90 | 101.88% (0.71%) | Not Applicable | Not Applicable |
| 8. | Jigar Cables Limited | 5.59 | 30 | July 28, 2017 | 33.15 | 50.00%(-2.21%) | Not Applicable | Not Applicable |
| 9. | Vaishali Pharma Limited | 14.23 | 72 | August 22, 2017 | 71.90 | Not Applicable | Not Applicable | Not Applicable |
| 10. | Lexus Granito (India) Limited | 25.92 | 45 | August 23, 2017 | 53.00 | Not Applicable | Not Applicable | Not Applicable |

Sources: All share price data is from www.bseindia.com and www.nseindia.com

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30th/90th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
4. In case 30th/90th/180th days, scrips are not traded then last trading price has been considered.

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

## SUMMARY STATEMENT OF DISCLOSURE

| Financial year | Total no. of IPO | Total funds raised (Rs. Cr) | Nos of IPOs trading at discount on 30th Calendar day from listing date | | | Nos of IPOs trading at premium on 30th Calendar day from listing date | | | Nos of IPOs trading at discount on 180th Calendar day from listing date | | | Nos of IPOs trading at premium on 180th Calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 15-16 | ***9 | 54.01 | - | - | 1 | 3 | 2 | 3 | - | 1 | 1 | 4 | 3 | - |
| 16-17 | ****24##$ | 204.56 | - | - | 5 | 6 | 3 | 9 | - | 1 | 5 | 8 | 1 | 5 |
| 17-18 | *****10$$ | 188.59 | - | - | 1 | 3 | 1 | 3 | - | - | - | - | - | - |

***The scripts of Filtra Consultants and Engineers Limited, Ambition Mica Limited, Jiya Eco Products Limited, M.D. Inducto Cast Limited, Majestic Research Services and Solutions Limited, Mangalam Seeds Limited, Sri Krishna Constructions (India) Limited, Patdiam Jewellery Limited and Vidli Restaurants Limited were listed on April 15, 2015, July 14, 2015, July 16, 2015, July 16, 2015, July 16, 2 015, August 12, 2015, October 01, 2015, October 16, 2015 and February 15, 2016 respectively.

****The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016 December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

##The Scripts of Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited have not completed 180 Days, 180 Days, 180 Days and 180 Days respectively from the date of listing.

*****The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited and Lexus Granito (India) Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017 July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017, August 22, 2017 and August 23, 2017 respectively.

$$ The scripts of Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited and Lexus Granito (India) Limited have not completed, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days,180 Days, 180 Days, 180 Days,30 Days and 30 Days respectively from the date of listing.